

**Octanex N.L.**

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RELEASE**PROPOSED MERGER OF STRATA RESOURCES N.L.****STRATA SCHEME BOOKLET**

Octanex N.L. (NSX Code: OCT) is pleased to advise that it has entered into an implementation agreement with Strata Resources N.L. whereby, subject to shareholder approvals, Strata would be merged into Octanex N.L.

A meeting of shareholders of Octanex will be called early in the New Year to seek shareholder approval of the merger terms and a detailed Explanatory Memorandum will be dispatched to members, so that they are in the position to make an informed decision. The Explanatory Memorandum will also encompass a linked proposal for Octanex to acquire Exmouth Exploration Pty Ltd from Gascorp Australia Pty Ltd, the holder of interests in four joint ventures on the Exmouth Plateau, offshore Western Australia.

A meeting of shareholders of Strata Resources N.L. (the proposed merger is to be effected by way of Scheme of Arrangement) has been called for 27 January 2009. A copy of the Strata Scheme Booklet as lodged with ASIC is attached and is also available on the Company's website.

By Order of the Board.

E.G. Albers
Chairman
Melbourne, Australia
19 December 2008

MERGER BETWEEN

STRATA RESOURCES NL

ABN 28 007 687 612

AND

OCTANEX NL

ABN 61 005 632 315

BY SCHEME OF ARRANGEMENT BETWEEN



STRATA RESOURCES NL

AND ITS MEMBERS

THE DIRECTORS RECOMMEND THAT THE RESOLUTIONS TO BE PUT TO EACH OF THE SCHEME MEETING AND THE GENERAL MEETING BE APPROVED SO THAT THE SCHEME OF ARRANGEMENT CAN BE IMPLEMENTED. ONLY IF ALL THESE RESOLUTIONS ARE PASSED AT EACH MEETING CAN THE SCHEME COME INTO EFFECT.

Members should complete proxy forms as instructed and return them to the Company's Share Registry in the enclosed reply paid envelopes without delay.

Corporate Members must:

- (a) complete and lodge with the Company a valid appointment of proxy in accordance with the instructions on the Notice of Meeting; or
 - (b) complete and lodge with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act 2001; or
 - (c) appoint a valid power of attorney in accordance with its constitution and the Company's constitution;
- and cause such proxy, personal representative or attorney to attend the meeting at which they are entitled to vote to enable it to vote at the relevant meeting.

THIS DOCUMENT IS IMPORTANT. If you do not understand it or are in any doubt as to how to deal with it, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

The making of an order by the Court convening a meeting of Members in accordance with the provisions of sub-sections 411(1) and (1A) of the Corporations Act 2001 does not constitute an endorsement of or any other expression of opinion on the proposed Scheme of Arrangement or other proposals set out in this Scheme Booklet which constitutes the Explanatory Statement required under that Act.

DIRECTORS

E.G. Albers (Chairman)
C. Wantrup
D.B. Hill

COMPANY SECRETARY

J.G. Tuohy

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AUDITORS

PKF
Chartered Accountants
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FORWARD LOOKING STATEMENTS

Various statements in this Scheme Booklet constitute statements relating to intentions, future acts and events of both Strata and Octanex. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed herein.

INDEX TO EXPLANATORY STATEMENT

Item	Page
CORPORATE DIRECTORY	
INTRODUCTION	
CHAIRMAN'S LETTER	
SECTION ONE	9
PRELIMINARY MATTERS	9
1. INTERPRETATION	9
2. OVERVIEW: COMMERCIAL JUSTIFICATION AND PURPOSE FOR THE SCHEME	11
3. BACKGROUND: STRATA	12
4. OTHER RELEVANT INFORMATION	32
5. INTENTIONS OF DIRECTORS	32
6. BACKGROUND: OCTANEX	33
7. BACKGROUND: GASCORP AND EXMOUTH	41
SECTION TWO	44
OVERVIEW OF THE SCHEME	44
8. NATURE OF THE SCHEME	44
9. STRATA REDUCTION OF CAPITAL	44
10. ROLLOVER RELIEF: PROVISIONS OF SECTION 124M OF THE TAX ACT	45
11. CONSEQUENCES OF THE ROLLOVER	45
12. ADVANTAGES AND DISADVANTAGES OF THE SCHEME	45
13. INFORMATION ESPECIALLY FOR FOREIGN SHAREHOLDERS	47
14. CONDITIONS PRECEDENT	47
15. EFFECTIVE DATE	47
16. DIRECTORS' RECOMMENDATION TO SCHEME MEMBERS IN RELATION TO THE SCHEME	47
17. EFFECTS OF SCHEME ON STRATA	48
18. EFFECT OF SCHEME ON THE MEMBERS	48
19. EFFECT ON CREDITORS	48
20. EFFECT ON DIRECTORS AND PAST DIRECTORS OF STRATA	48
21. INTENTIONS OF DIRECTORS	48
22. ADDITIONAL RELEVANT MATTERS FOR CONSIDERATION AFFECTING SCHEME	48
23. DIRECTORS' HOLDINGS OF MARKETABLE SECURITIES OF OCTANEX SUBSEQUENT TO SCHEME AND ACQUISITION OF EXMOUTH	48
24. DIRECTORS' PRESENT HOLDINGS OF MARKETABLE SECURITIES OF STRATA	48
25. OCTANEX DIRECTORS' PRESENT HOLDINGS OF MARKETABLE SECURITIES OF STRATA	49
26. OCTANEX DIRECTORS' PRESENT HOLDINGS OF MARKETABLE SECURITIES OF OCTANEX	49
27. TRANSACTIONS WITH RELATED PARTIES	49
28. INTERESTS OF DIRECTORS IN CONTRACTS ENTERED INTO BY STRATA	49
29. INTERESTS OF DIRECTORS IN CONTRACTS ENTERED INTO WITH OCTANEX	51
30. PAYMENT OR BENEFITS TO DIRECTORS, SECRETARIES AND EXECUTIVE OFFICERS	51
31. RECENT DEALINGS IN SHARES OF STRATA	51
32. RECENT DEALINGS IN SHARES AND MARKETABLE SECURITIES OF OCTANEX	51
33. EFFECT OF SCHEME ON MARKET PRICE OF SHARES IN STRATA	51
34. AMENDMENT OR MODIFICATION OF THE SCHEME	52
35. OTHER AGREEMENTS OR ARRANGEMENTS	52
36. CONTINUATION OF PRESENT BUSINESS	52
37. NOTICES OF SCHEME MEETING	52
38. ACTION TO BE TAKEN BY MEMBERS	53
39. DIRECTORS' RESPONSIBILITY STATEMENT	53
SECTION THREE	54
THE SCHEME	54
1. INTERPRETATION	54
2. PRELIMINARY	55
3. OBJECT OF THE SCHEME	56
4. CONDITIONS PRECEDENT TO AND EFFECTIVENESS OF THE SCHEME	56
5. COMPLIANCE WITH THE SCHEME	56
6. LODGEMENT WITH ASIC	56
7. EVENTS TO OCCUR ON IMPLEMENTATION DATE	56
8. THE COMPANY TO PROVIDE DETAILS OF SCHEME MEMBERS	57
9. GENERAL SCHEME PROVISIONS	57
10. SCHEME PROVISIONS TO PREVAIL OVER CONSTITUTION	58
11. BINDING NATURE OF SCHEME	58
SECTION FOUR	59
INDEPENDENT EXPERTS REPORT BY DMR CORPORATE	59
SECTION FIVE	91
TAXATION REPORT BY PRICEWATERHOUSECOOPERS	91
SECTION SIX	100
IMPLEMENTATION AGREEMENT	100
1. INTERPRETATION	100
2. IMPLEMENTATION AGREEMENT TO PROCEED WITH SCHEME	101
3. CONDITIONS PRECEDENT	101
4. SCHEME	101
5. SCHEME CONSIDERATION	102
6. TERMINATION	102
7. IMPLEMENTATION	103
8. GENERAL	103
SECTION SEVEN	107



Letter from Geoffrey Albers *Chairman, Strata Resources N.L.*

Dear Member,

PROPOSED MERGER BY WAY OF SCHEME OF ARRANGEMENT (“SCHEME”)

I present the opportunity for you to consider and give your approval to a merger of our company, Strata Resources N.L. (“Strata”), with Octanex N.L. (“Octanex”). A merger would allow the merged entity to set about building a strong management team, provide increased interests in some strategically located exploration assets and extract upside from the enlarged entity’s growth platform. Octanex is committed to creating value for its shareholders.

We regard this as an opportune time for Strata shareholders to participate in this new era as shareholders in an enlarged Octanex group, under the proposal set out in this Scheme Booklet.

Under the proposal, Strata shareholders are being offered 1.65 Octanex Shares for every 1 Ordinary Share held in Strata.

The Directors have received advice from an independent expert, DMR Corporate Pty Ltd, which has confirmed its opinion that the Scheme is in the best interests of Strata shareholders, and that the Scheme is fair and reasonable.

The concept behind the Scheme, and an associated proposal for Octanex to acquire Exmouth is to amalgamate the Exmouth Tenements and the interests of both Strata and Octanex under the control of Octanex, the shares of which are listed for quotation on the National Stock Exchange of Australia Limited (“NSX”). This will create a combined company with significantly greater assets and financial capacity than either of Strata Resources NL (“Strata”) or Octanex NL (“Octanex”) in their own right.

This is to be achieved through merging Strata and Octanex by way of the Scheme and by the further acquisition by Octanex of Exmouth Exploration Pty Ltd (“Exmouth”). There is much to tell you about the various aspects of the proposed merger. In this booklet we have presented to you a wide range of details, relevant information and considerations to be taken into account in making your decision. I encourage you to take the time to read this material.

As the merger is proposed to be effected by Scheme of Arrangement which, to become effective, must be approved by shareholders and subsequently by the Supreme Court of Victoria. All Strata shareholders are being asked to vote on the Scheme of Arrangement.

The Board has concluded that the Octanex merger will be in the best interests of Strata shareholders as a whole and each of the directors, with the exception of myself (I abstain because of conflict of interest) recommends that Strata security holders vote in favour of the Scheme of Arrangement to ensure that the Scheme will take effect.

Your directors intend to vote the shares they hold in favour of the resolution.

In accordance with an Order of the Supreme Court of Victoria, a general meeting of Strata’s shareholders has been convened for the 27th day of January 2009 for the purpose of considering and if thought fit, approving the Scheme.

A summary of the Scheme Process and Implications (which forms part of this letter) follows on the next page.

I urge you to read this Scheme Booklet carefully and, if you do not understand this booklet or any part of it, to consult an expert adviser familiar with your investment circumstances before making your decision.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Geoffrey Albers', with a stylized flourish at the end.

Geoffrey Albers
Chairman

12 December 2008

SCHEME PROCESS AND IMPLICATIONS

Strata and Octanex are equal participants in a series of permits and joint ventures as detailed in clause 3 of this booklet ("Scheme Booklet"). Details of their respective assets are set out in Section One in clauses 3 and 6.

Exmouth is a subsidiary of Gascorp Australia Pty Ltd ("Gascorp") and will, at the time of completion of the proposals set out herein, hold 40% of each of WA-386-P and WA-387-P, 12% of WA-362-P and 12% of each of WA-362-P WA-363-P (all in the Exmouth Basin) ("Exmouth Tenements"). Interests of 14% in both WA-362-P and WA-363-P are also presently held by each of Strata and Octanex. Gascorp has assigned to Exmouth the benefits and the obligations of transactions previously entered into by Gascorp with OMV Australia Limited ("OMV") and ENI Australia Limited ("ENI") in relation to WA-386-P and WA-387-P on identical terms to those entered into by Strata and Octanex in relation to WA-362-P and WA-363-P. See clause 3.1 in Section One. The Boards of Strata and Octanex consider that there is sound logic in combining those interests of Exmouth in the "Exmouth Tenements with the assets of Strata and Octanex. This combination will be achieved by Gascorp transferring Exmouth to Octanex in exchange for ordinary shares in Octanex and nothing else.

A pro forma balance sheet of Octanex is contained in clause 6 in Section One at page 30. That pro forma balance sheet is based on unaudited management accounts of each of Strata and Octanex as at 30 September 2008, taking into account all events subsequent to 30 June 2008 up to the 30 September 2008. It has been prepared on the assumptions outlined herein, that the Scheme is implemented and that Exmouth is acquired.

Save that investments in listed equities held by Octanex have decreased in value subsequent to 30 September 2008 by approximately \$3,388,043 there has been no significant change in the financial position of Strata or Octanex subsequent to 30 September 2008. This reduction in value has been taken into account in determining the exchange ratio determining the Scheme Consideration and results in 1.65 Octanex Shares being offered for each Share.

The merger of Strata and Octanex will be carried out under the Scheme and the members of Strata ("Members") will effectively exchange their fully paid shares in Strata ("Shares") for fully paid shares in Octanex ("Octanex Shares"). This process will be carried out by the cancellation of the Shares and the issue and allotment to Scheme Members of Octanex Shares in consideration of that cancellation ("Scheme Consideration").

This Scheme Booklet comprises the explanatory statement required to be provided to the Members in relation to the Scheme in accordance with the provisions of the Corporations Act 2001 ("Corporations Act"). This Scheme Booklet also contains a copy of the Scheme (Section Three) and the form of Notice of Meeting (Section Seven) for the meeting of Members convened to consider, and if thought fit, approve the Scheme ("Scheme Meeting") and is accompanied by an appropriate proxy form for use by the Members to enable them to vote at the Scheme Meeting.

The only resolution to be put to the Scheme Meeting is a resolution under section 411 of the Corporations Act "*That the proposed scheme of arrangement to be entered into between Strata Resources N L and its Members be approved.*"

For that resolution to be approved by the Members and for the Scheme to come into effect the resolution must be approved at the Scheme Meeting by a majority comprising a majority in number of the Members present and voting at the Scheme Meeting who hold in excess of 75% of the total number of Shares voted at the Scheme Meeting.

Additionally, a separate meeting of members of Strata ("the "General Meeting") to be held on the same date as the Scheme Meeting must pass an ordinary resolution to cancel all of the Shares. If this resolution is not passed the Scheme cannot come into effect as a critical part of the Scheme mechanism will not be in place.

At the date of this letter Strata has 54,713,273 Shares on issue and Octanex has 50,556,837 shares on issue.

On the cancellation of the Shares, Strata will issue and allot an equivalent number of new shares in Strata ("New Strata Shares") to Octanex and, subject to the provisions of the Scheme relating to Foreign Shareholders (as defined), Octanex will issue and allot each Member so entitled under the Scheme ("Scheme Member") 1.65 Octanex Shares for every Share held by that Scheme Member ("Scheme Consideration"). The Scheme applies equally to all Members on the Strata share register ("Share Register") as at the date to determine entitlements ("Record Date") to participate in the Scheme.

Subject to rounding down of entitlements, it is calculated that the aggregate Scheme Consideration issued to Members, other than Doravale Enterprises Pty Ltd ("Trustee"), as trustee under the Strata Trustee Stock Scheme, will be 57,276,900 Octanex Shares. The 20,000,000 Shares held by the Trustee ("Trustee Shares") will also participate in the Scheme and the Trustee will be issued 33,000,000 Octanex Shares as part of the Scheme Consideration but will hold those Octanex Shares on trust for sale in the like manner in which it holds the existing Trustee Shares.

On this basis, the total number of Octanex Shares to be issued as Scheme Consideration will be 90,276,900.

On Exmouth being acquired, a further 30,526,968 new shares in Octanex will be issued to Gascorp in exchange for all of the shares in Exmouth (see clause 7. below for details of the Exmouth Tenements, their value and the acquisition cost to Octanex). Exmouth has acquired its assets from its parent entity (Gascorp) and it is being acquired for the value of its exploration assets (as set out in the report by DMR in Section Four), reduced by the amount of deferred tax liability related to those assets. The deferred tax for the purpose of Scheme valuation liability is based on Exmouth acquiring the assets from Gascorp for nil for tax purposes but having to apply a tax rate of 30% to the value of those assets.

Consequently, on completion of all these transactions there will be a total of **171,360,705** Octanex shares on issue, of which 138,360,705 will be held by the Members, other than the Trustee, with the Trustee holding 33,000,000 shares. Interests associated with Mr E G Albers will hold 109,802,177 Octanex Shares, representing 64.29% of the then issued capital of Octanex. As 2 December 2008 Mr E G Albers' had a relevant interest in 61.48% of the issued capital of Octanex and 53.38% of the issued capital of Strata. Ignoring the Trustee Shares E G Albers presently holds 84.14% of the issued capital of Strata. E G Albers interests also holds 100% of the issued capital of Gascorp and thus of Exmouth, its wholly owned subsidiary.

The table below sets out the capital of Octanex as it will exist subsequent to the Scheme and acquisition of Exmouth.

Capital Structure of Octanex subsequent to the Scheme and the Acquisition of Exmouth	
Existing Shares held by members of Octanex	50,556,837
Issued to Members under the Scheme other than the Trustee	57,276,900
Issued to the Trustee to be held on trust for sale	33,000,000
Issued to Gascorp to acquire Exmouth	30,526,968
TOTAL	171,360,705

The Scheme Consideration has been determined by reference to the total issued capital of each of Strata and Octanex (as determined on a fully diluted basis) and their respective net assets based on the unaudited balance sheet of 30 September 2008 adjusted for changes in value of assets held including changes in the value of financial assets held by each of Octanex and Strata and taking into account the value of the exploration interests at the increased values referred to in DMR's Independent Expert's Report and taking the after tax effect of those changes in value into account. In arriving at the exchange ratio (of 1.65 Octanex Shares for every Share), the Trustee Shares held by the Trustee under the Strata Trustee Stock Scheme (referred to in clause 3.4 below) have been disregarded. They will be replaced by Octanex Shares which will continue to be held on trust for sale as replacement Trustee Shares: with the net proceeds of their future sale benefiting the members of Octanex at the time of sale. Effectively, taking into account the reduction in value of the marketable securities held by Octanex, the exchange ratio of 1.65 is the ratio that the asset backing of a Share (on a fully a diluted basis) bears to the asset backing of an Octanex Share (on a fully a diluted basis) as at 27 November 2008.

A condition precedent to the coming into effect of the Scheme is that NSX agrees to grant Official Quotation to the Octanex Shares to be issued as the Scheme Consideration. Octanex has undertaken to make that application in the Implementation Agreement (Section Six) and that application will be made to NSX prior to the Scheme Meeting. It is anticipated that listing approval for the Official Quotation of Octanex Shares will be granted by NSX as a matter of course.

If you are a Foreign Shareholder (i.e. a shareholder of Strata whose address in the Share Register is a place outside Australia and its external territories and New Zealand) you will not be able to receive the Octanex Shares. Foreign Shareholders should refer to clause 13 of this Scheme Booklet.

Clause 12 sets out the advantages and disadvantages to Scheme Members of proceeding with the Scheme.

Your Directors, apart from Mr E.G. Albers who abstains from making any recommendation in relation to the Scheme, consider that the interests of Members are best served by the Scheme being implemented.

For the Scheme to come into effect, it is also necessary that a general meeting of members of Octanex ("Octanex General Meeting") be held to approve the issue of the Scheme Consideration and to approve the acquisition of Exmouth (which holds the Exmouth Tenements) for the issue of shares in Octanex. There are three resolutions which will be put to the Octanex General Meeting. There will be two resolutions to approve the issue of the Scheme Consideration and one resolution to approve the acquisition of Exmouth. All three resolutions will be interdependent and none of the resolutions will come into effect unless all three are passed by the requisite majorities, either as ordinary resolutions or special resolutions as appropriate. The information memorandum dealing with those matters will only be despatched to Octanex members and it will contain all independent experts' reports required under the Corporations Act, ASIC regulatory guidelines and the Listing Rules of NSX.

You should note that DMR, which has provided the Independent Expert's Report at Section Four, has concluded that the proposed Scheme is fair and reasonable and in the best interests of Members. The report by DMR takes into account the consequences of the acquisition of Exmouth, as the Scheme is, among other things, conditional upon the members of Octanex approving the acquisition of Exmouth at the Octanex General Meeting.

The independent tax report by PricewaterhouseCoopers at Section Five provides general tax advice on the Scheme, although it is recommended that Scheme Members seek their own independent taxation advice. That general tax advice is to the effect that Scheme Members resident in Australia will be entitled to Capital Gains Tax ("CGT") rollover relief on their Shares being cancelled in consideration of the issue to them of the Octanex Shares comprising the Scheme Consideration.

You are recommended to read both the report by DMR and the report by PricewaterhouseCoopers carefully and in full and to seek independent advice if there are any matters contained in either of those reports which you do not fully understand.

An indicative timetable for the implementation of the Scheme is set out below.

Event	Date
Scheme Meeting and General Meeting held	27th January 2009
Approval for Official Quotation of Octanex Shares to be issued as Scheme Consideration	By 30th January 2009
Application for Orders from the Master	5th February 2009
Application for Final Approval by the Court	12th February 2009
Effective Date	13th February 2009
Record Date	13th February 2009
Implementation Date	18 th February 2008
Cancellation of the Shares	18 th February 2009
Issue and allotment of Octanex Shares comprising the Scheme Consideration	18th February 2009
Anticipated date for commencement of trading of Octanex Shares on NSX	20th February 2009

On completion of the transactions outlined in this Scheme Booklet, it is estimated that the enlarged Octanex will have net assets of in excess of A\$73,839,070, based on the proforma "management" unaudited balance sheets of each of Strata, Octanex and Exmouth adjusted as noted above for reductions in the value of Octanex's holdings of marketable securities, all as detailed at clause 6.6 below. Excluding the Octanex Shares, which will be held on trust for sale by the Trustee, the net asset backing of Octanex of \$73,839,070 represents a net asset backing of approximately A\$0.5337 (53.37cents) per share, based on the Octanex post-merger proforma unaudited balance sheet. This is after taking into account provisions for possible future deferred tax liabilities of \$17,548,870.

This Scheme Booklet provides significant additional information which is important for you, as a Member, to consider carefully. Accordingly, you should read this Scheme Booklet carefully and in full before making a decision on how to vote in relation to the Scheme. You should, as necessary, consult your professional advisers (solicitor, accountant, stockbroker or licensed financial adviser) if you do not understand the effect of the Scheme or its application to you. In particular, you should consider seeking independent taxation advice relating to your specific circumstances, given that the information on the taxation consequences of the Scheme contained herein is of a general nature and that you will be required to make various elections under the Tax Act to ensure that you optimise your tax position following the cancellation of your Shares and the issue and allotment of the Octanex Shares to you as Scheme Consideration.

Separately, the Scheme is also dependent on arrangements being entered into with Upstream Consulting Pty Ltd ("Upstream"), under which 2,000,000 options to purchase ordinary fully paid shares in Strata granted to Upstream in October 2007 are exchanged for like options to acquire ordinary shares in Octanex. The full details of the options granted to Upstream that are extant at the date of this Scheme Booklet are set out in Section One in clause 3.13.

Consequently it should be noted that the coming into effect of the Scheme is subject to a series of conditions precedent which are detailed in the Implementation Agreement. In summary they are:

- The passing of all of the resolutions to be put to the General Meeting to be held immediately following the Scheme Meeting;
- The passing of all of the resolutions to be put to the Octanex General Meeting; and
- The completion of a rollover agreement between Upstream and Octanex whereby Upstream exchanges its options to acquire shares in Strata for like options in Octanex on the basis that the exchange constitutes "like for like" to satisfy the conditions for rollover relief from CGT under the Tax Act in relation thereto.

Accompanying this Scheme Booklet is a:

- proxy form for the Scheme Meeting (pink) for completion and return by Members;
- copy of the Court Order convening the Scheme Meeting;
- notice of meeting, short explanatory memorandum and proxy form for the General Meeting (blue) to be held immediately after the Scheme Meeting; and
- reply paid envelope to return your completed proxies, for both the Scheme Meeting and the General Meeting.

The General Meeting is being held to approve the Capital Reduction Resolution under which the Shares are cancelled in exchange for the Scheme Consideration. The General Meeting is a separate meeting as the matters to be put to that meeting cannot be put to the Scheme Meeting; which is a statutory meeting called by Order of the Court for the sole purpose of considering the resolution to approve the Scheme.

Each of your Directors, other than Mr E G Albers who abstains from making any recommendation, strongly recommends to you that you vote in favour of:

- **the resolution to approve the Scheme to be put to the Scheme Meeting.**
- **the Capital Reduction Resolution to be put to the General Meeting.**

All Members must understand that the Scheme will not come into effect unless each resolution to be put to each of the Meetings is passed by the requisite majorities at the meeting to which it is put and the Scheme is also approved by the Court.

Separately, the resolutions to be put to the Octanex General Meeting must also be approved to enable the Scheme Consideration to be provided.

EXPLANATORY STATEMENT
(Pursuant to Section 412 of the Corporations Act 2001)

INTRODUCTION

This booklet constitutes the Explanatory Statement required pursuant to the Corporations Act in relation to the Scheme.

For the Scheme to come into effect it must:

- **be agreed to by a majority in number of the Members present and voting in person or by proxy at the Scheme Meeting whose shareholdings represent not less than 75% of the total number of Shares of those persons present and voting at those meetings.**
- **be approved by the Court pursuant to section 411(6) of the Corporations Act.**

In addition, the Capital Reduction Resolution to be put to the General Meeting must be passed as set out therein as unless that resolution is passed, the reduction of capital which is an integral part of the Scheme, cannot take place.

Separately, the resolutions to be put to the Octanex General Meeting must also be approved to enable the Scheme Consideration to be provided.

A copy of the Order of the Court in relation to the Scheme accompanies this Explanatory Statement.

STRUCTURE OF EXPLANATORY STATEMENT

This booklet is divided into sections.

Section One contains definitions and information and comment relating to the following:

- (a) Strata's capital structure;
- (b) overview and commercial justification for and purpose of the Scheme
- (a) background information on Strata including financial details of its financial position;
- (b) background information on Octanex including financial details of its financial position;
- (c) a summary of the provisions of Octanex's constitution;
- (d) background details on Gascorp, Exmouth and the Exmouth Tenements.

Section Two contains information and comment relating to the following:

- (a) the nature of the Scheme, its objects and details;
- (b) details of the required reduction of capital of Strata;
- (c) details of capital gains tax rollover relief under the Tax Act;
- (d) advantages and disadvantages of the Scheme;
- (e) information for Foreign Shareholders;
- (f) details of conditions precedent;
- (g) the Effective Date of the Scheme;
- (h) Directors recommendations and intentions in relation to the Scheme;
- (i) the effect of the Scheme on Strata, Members, creditors, Directors and past Directors;
- (j) other matters relevant for consideration by Members in considering the Scheme;
- (k) Directors' shareholdings and interests generally;
- (l) related party transactions
- (m) proposed payments or benefits to Directors and other officers of Strata;
- (n) recent dealings in securities;
- (o) intentions about the continuity of the business of Strata;
- (p) details of the Scheme Meeting to be held pursuant to the Order of the Court.

Section Three contains the Scheme.

Section Four contains a report from DMR Corporate Pty Ltd prepared in accordance with the Financial Services Guide in respect of the proposed transactions for the purposes of Chapter 2E of the Corporations Act and section 611 of the Corporations Act.

Section Five contains a report from PricewaterhouseCoopers as to tax effects of the Scheme on Scheme Members and Strata.

Section Six contains the Implementation Agreement.

Section Seven contains the Notice of the Scheme Meeting. A proxy form for the Scheme Meeting accompanies this Scheme Booklet.

The Scheme Meeting will be held at 10.30 a.m. at the Institute of Chartered Accountants, level 3, 600 Bourke Street Melbourne on 27th January 2008 at 10.30am. The Scheme Meeting will be followed by the General Meeting which will be held at 11.00 am on that date: or so soon after that time as the Scheme Meeting concludes.

SECTION ONE PRELIMINARY MATTERS

1. INTERPRETATION

1.1 In this Explanatory Statement unless the context otherwise requires:

- (a) **"ASIC"** or **"Commission"** means the Australian Securities and Investments Commission or, in respect of any particular function or power given to the Commission under the Corporations Act, any person to whom the Commission has delegated that function or power;
- (b) **"ASX"** means ASX Limited (ABN 98 008 624 691);
- (c) **"ASX Market Rules"** means the ASX Market Rules binding on Market Participants as defined therein in accordance with the provisions of the Corporations Act as in force from time to time and a reference to ASX Market Rules includes a reference to any rules issued by ASX in substitution or replacement thereof from time to time howsoever styled. Where a company is listed on any Stock Exchange other than ASX a reference herein to ASX Market Rules shall mean a reference to the rules of such Stock Exchange which regulate trading in the securities of that company on that Stock Exchange;
- (d) **"Board"** in relation to any of Strata or Octanex means the board of directors of that party. A reference to the **"Strata Board"** means a reference to the board of directors of Strata and a reference to the **"Octanex Board"** means a reference to the board of directors of Octanex;
- (e) **"Business Day"** means a Business Day as defined in the Listing Rules of NSX;
- (f) **"Business Rules"** means, in the case of NSX those rules promulgated as the Business Rules of NSX and, in relation to any other Stock Exchange means those rules pursuant to which trading in securities on or through the facilities of the Stock Market conducted by it is regulated by that Stock Exchange;
- (g) **"Capital Reduction"** means the reduction of the share capital of Strata in accordance with the Capital Reduction Resolution;
- (h) **"Capital Reduction Resolution"** means the resolution of Members approving the reduction of capital of Strata in accordance with the provisions of Section 256C(1) of the Corporations Act pursuant to which the Shares shall be cancelled without any distribution of assets to the holders thereof;
- (i) **"Commonwealth"** means the Commonwealth of Australia and its external territories;
- (j) **"Company"** or **"Strata"** each mean Strata Resources N.L. (ABN 28 007 687 612);
- (k) **"Corporations Act"** means the Corporations Act 2001 as it applies in Victoria.
- (l) **"Court"** means the Supreme Court of Victoria in relation to matters associated with the Scheme and otherwise means a court of competent jurisdiction under the Corporations Act.
- (m) **"Court Order Time"** means the commencement of the hearing by the Court to approve the Scheme;
- (n) **"Designated Authority"** means the Designated Authority under the Petroleum Act;
- (o) **"Directors"** means a reference to the directors of Strata acting as a board of directors or otherwise acting in their role or capacity as a director of Strata and a reference to a **"Director"** means a reference to a director of Strata acting in his capacity as a director of Strata;
- (p) **"DMR"** or **"Independent Expert"** each means DMR Corporate Pty Ltd;
- (q) **"Effective"** when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Order of the Court made under section 411(4) (b) in relation to the Scheme.
- (r) **"Effective Date"** means the date on which an office copy of an Order of the Court in relation to the Scheme made under section 411(6) of the Corporations Act is lodged with the Commission;
- (s) **"End Date"** means the date specified in, or determined pursuant to, clause 4.4 of the Scheme;
- (t) **"Exmouth"** means Exmouth Exploration Pty Ltd (ACN133 877 326);
- (u) **"Exmouth Tenements"** means the interest of Gascorp in each of permits WA-362-P, WA-363-P, WA-386-P and WA-387-P being acquired by Exmouth as referred to herein;
- (v) **"Explanatory Statement"** means the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany the Scheme pursuant to the provisions of section 412 of the Corporations Act;
- (w) **"Foreign Shareholder"** means a Member with a Registered Address outside of Australia and its external territories and New Zealand;
- (x) **"Gascorp"** means Gascorp Australia Pty Ltd (ABN 15 102 547 884);
- (y) **"General Meeting"** means the general meeting of Members called to consider and, if thought fit, approve the Capital Reduction Resolution to be held at 11.00 am (or so soon thereafter as the Scheme Meeting shall have concluded) on the same date and place as the Scheme Meeting;
- (z) **"Government Agency"** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in the right of the Commonwealth of Australia or of any

State, including the Australian Consumer & Competition Commission, the Corporations and Securities Panel and NSX.

- (aa) **"Implementation Agreement"** means the Implementation Agreement to be tabled at the Scheme Meeting and a copy of which is set out in Section Six and which has been entered into between the Strata and Octanex conditionally upon the Scheme coming into effect;
- (bb) **"Implementation Date"** means the date on which the Scheme shall be implemented being 5.00 pm. AEST on that date which is three (3) Business Days after the Record Date;
- (cc) **"Independent Expert"** or **"DMR"** each means DMR Corporate Pty Ltd;
- (dd) **"Independent Expert's Report"** means the report prepared by the Independent Expert contained in Section Four hereof;
- (ee) **"Listing Rules"** means, in relation to any Stock Exchange, the rules of that Stock Exchange governing trading in securities quoted on that Stock Exchange as in force from time to time and, in relation to NSX, mean the Listing Rules of NSX as in force from time to time;
- (ff) **"Market Participant"** means:
 - (i) a Market Participant as defined in Section 3 of the ASX Market Rules including any person taken to be approved by ASX as a Market Participant under Rule 29.3 of the ASX Market Rules;
 - (ii) where a company is admitted to the official list of an overseas Stock Exchange then any Stockbrokers or Sharebroker or other such person as authorised to deal in securities of that company pursuant to the rules of that Stock Exchange governing trading in or through the facilities of that market;
- (gg) **"Members"** means those persons registered as the holders of the shares in the capital of Strata on the Share Register as at the date and time of the Scheme Meeting **Provided That** if a Member shall after that date and time cease to be registered as a member of Strata on the Share Register such person shall cease to be a Member for the purposes of the Scheme **Provided further** that where a person shall after that date and time become registered as a member of Strata on the Share Register in respect of any share in the capital of Strata such person shall, from the time his name is entered on the Share Register, be deemed to be a Member for the purposes of the Scheme;
- (hh) **"New Strata Shares"** means an equivalent number of new ordinary shares in Strata to be issued to Octanex on cancellation of the Shares under the Scheme in accordance with the Capital Reduction Resolution;
- (ii) **"NSX"** means National Stock Exchange of Australia Limited (ABN 11 000 902 063);
- (jj) **"Octanex"** means Octanex N.L. (ABN 61 005 632 315);
- (kk) **"Octanex Directors"** means a reference to the directors of Octanex acting as a board of directors or otherwise acting in their role or capacity as a director of Octanex and a reference to an **"Octanex Director"** means a reference to a director of Octanex acting in his capacity as a director of Octanex;
- (ll) **"Octanex Information"** means the information in relation to Octanex set out herein;
- (mm) **"Octanex General Meeting"** means the General meeting of members of Octanex to be held to approve the issue of the Scheme Consideration and the acquisition of all of the shares in Exmouth in exchange for shares in Octanex and nothing else;
- (nn) **"Octanex Shares"** means new ordinary shares in the capital of Octanex to be issued and allotted on the Implementation Date to Scheme Members in consideration of the cancellation of their Shares pursuant to the Scheme in accordance with the Capital Reduction Resolution;
- (oo) **"person"** includes the Crown, and all bodies or persons corporate or unincorporate;
- (pp) **"Petroleum Act"** means the *Offshore Petroleum Act 2006* (formerly the Petroleum (Submerged Lands) Act) and all subordinate legislation made thereunder;
- (qq) **"Record Date"** means that date and time being 5.00 p.m. AEST on the Effective Date;
- (rr) **"Registered Address"** means in relation to a Scheme Member, that member's address shown in the Share Register;
- (ss) **"Regulations"** means the Corporations Regulations in force under the Corporations Act from time to time;
- (tt) **"Scheme"** means the proposed scheme of arrangement to be entered into between Strata and its Members pursuant to which their Shares will be cancelled in consideration of them receiving Octanex Shares being the Scheme Consideration as provided herein before the End Date as specified in or determined under Clause 4.4 of the Scheme. A reference to the Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act;
- (uu) **"Scheme Consideration"** means the Octanex Shares which are to be issued and allotted to the Scheme Members in accordance with the provisions of the Scheme and the Implementation Agreement on the basis that for every Share held by any Scheme Member, Octanex will issue and allot 1.5 Octanex Shares on the basis that fractional entitlements will be rounded down and on the basis the Scheme Consideration to be provided to Foreign Shareholders shall be issued and allotted to a nominee and dealt with in accordance with the Scheme and the Implementation Agreement;

- (vv) **"Scheme Meeting"** means the meeting ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of the Scheme;
- (ww) **"Scheme Member"** means a Member as at the Record Date;
- (xx) **"Second Court Hearing"** means the first day on which the Court makes a final determination in connection with the Scheme;
- (yy) **"Share Register"** means the register of members of Strata kept in accordance with the Corporations Act;
- (zz) **"Share Registry"** means Link Market Service Limited or other person from time to time maintaining the Share Register;
- (aaa) **"Shares"** means the ordinary shares in the capital of Strata that will be cancelled under the Scheme;
- (bbb) **"Stockbroker"** and **"Sharebroker"** each mean a person qualified and authorised to act as such under the rules of any Stock Exchange governing trading by members of any such Stock Exchange in any securities of any company or entity the securities of which are listed on such Stock Exchange;
- (ccc) **"Stock Exchange"** means any stock exchange on which Octanex securities are listed from time to time (including, but not limited to, NSX);
- (ddd) **"Stock Market"** means a stock market conducted by any Stock Exchange;
- (eee) **"Strata"** or the **"Company"** each means Strata Resources NL (ABN 28 007 687 612);
- (fff) **"Tax"** means any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, which is assessed, levied, imposed or collected by any Government Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of, any of the above.
- (ggg) **"Tax Act"** means the Income Tax Assessment Act 1997 as amended from time to time;
- (hhh) **"Transaction Documents"** means the Implementation Agreement and any other agreement entered into between Strata and Octanex for the purpose of giving effect to or implementing the Scheme;
- (iii) **"Trustee"** means Doravale Enterprises Pty Ltd (ABN 69 084 202 362) in its capacity as trustee under the Trustee Stock Scheme;
- (jjj) **"Trustee Shares"** means the 20,000,000 Shares held by the Trustee on trust for sale under the Trustee Stock Scheme;
- (kkk) **"Trustee Stock Scheme"** means under a Scheme of Arrangement approved by the Supreme Court of Victoria in Matter Number 8795 of 2005 as referred to in clause 3.4 below.

1.2 In this Explanatory Statement:

- (a) headings are for convenience only and do not affect interpretation and unless the context indicates a contrary intention;
- (b) a reference to any document (including this Scheme Booklet) is to that document as varied, novated, ratified or replaced from time to time;
- (c) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (d) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (e) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (f) the word "includes" in any form is not a word of limitation; and
- (g) a reference to "\$" or "dollar" is to Australian currency.

2. OVERVIEW: COMMERCIAL JUSTIFICATION AND PURPOSE FOR THE SCHEME

Strata and Octanex have significant interests in common as set out and detailed in clause 3.1 below. The primary aim of the Scheme is to combine those interests under the control of Octanex.

This commonality of interests and the combined resources held by Strata and Octanex will create a company which has distinct commercial and operating advantages. Details of the various interests of the two companies are set out in this Section One with the Strata Information in clause 3 and the Octanex Information in clause 0.

Your Directors believe that the following are the main benefits that will result from the merger of Strata with Octanex under the Scheme:

- A more robust financial structure than either of Strata or Octanex in their present form. On the Scheme coming into effect, and including the acquisition by Octanex of Exmouth and, based on the pro forma balance sheets of Octanex, Strata and Exmouth set out out herein, Octanex would have net shareholders funds approximating A\$73,839,070, including approximately \$42,303,728 represented by cash at bank or on deposit and significant

exploration assets as described herein. Current liabilities would be approximately \$11,241,624 and total liabilities are estimated at \$38,321,748. These liabilities include a pro forma provision for deferred tax of \$17,548,870, based on the value of the assets as shown in the post-merger pro forma balance sheet of Octanex at clause 6.6 below.

- Operational efficiencies that will be achieved through the consolidation of duplicate activities.
- A market for Scheme Members to deal in the Octanex Shares received as the Scheme Consideration: which they presently lack as Strata is unlisted.
- The prospect of an increase in value in the Octanex Shares they receive as Scheme Consideration: provided that the investment community understands the inherent underlying value in the combined structure and the merger of interests taking place.

This combination of interests and consolidation of assets is made more compelling by the recent worldwide collapse of financial markets, including stockmarkets.

3. BACKGROUND: STRATA

Strata holds interests in 11 petroleum exploration permits situated in the offshore basins of Australia, with a concentration of these permits on the Greater North West Shelf offshore from Western Australia. These permits are located in regions of intense exploration activity.

Five of the permits are located in the offshore Exmouth Sub-basin (WA-322-P, WA-329-P, WA-384-P, WA-385-P & WA-394-P), with a further two permits located on the Exmouth Plateau (WA-362-P and WA-363-P)

Two of the permits are located in the Dampier Sub-basin (WA-323-P and WA-330-P).

The two remaining permits are located in the offshore Otway Basin (EPP34 and Vic/P61) offshore South Australia and Victoria.

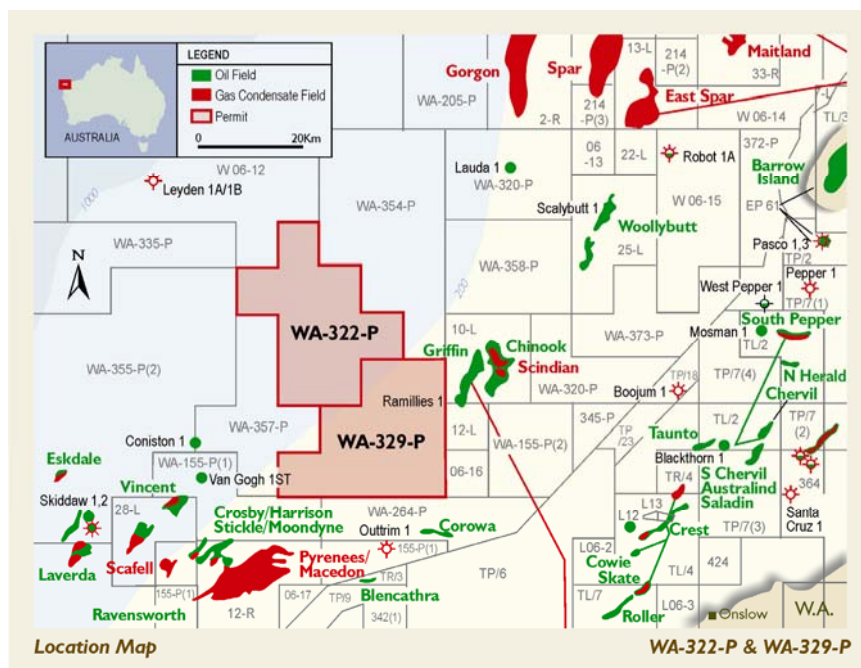
Strata and Octanex hold equal interests in all of these 11 permits.

3.1 Business and Operations

WA-322-P (Exmouth Sub-basin)

The WA-322-P joint venture consists of:

Octanex NL	50% (Operator)
Strata Resources NL	50%



In early 2004 Strata and Octanex entered into an agreement with BHP Billiton Petroleum Pty Ltd (“BHP”) and Apache Energy Limited (“Apache”) for the sale and subsequent assignment of a 100% working interest in WA-322-P in the offshore Exmouth Sub-basin of Australia.

In return, BHP and Apache agreed to the acquisition and processing of 3D seismic in Strata and Octanex’s adjacent exploration permit, WA-329-P, as well as an initial cash payment, a deferred cash payment contingent upon entering the 5th permit year or the earlier drilling of a well in WA-322-P and the granting of an overriding royalty interest with respect to revenue from any future production from WA-322-P, less applicable petroleum resource rent tax.

In addition, BHP and Apache were required to offer to reconvey the permit to Strata and Octanex should they decide not to proceed further with exploration or to relinquish the Permit before its full-term expiry.

In November 2007, after completing applicable work programs, BHP and Apache elected to re-convey a 50% interest in WA-322-P to the each of Strata and Octanex as set out in the agreement.

Each of Strata and Octanex elected to accept the reconveyance and each of them agreed to hold their respective 50% interests in the permit by way of their jointly owned custodian company, United Oil & Gas Pty Ltd (“United”) which acts as a bare trustee for Strata (as to 50%) and for Octanex (as to 50%). The reconveyance has now been completed.

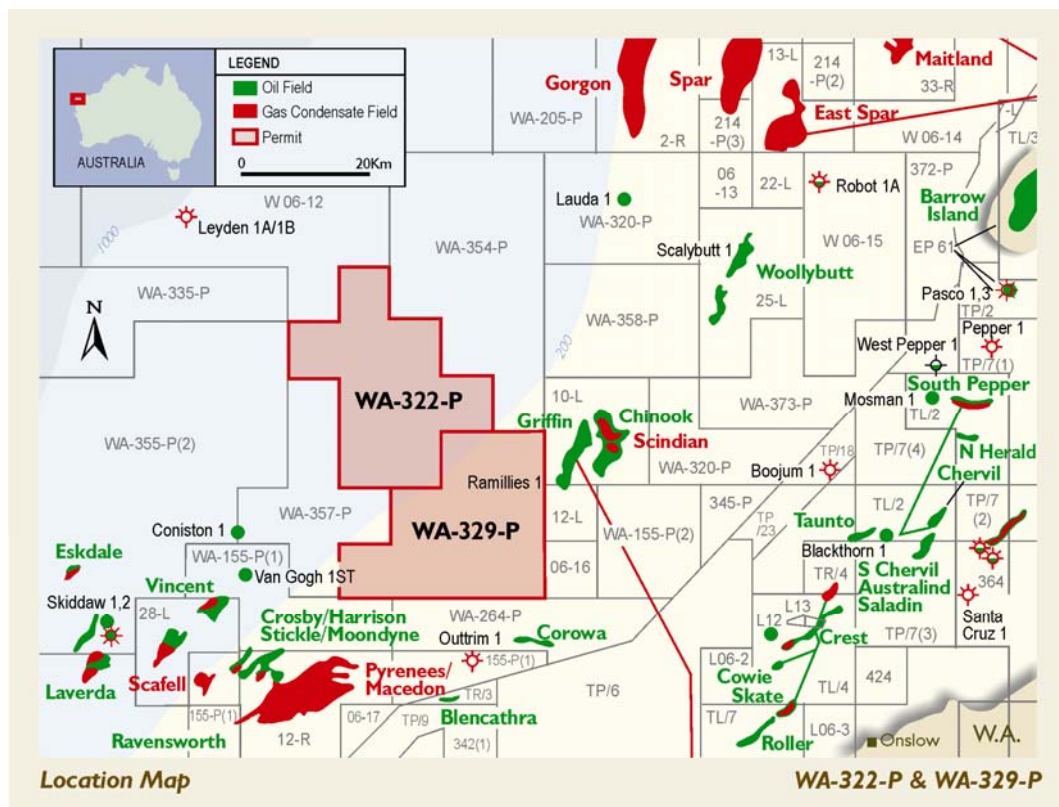
Prior to entering Year-5, United sought a variation of the permit terms for WA-322-P so that the future obligations in relation to the permit are as follows:

Year-5 (ends 21 March 2009)

Data review. Purchase of existing 3D seismic data. Acquire interpreted data from the prior permit holder. This work program has been completed.

Year-6 (commences 22 March 2009)

Drill one well. No decision has yet been made as to whether to enter year 6 and commit to the drilling of a well.



WA-329-P (Exmouth Sub-basin)

The WA-329-P joint venture consists of:

Octanex NL	50% (Operator)
Strata Resources NL	50%

In July 2005, Strata and Octanex entered into an agreement with BHP and Apache for the sale and subsequent assignment of a 100% working interest in WA-329-P, a petroleum exploration permit in the offshore Exmouth Sub-basin of Australia.

BHP and Apache became responsible for the terms and conditions of the Permit, made a cash payment to each of Strata and Octanex and agreed to make a deferred cash payment contingent upon entry into the 5th permit year or the earlier drilling of a well in WA-329-P. They granted an overriding royalty interest from any future production; less applicable petroleum resource rent tax. In addition, BHP and Apache were required to offer to reconvey the Permit to Strata and Octanex should they decide not to proceed further with exploration or to relinquish the Permit before its full-term expiry.

In November 2007, BHP and Apache elected to offer to re-convey WA-329-P to Strata and Octanex. Each of Strata and Octanex elected to accept the reconveyance and each agreed to hold their respective 50% interest in the permit through United in like manner as for WA-322-P.

Documentation to effect the conveyance of the permit to United has also been approved by the Designated Authority.

United has also sought a variation of the permit terms for WA-329-P so that the future obligations are as follows:

Year-5 (ends 21 September 2009)

Data review. Purchase of existing 3D seismic data. Acquire interpreted data from the prior permit holder. This work program has been completed.

Year-6 (commences 22 September 2009)

Drill One well. No decision has yet been made as to whether to enter year 6 and commit to the drilling of a well.

Technical Matters applicable to both WA-322-P and WA-329-P

Under the terms of the original agreement with BHP and Apache, BHP and Apache have provided copies of new basic data held by them relating to WA-322-P and WA-329-P. BHP and Apache had acquired a substantial amount of 3D seismic over both permits, being part of the HCA04A 3D seismic survey. This includes approximately 640 km² of 3D seismic within WA-322-P and 107 km² of seismic within WA-329-P. Octanex and Strata also hold a licensed version of the reprocessed Swell-Baylis 3D dataset of some 800 km² in WA-329-P.

WA-322-P has now been almost entirely covered by a comprehensive 3D survey – the HCA04A 3D survey, while WA-329-P is mostly covered by the Swell Baylis 3D and a small part of the West Gorgon 3D which the joint venture has acquired access to.

Strata and Octanex also purchased BHP and Apache's interpretative information. Further interpretation of this information and data will place Strata and Octanex in a significantly improved position to assess the exploration potential of the Permits to seek farmin proposals from third parties or to make an informed decision on whether to enter Year-6 and to accept a well obligation in either or both permits.

Dampier Joint Venture WA-323-P and WA-330-P (Dampier Sub-basin)

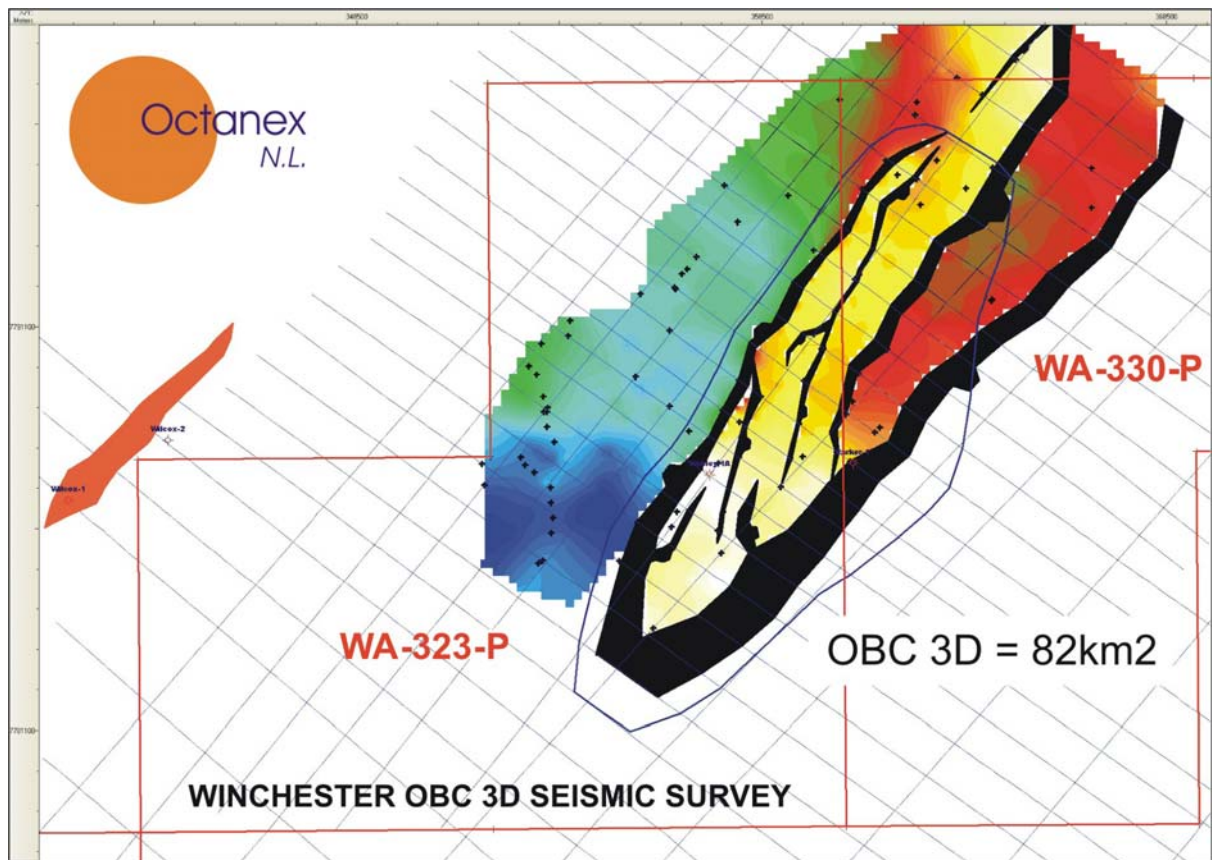
This joint venture consists of:

Octanex NL	50% (Operator)
Strata Resources NL	50%

Strata holds a 50% interest in the Dampier Project which now consists of two contiguous tenements, WA-323-P and WA-330-P, which comprise a discrete project area of 640 kms². Previously, the joint venture completed the shooting of the Tourmaline Survey of 1,578 line km of new 2D seismic over these permits and the adjacent WA-321-P permit. This has been processed and interpreted. The formerly held WA-321-P was the subject of a relinquishment during the year following interpretation of that seismic survey.

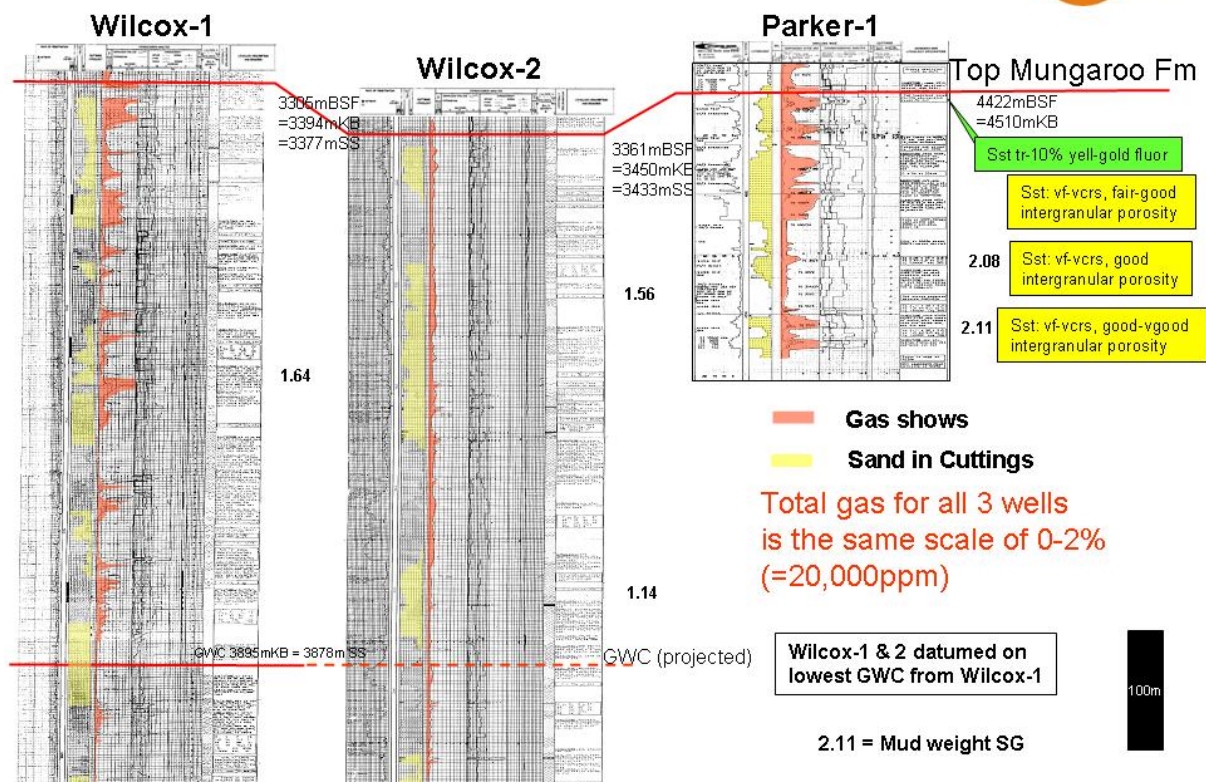
The main area of joint venture focus is a potential drape trap over the Webley/Parker horst structure. This has been identified by the joint venture and named the Winchester Prospect. It is seen as having potential for Triassic and or Early Jurassic structural traps.

To this end, Strata, with its co-venturer Octanex, entered into a US\$9.75 million agreement with Geokinetics (Australasia) Pty Ltd in mid 2008 and commenced the acquisition of an off-bottom cable (OBC) 3D seismic survey within WA-323-P and WA-330-P. The total outline area of the survey was some 195 km², of which approximately 82 km² was the subject of high-fold data acquisition, while the remaining perimeter outside the 82 km² area provides further, less intensive, seismic data (see below).



The general region is proven for the formation, location and production of both oil and natural gas. Major commercial hydrocarbon discoveries in proximity to the permits include the giant gas and condensate fields of the North West Shelf; these being Goodwyn, North Rankin and Perseus, while the significant oil fields of Lambert, Wanaea and Cossack are in the north of the region. Recently, new and sizeable gas discoveries have been made at Julimar, Brunello, Brulimar, Xena, Pluto and Wheatstone, to the immediate west of the permits, while the Lady Nora and Pemberton discoveries have been made to the north.

Parker-1 Gas Discovery compared with Wilcox-1 Gas Discovery



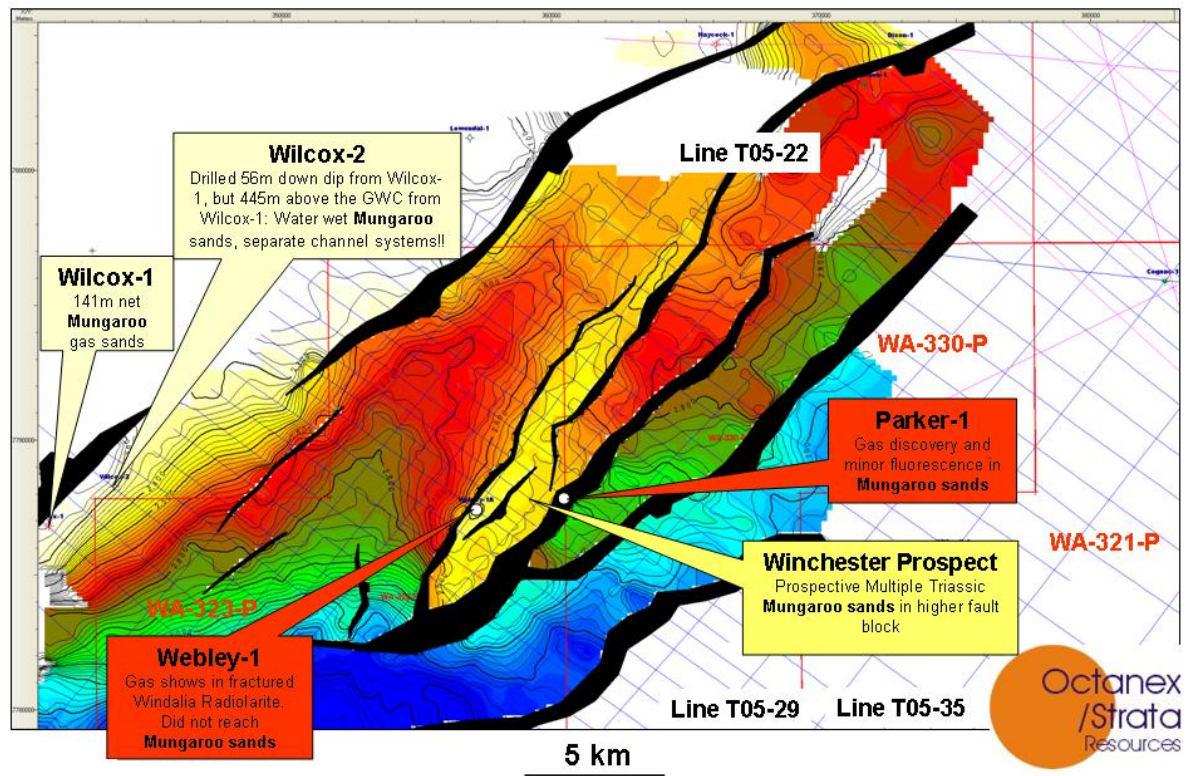
The prime purpose of the acquisition of the Winchester OBC 3D seismic survey was aimed at providing information and insight into the horst and will demonstrate the depth and extent of a closure of the Winchester feature.

The joint venture is confident that the Parker gas shows represent potential for a significant gas accumulation that extends updip into the Winchester horst to the west and possibly within the terrace block as well, in which event the trap would be larger.

The following diagram shows the juxtaposition of the Winchester Prospect to the Parker-1 gas discovery and the Wilcox gas discovery.

As well as providing a gas log comparison to the Parker 1 well gas shows, the Wilcox 1 well provides encouragement for the concept that the Winchester feature may provided a liquids rich gas, as Wilcox 1 gas comparison suggests that the Wilcox 1 gas carries 66 – 79 barrels of condensate per million cubic feet of gas. Such a ratio would be a highly attractive element in any decision to test the feature as the liquids would constitute a value approximately equivalent to the volume of the gas.

Parker/Webley Horst - Top Triassic TWT Map Winchester Prospect



In summary, the joint venture has undertaken the Winchester OBC 3D seismic survey and thus incurred a substantial cost obligation (US\$9.75 million) for the survey for the specific purpose of being able to better visualise structure and stratigraphy, in the anticipation that it may amount to a sizeable and attractive drilling target.

The proximity of existing infrastructure and likely future infrastructure extensions, as well as new infrastructure, bodes well for any discovery, whether oil or gas in this project area. Significant future demand for gas to supply both domestic demand and the proposed Wheatstone and Pluto LNG developments are anticipated, so that any potential gas discovery made in the permits is seen as being valuable and capable of monetisation, particularly so, if such a gas discovery were to be rich in gas liquids.

Permit terms for each of WA-323-P and WA-330-P are as follows:

Year-5 (ending 21 March 2009)

Acquire 400 kms of new 2D seismic.

Year-6 (commencing 22 March 2009)

Drill one well.

WA-362-P and WA-363-P (Exmouth Plateau)

This joint venture consists of:

OMV Australia Limited	30% and Operator
ENI Australia Limited	30%
Octanex NL	14%
Strata Resources NL	14%
Exmouth Exploration Pty Ltd	12%

In August 2007 Strata and its joint venturers entered into a new joint venture with OMV Australia Limited ("OMV") and ENI Australia Limited ("ENI") in relation to WA-362-P and WA-363-P and Strata now holds a 14% interest in each of these permits.

The permits, which cover an aggregate area of approximately 21,765 sq kms, are on the northern margin of the Exmouth Plateau, 300-400 kms north west of the Western Australian coastline. The Exmouth Plateau is the largely unexplored deepwater frontier of the Carnarvon Basin, Australia's largest petroleum basin which includes the giant gas resources of the North West Shelf (Rankin Trend), the Greater Gorgon region and Io/Janz. The map below shows the location of the two permits.

As part of the arrangements establishing the new joint venture, Strata agreed to assign a 21% interest in each permit for a monetary amount, retaining a 14% equity interest in each permit. OMV and ENI agreed to acquire and process 2D seismic data in each permit. This will meet all the current and future seismic work obligations for each permit. OMV and ENI also have the right under the farmin agreement to earn a further 7% interest in each permit from Strata (leaving Strata with a then retained 7% interest in each permit) by meeting all the costs of the first two wells that the farminees may elect to drill in each permit.

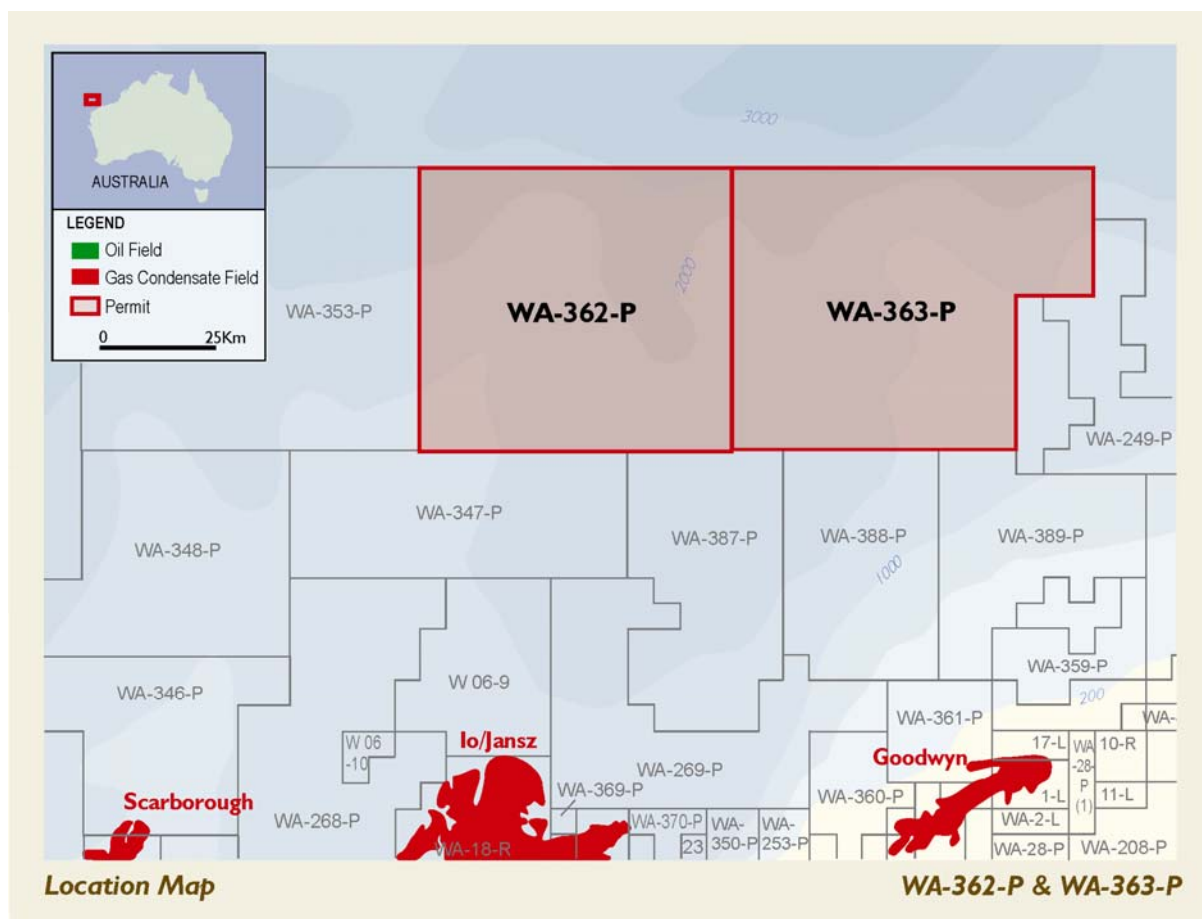
Finally, if all of Octanex, Strata and Exmouth, as Gascorp's assignee, do not wish to participate (by being carried) in a well which OMV and ENI may elect to drill at their discretion on a permit, they collectively have a right, exercisable within 60 days of receiving a formal notice from OMV and ENI as farminors, to elect to assign their collective remaining 40% interest in the permit to OMV and ENI for US\$16,000,000 for the permit. This right exists in relation to each of the four permits in which ENI and OMV have farmed into.

In relation to each of 362-P and WA-363-P, this would mean a right for:

- Exmouth to sell its residual interest in each permit for US\$4,800,000 (a total of US\$9,600,000 for both permits);
- Strata to sell its residual interest in each permit for US\$5,600,000 (a total of US\$11,200,000 for both permits);
- Octanex to sell its residual interest in each permit for US\$5,600,000 (a total of US\$11,200,000 for both permits).

On completion of the merger and acquisition of Exmouth this right will be under the control of Octanex in each case. This would give Octanex a potential receivable of a further US\$32,000,000 (a total of A\$50,000,000 at an exchange rate of A\$1.00 = US\$0.64). This is in addition to an equivalent amount relating to the permits in which Exmouth holds the entire residual 40% as referred to in clause 7 below.

The joint venture Operator, OMV, has now completed the acquisition of the 7,407 line kms Klimpt 2D seismic survey of which 4,659 was acquired within WA-362-P and WA-363-P.



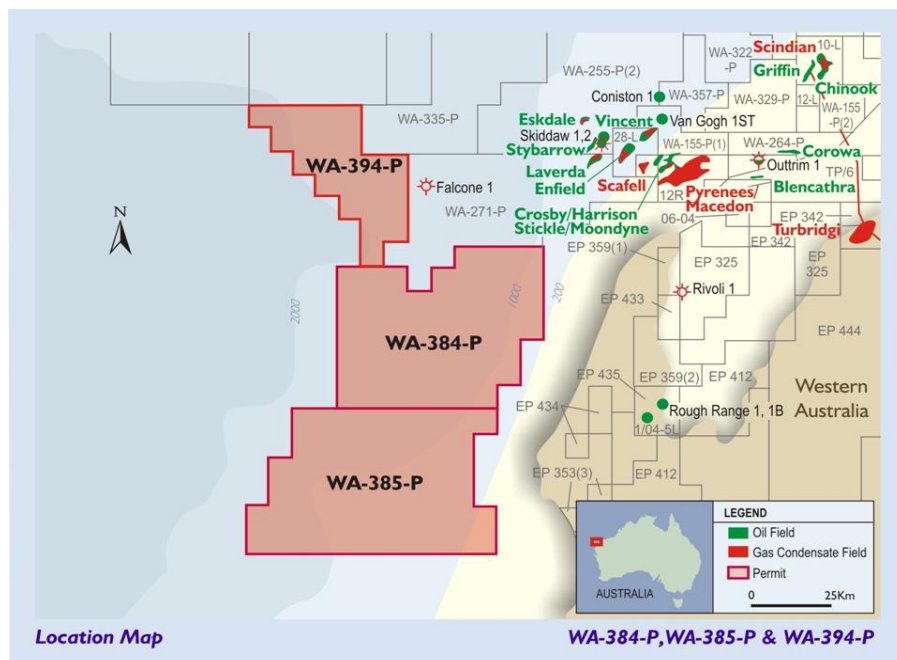
WA-384-P, WA-385-P AND WA-394-P (Southern Exmouth Sub-basin)

This joint venture consists of:

Octanex NL	50% (Operator)
Strata Resources NL	50%

WA-384-P, WA-385-P and WA-394-P are located in the southern Exmouth Sub-basin.

Strata has entered into an agreement with Shell Development (Australia) Pty Ltd ("Shell") for the disposition of its 50% working interest in each of the three permits, as has Octanex (on the same terms and conditions). Shell has acquired a 100% working interest in the permits. It is understood that Shell will acquire seismic in all 3 permits during 2008/2009.



Under the agreements:

- Shell paid Strata an amount of US\$15,000,000. Receipt of these funds is recognised in Strata's 30 June 2008 audited financial statements. Those funds were converted into Australian currency before 30 June 2008.
- Shell has agreed it must either commit to a well before the start of Permit Year 5 (21 August 2010 in the case of WA-384-P and WA-385-P and 21 February 2011 in the case of WA-394-P) or reassign to Strata for nil consideration a 50% interest in any permit where no well commitment is made.
- Shell has agreed to make a "Discovery Payment" to Strata for any Discovery (as defined in the agreement) made in the permits but limited to a maximum of three Discovery Payments per permit. Within six months of having made a Discovery Shell must either:
 - (i) Pay US\$2,500,000 to Strata; or
 - (ii) Reassign to Strata a 50% interest in the permit in which the Discovery was made.
- Following an initial Discovery Payment, if Shell:
 - (i) spuds an appraisal well in respect of the Discovery; or
 - (ii) applies for a production licence or retention lease in respect of any Discovery;
 then Shell must pay a further US\$2,500,000 to Strata.
- Shell has also granted in favour of Strata and Octanex a 1% Overriding Royalty (as defined in the agreement) payable on the basis of the gross assessable petroleum receipts recovered from a permit.
-
- If at any time Shell wishes to exit from any of the three permits, a 50% interest in the relevant permit must be offered back to Strata.

Shell is a world class operator and is committed to the conduct of a thorough assessment of the exploration potential of the three permits. While Strata no longer has any direct equity interest in the permits, it retains significant access to the upside exploration potential in them through the mechanism of the Discovery Payments and the Overriding Royalty (both described above).

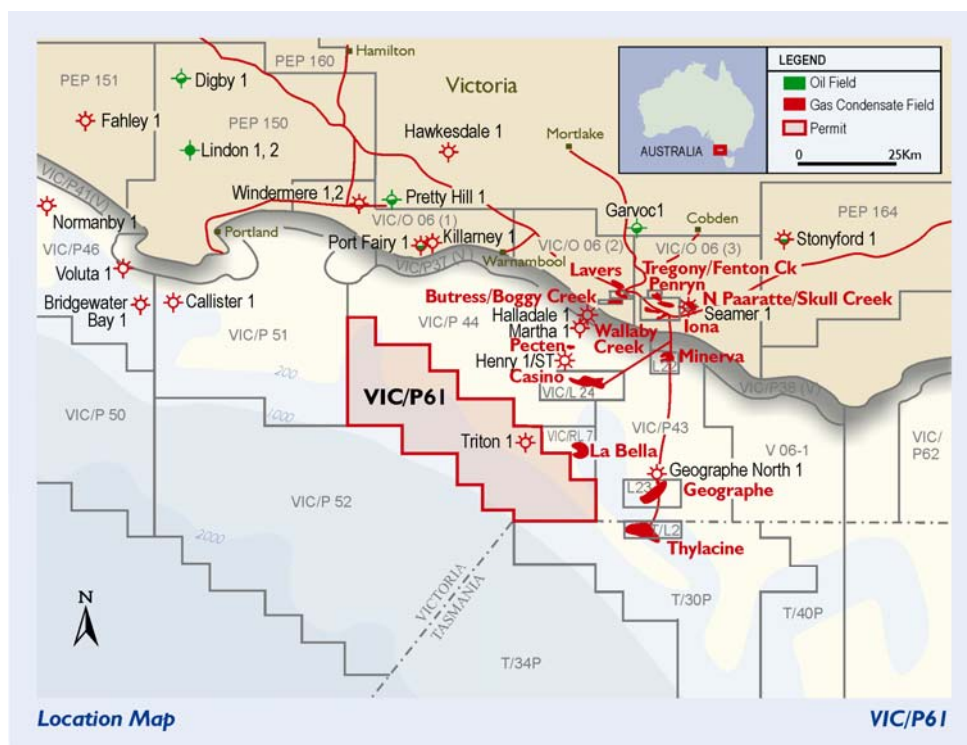
The provisions of the agreement with Strata are mirrored by the agreement Shell has with Octanex.

Vic/P61 (Otway Basin)

The Vic/P61 joint venture consists of:

Exoil Limited	30% and Operator
Gascorp Australia Pty Ltd	30%
Moby Oil & Gas Limited	20% earning pursuant to farmin
Octanex NL	10% earning pursuant to farmin
Strata Resources NL	10% earning pursuant to farmin

Strata has agreed to earn a 10% interest in Vic/P61 in return for meeting a 10% share of past costs and future ongoing costs. A 2D seismic program in Vic/P61 was planned to take place in Q2, 2009 but has been delayed pending resolution of environmental conditions.



EPP 34 (Otway Basin)

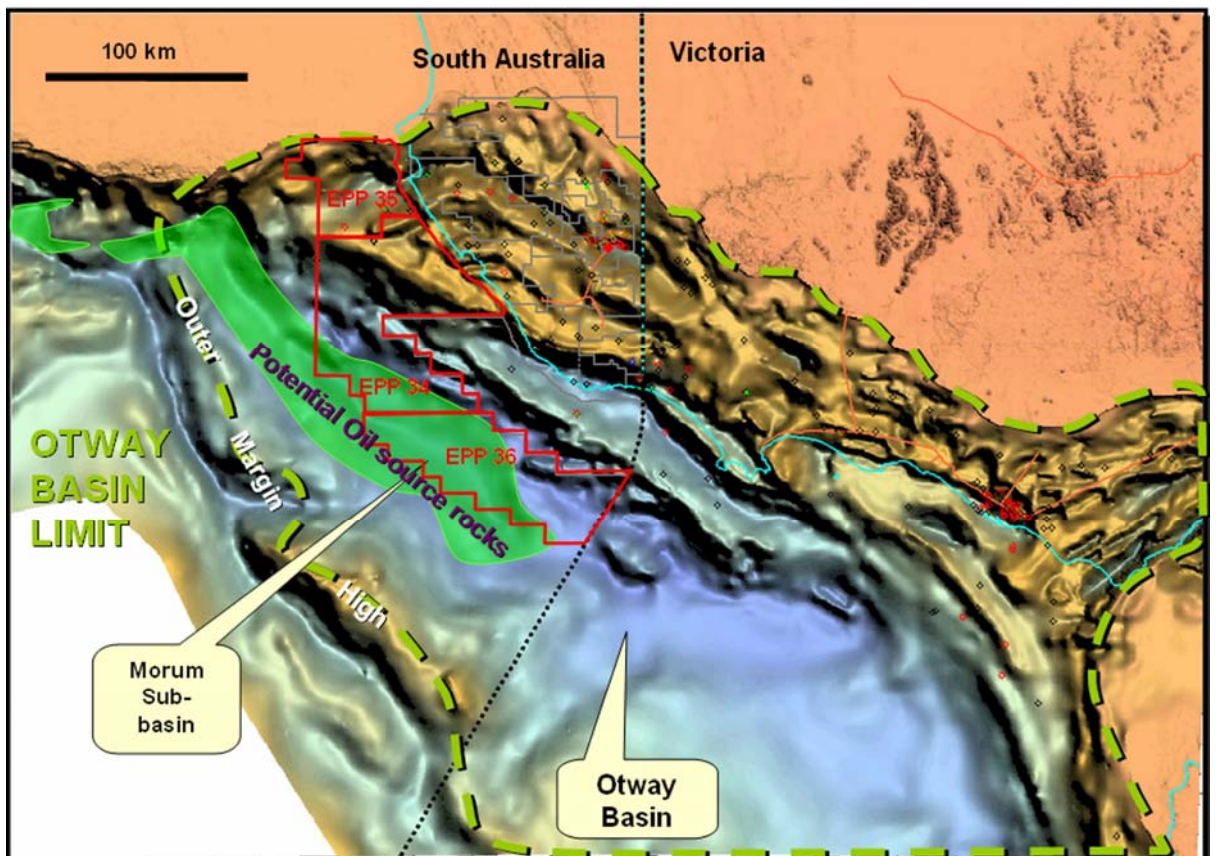
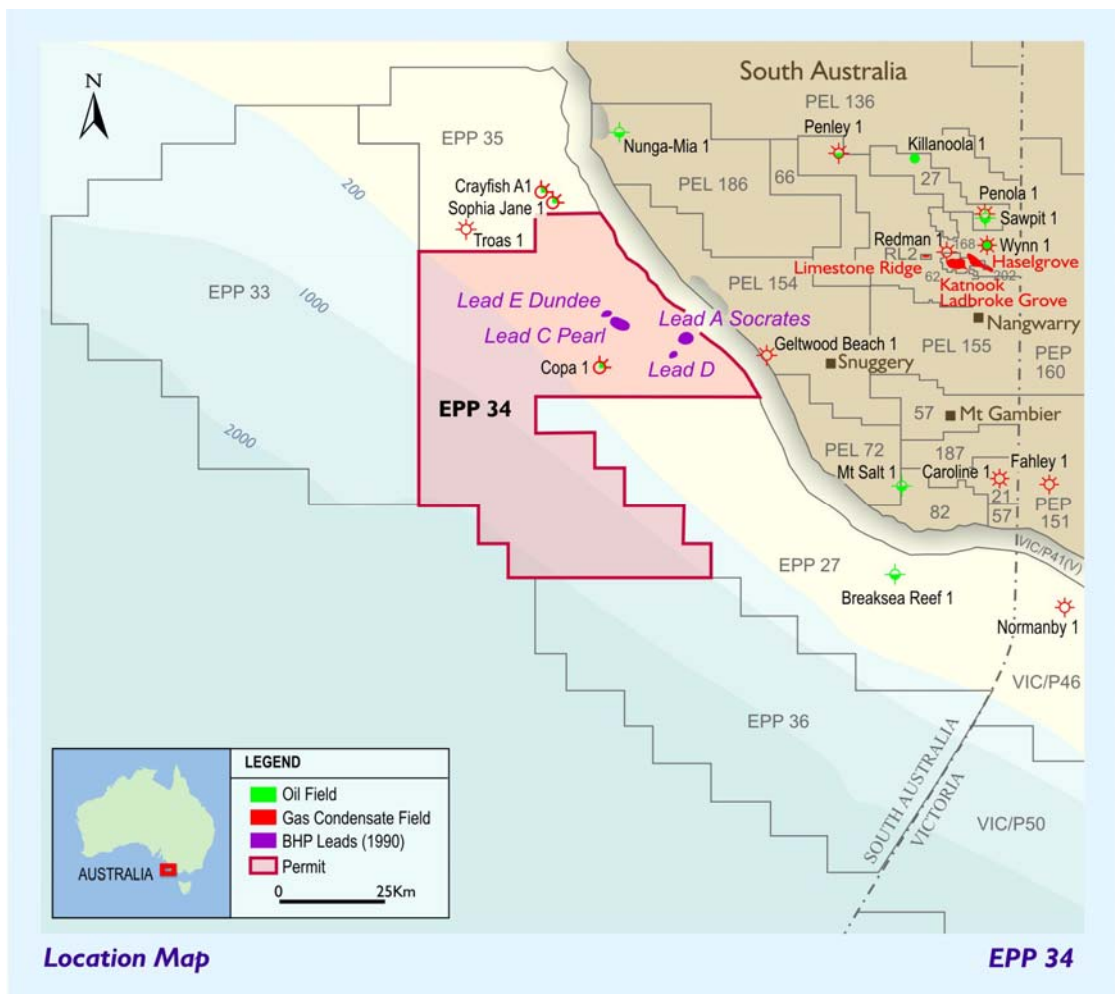
The EPP 34 joint venture consists of:

Exoil Limited	25% and Operator
Moby Oil & Gas Limited	20%
National Energy Pty Ltd	25%
United Oil & Gas Pty Ltd	30% (Strata and Octanex as to 15% each)

A seismic grid of 1,100 km of new 2D data was acquired as the Trocopa 2D Seismic Survey. Processing of this data and reprocessing of old data is now underway. Interpretation has focused on the northern shelfal section of the block, targeting the Early Cretaceous Pretty Hill Sandstone.

Parts of EPP34 are parallel to the Morum Sub-basin. The permit is thought to have excellent reservoir potential for stacked plays in thick Upper Cretaceous section. Because of its proximity to the Morum Sub-basin, EPP34 is postulated to have scope for marine influenced source rock in deep water.

The new seismic survey and reprocessed older data is expected to provide extensive modern 2D coverage in the northern part of the permit and is expected to open up the joint venture to the possibility of a series of gas and oil plays.



Morum Sub-basin: Potential for oil-prone source rocks adjacent to and in EPP34

3.2 Investments in marketable securities

Octanex

Strata holds 705,000 ordinary shares in Octanex (NSX Code: "OCT") a company listed on NSX, together with an equal number of options to acquire ordinary shares in Octanex exercisable at \$0.25 up to 5:00 pm on 30 June 2009 (NSX Code: "OFTOF"). Information about Octanex is set out herein and may be also be obtained from documents lodged by Octanex with NSX, ASIC and from the Octanex website www.octanex.com.au

Moby Oil & Gas Ltd

Strata holds 1,863,806 ordinary shares in Moby Oil & Gas Ltd (ASX Code: "MOG"), a company listed on ASX. Information about MOG may be obtained from MOG, from documents lodged by MOG, with ASX and ASIC and from the MOG website www.moby.com.au

Bass Strait Oil Company Ltd

Strata holds 2,000,000 ordinary shares in Bass Strait Oil Company Ltd (ASX Code: "BAS"), a company listed on ASX. Information about BAS may be obtained from BAS, from documents lodged by BAS with ASX, ASIC and from the BAS website www.bassoil.com.au

3.3 Present Share Capital and Structure of Strata

The present issued capital of Strata comprises 54,713,273 fully paid ordinary shares of which 20,000,000 are Trustee Shares held by Doravale Enterprises Pty Ltd as the Trustee under the Trustee Stock Scheme. Further details of the Trustee Stock Scheme are contained in clause 3.4 below. There are also 2,000,000 unlisted executive options to acquire ordinary shares on issue, the details of which are outlined in clause 3.13 below.

Strata has 1,670 shareholders.

Substantial shareholders in Strata are Doravale Enterprises Pty Ltd (in its capacity as Trustee under the Trustee Stock Scheme) and E G & P J Albers. Details of the top 20 shareholders of Strata are set out in clause 3.12 below.

3.4 Trustee Stock Scheme

The Trustee Stock Scheme was implemented by formal scheme of arrangement under the Corporations Act with the approval of members of Strata, ASIC and the Court.

Pursuant to the Trustee Stock Scheme, 20,000,000 Shares have been issued to Doravale Enterprises Pty Ltd as Trustee under the Trustee Stock Scheme and the associated deed of covenant. These Shares are the Trustee Shares. Under the Trustee Stock Scheme, the Trustee Shares were issued to Doravale Enterprises Pty Ltd as the Trustee upon trust for sale on the basis that, after the sale of each Trustee Share, the Trustee will pay the net proceeds of sale to the Company as the subscription monies payable by the Trustee in accordance with the terms of the issue of the Trustee Shares. A Deed of Covenant which forms part of the Trustee Stock Scheme sets out the entire terms on which the Trustee Shares are held by the Trustee.

The Deed of Covenant provides that such Trustee Shares will be held by the Trustee on trust for sale on the terms set out in the Trustee Stock Scheme. Those terms are, substantially, as follows:

- each Trustee Share shall rank pari passu with all Shares issued at the time at which the Trustee Share is issued and allotted;
- the Trustee shall be liable to pay to Strata by way of subscription monies for each Trustee Share the net proceeds of sale in respect of each Trustee Share in accordance with the Deed of Covenant ("the subscription monies");
- no person other than the Trustee shall be liable to pay any monies for the issue and allotment of the Trustee Shares, and the liability of the Trustee to make payment of the subscription monies shall be a personal obligation of the Trustee resting solely in contract;
- Strata shall have no right to make calls in respect of the subscription monies;
- the liability of the Trustee shall not attach to the Trustee Shares and any transferee of the Trustee Shares from the Trustee shall have no liability to ensure that the Trustee shall pay the subscription monies. As between Strata and any transferee of a Trustee Share from the Trustee, the Trustee Share shall for all purposes be credited as fully paid;
- the subscription monies shall not bear interest against the Trustee;
- Strata shall not be entitled to exercise any right of lien on or in respect of any Trustee Share by virtue of the amount of the unpaid subscription monies; and
- Strata shall have no beneficial interest in any Trustee Share.

Under clause 5 of the Deed of Covenant it is acknowledged that, in as much as the Trustee has power to consent or agree to any amalgamation or merger with any corporation or to accept any takeover bid or offer pursuant to a takeover scheme in accordance with the Corporations Act, the Trustee shall hold any stock, shares, notes, debentures or other securities which it may acquire as a consequence of any such merger or takeover on the trusts on which it holds the Trustee Shares and further provides to the effect that a reference therein to the Trustee Shares includes any such substitute stocks, shares, notes, debentures or other securities.

3.5 Summary of Trustee's powers of sale

Under the Trustee Stock Scheme, the Trustee is empowered to sell the Trustee Shares and any future Trustee Shares which may be issued and allotted or granted to it as set out below.

During such time as Trustee Shares are listed for quotation on any Stock Market and are not suspended from trading on that Stock Market, the Trustee may sell any such Trustee Shares on the same terms and conditions as Strata could place such Trustee Shares if the sale of the Trustee Shares were a placement of new securities by Strata in accordance with the provisions of the Corporations Act and the Listing Rules. In doing so, in addition to the power to sell the Trustee Shares conferred by the Deed of Covenant, the Trustee shall have power to sell Trustee Shares:

- (a) at a discount of up to 20 percent from either the last sale price of securities of the same class of Trustee Shares as the Trustee desires to sell traded on that Stock Market or at a discount of up to 20 percent from the average market price for securities in that class determined as at the date on which the Trustee shall have given instructions to any Market Participant to sell or offer for sale those Trustee Shares. The average market price of the securities in the class shall be determined by calculating the weighted average price of such securities by aggregating the value of all sales thereof recorded on the NSX (or other stock market) in the five business days immediately prior to the date on which the Trustee shall have given such instruction to such Market Participant and by dividing such aggregate value by the total number of the securities of that class sold; or
- (b) at a discount of greater than the 20 percent determined in accordance with paragraph (a) above where:
 - (i) the Trustee has appointed a Market Participant to act on its behalf to sell any Trustee Shares or to advise the Trustee in relation to the sale of any Trustee Shares; and
 - (ii) the Trustee has agreed a proposed selling price for the Trustee Shares either with the Market Participant or with any prospective purchaser on recommendation of any such Market Participant; and
 - (iii) the Board of Directors of Strata has first approved the price at which it is proposed to sell such Trustee Shares with such approval being given by resolution at a duly convened meeting of the Directors of Strata or by circular resolution of the Directors of Strata; or
- (c) with the prior approval:
 - (i) of an ordinary resolution of the members of Strata in general meeting; or
 - (ii) in writing of members of Strata (other than the Trustee) holding in excess of 50 percent of the issued capital of Strata (after excluding any Shares or Trustee Shares held by the Trustee),at such price and on such terms and conditions as may be approved thereby; or
- (d) during such time as Trustee Shares are listed for quotation on a Stock Market and are not suspended from trading on that Stock Market:
 - (i) by private treaty at any time;
 - (ii) on or through the facilities of that Stock Market in any manner permitted by the Market Rules of that Stock Market in the ordinary course of business or by way of any crossing as defined in those Market Rules or in any other manner permitted pursuant thereto; or
- (e) by entering into agreements with Market Participants pursuant to which the Trustee may appoint any Market Participant to sell or offer for sale any Trustee Shares on such terms as may be agreed with such Market Participant provided that where the discount used in fixing the price at which the Trustee Shares would be sold is greater than a 20 percent discount from the last sale price of such securities of such class or is greater than a 20 percent discount from the average market price for the securities of that class as determined in accordance with paragraph (a) above, the Trustee shall have obtained the approval of the Board of Directors of Strata as required above.

3.6 Restrictions on Trustee's power to deal with Trustee Shares

Under the Trustee Stock Scheme, the Trustee has absolute power to deal with the Trustee Shares subject only to the restrictions on the Trustee's power set out in the Deed of Covenant. The provisions of the Deed of Covenant set out the Trustee's powers of sale but also provide for restrictions on the exercise of those powers. Under the Trustee Stock Scheme and in accordance with the provisions of the Deed of Covenant, the Trustee shall not knowingly dispose of any Trustee Share:

- (a) to the Trustee in its own right or to any director of the Trustee or to any associate of any such person within the meaning of the Corporations Act;
- (b) to any related party of Strata (within the meaning of the Corporations Act) or to any associate of any such related party or in circumstances where, if the sale by the Trustee was an issue of equity securities by Strata within the meaning of the Listing Rules, the approval of the members of Strata would be required under the Listing Rules in relation to an issue of equity securities to such person, such approval is not obtained. Such approval shall be obtained on the basis that the provisions of the Listing Rules apply to the convening and holding of any necessary meeting;
- (c) in any manner which would constitute a breach of the Corporations Act; or
- (d) during the period commencing from the declaration of any dividend or entitlement and ending on the record date relating to the members' entitlements thereto.

3.7 Proposed Reduction of Capital

As set out herein, Strata has convened a meeting of its Members to consider and if thought fit to approve the Capital Reduction Resolution to enable the implementation of the Scheme by cancelling all of the Shares in accordance with the Capital Reduction Resolution. The Court has ordered that Strata convene a meeting of its Members to consider and, if thought fit, agree to the proposed Scheme with the intent that, on the cancellation of the Shares pursuant to the Capital Reduction Resolution coming into effect, Octanex shall issue and allot the Octanex Shares to the Scheme Members as the Scheme Consideration pursuant to the Scheme and in accordance therewith.

3.8 Financial Position of Strata

Set out below are summary balance sheets for Strata showing the financial position of Strata as at 30 June 2008, based on its audited accounts for the financial year, together with an unaudited pro forma balance sheet based on the 30 September 2008 unaudited financial position adjusted by taking into account increases in asset values reflected in the independent expert's report by DMR. The unaudited pro forma balance sheet for Strata set out below has been adjusted by accounting for the value of its exploration assets of \$20,959,009 (US\$ 13,413,766), based on the specialist valuation by RPS Energy Pty Ltd referred to in the Independent Expert's Report by DMR contained in Section Four and applying a currency conversion of A\$1.00 = 64. The exchange rate of A\$1.00 = US\$0.64 has been used because that is the exchange rate used by DMR.

STRATA AUDITED BALANCE SHEET AS AT 30 JUNE 2008 AND UNAUDITED PRO FORMA BALANCE SHEET BASED ON THE 30 SEPTEMBER 2008 FINANCIAL POSITION ADJUSTED BY TAKING INTO ACCOUNT INCREASES IN ASSET VALUES REFLECTED IN THE INDEPENDENT EXPERT'S REPORT BY DMR

	Audited Balance Sheet 30 June 2008	Unaudited Pro forma Balance Sheet
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	22,507,658	21,761,538
Trade and other receivables	280,116	40,618
Forward currency contract	55,388	-
TOTAL CURRENT ASSETS	22,843,162	21,802,156
NON-CURRENT ASSETS		
Other financial assets	458,983	625,529
Exploration and evaluation assets	2,312,106	20,959,009
TOTAL NON-CURRENT ASSETS	2,771,089	21,584,538
TOTAL ASSETS	25,614,251	43,386,694
CURRENT LIABILITIES		
Trade and other payables	668,462	43,454
Current tax liabilities	4,931,346	4,931,346
TOTAL CURRENT LIABILITIES	5,599,808	4,974,800
NON-CURRENT LIABILITIES		
Provision for share based payments	242,925	242,925
Goekinetics payable – seismic acquisition	-	4,533,517
Deferred tax liabilities	1,641,384	5,823,324
TOTAL NON-CURRENT LIABILITIES	1,884,309	10,599,766
TOTAL LIABILITIES	7,484,117	15,574,566
NET ASSETS	18,130,134	27,812,128
EQUITY		
Contributed equity	12,906,941	12,906,941
Reserves	54,152	(71,063)
Retained earnings	5,169,041	14,976,250
TOTAL EQUITY	18,130,134	27,812,128

The unaudited pro forma balance sheet for Strata has been prepared solely for the purposes of enabling Members to evaluate the merits of the Scheme and the assets and liabilities of the relevant parties. The underlying values reported on have not been formally adopted or booked as the value of those assets by the entities concerned but are presented here for comparative purposes only.

Details of the financial position of Strata as at 30 September 2008 are contained in Appendix B-3 to the Independent Expert's Report by DMR as contained herein.

3.9 Balance Sheet Changes

The provisions of the Corporations Act specifically require that Members be advised of material changes since the date of the last balance sheet despatched to members in accordance with the Corporations Act.

The financial statements of Strata as at 30 June 2008 were despatched to the members of Strata in October 2008. Members are advised that the financial position of Strata, as set out above in the 30 September 2008 unaudited pro forma balance sheet of Strata, is materially changed from that of the 30 June 2008 balance sheet. Comparison of the audited balance sheet of Strata as at 30 June 2008 and the unaudited pro forma balance sheet of Strata as at 30

September 2008, the latter based on unaudited pro forma management accounts for the three (3) month period ended 30 September 2008, reveal those changes to be as follows:

- (a) Current assets have decreased from \$22,843,162 as at 30 June 2008 to approximately \$21,802,156 as at 30 September 2008, largely as a result of payment of creditors and the collection of receivables.
- (b) Non-current assets have increased from \$2,771,089 as at 30 June 2008 to approximately \$21,584,538 as at the date hereof, as a consequence of taking the valuation of the Permits contained in the report by DMR into account and increasing the value of other financial assets to current value.
- (c) Total assets have increased from \$25,614,251 as at 30 June 2008 to approximately \$43,386,694 as at the date hereof, for the reasons referred to in (a) and (b).
- (d) Current liabilities have decreased from \$5,599,808 as at 30 June 2008 to approximately \$4,974,800 as at the date hereof, largely as a result of payment of creditors.
- (e) Non-current liabilities have increased from \$1,884,309 as at 30 June 2008 to approximately \$10,599,766 as at the date hereof, largely as a result of taking up the liability of \$4,533,517 for the cost of the Winchester OBC 3D seismic survey and to account for an increased provision for deferred tax liabilities; which additional such liability would only arise if the assets in respect of which they are provided against (being the fully valued exploration assets) are disposed of for their carrying values.
- (f) Total liabilities have increased from \$7,484,117 as at 30 June 2008 to approximately \$15,574,566 as at the date hereof, for the reasons noted in (d) and (e) above.
- (g) Net assets and total shareholders' funds have increased from \$18,130,134 as at 30 June 2008 to approximately \$28,371,782 as at the date hereof, as a result of all of the foregoing.

Regard should be had to the fact that all the figures referred to above in the pro forma balance sheet are based on unaudited management accounts of Strata set out in Appendix B-3 to the Independent Expert's Report by DMR as contained herein adjusted as referred to above.

The management accounts for each of Strata and Octanex as set out herein have been prepared by incorporating therein the result of the valuations obtained by DMR from RPS Energy Pty Ltd on the basis of a currency conversion of A\$1.00 = US\$0.64.

3.10 Profitability

Importantly and materially for Strata, its net after tax profit for the year ended 30 June 2008 was \$16,201,635 (\$611,443 in 2007) arising primarily from the OMV/ENI and Shell transactions. However, it should be understood that the profit reported in the 30 June 2008 financial year was derived from a series of specific transactions and does not comprise maintainable earnings and that, in the likely absence of further like transactions in the current financial year, Strata will likely make a net loss from operations. Strata profitability since 30 June 2008 has been limited to the receipt of interest income from cash at bank and on deposit.

3.11 Dividend History

While profitable for the year ended 30 June 2008, Strata has not paid any dividends and does not expect to pay dividends in the foreseeable future. It is intended that Strata's cash resources will be retained to meet exploration expenses or otherwise invested in strategic assets.

3.12 Top 20 Shareholders in Strata

The top 20 shareholders in Strata are as follows:

Doravale Enterprises Pty Ltd	20,000,000
Ernest Geoffrey Albers & Pamela Joy Albers	9,000,000
Sacrosanct Pty Ltd	5,175,000
Ernest Geoffrey Albers	4,457,775
Great Australia Corporation Pty Limited	3,000,000
Fugro Multi Client Services Pty Ltd	1,610,413
Australis Finance Pty Ltd	1,325,000
Albers Custodian Company Pty Ltd	1,250,000
Pamela Joy Albers	1,000,000
Sequest Petroleum Pty Ltd	1,000,000
Australian Natural Gas Pty Ltd	1,000,000
Wilstermere Corporation Pty Ltd	1,000,000
Great Missenden Group Pty Ltd	500,000
The Albers Companies Incorporated Pty	500,000
Great Missenden Holdings Pty Ltd	500,000
Cue Petroleum Pty Ltd	500,000
Elaine Margaret Larsson	500,000
Upstream Consulting Pty Ltd	500,000
David Bruce Hill	200,264
Charles Wantrup	200,000
TOTAL	53,218,452

Doravale Enterprises Pty Ltd holds its 20,000,000 shares as Trustee on the terms of the Trustee Stock Scheme referred to in Section One in clauses 3.4 to 3.6. All of the other top 20 shareholders are associates of E G Albers and/or P J Albers, except Fugro Multi Client Services Pty Ltd, Elaine Margaret Larsson, Upstream Consulting Pty Ltd ("Upstream"), David Bruce Hill and Charles Wantrup. Messrs Hill and Wantrup are Directors and Upstream is an entity controlled by James Willis, a consultant to Strata, and he has a relevant interest in the 500,000 Shares held by it.

3.13 Executive Options and Phantom Shares

As set out in the Strata annual report for the year ended 30 June 2008, under the terms of the Consultancy Services Agreement with Upstream, which took effect from the 31 October 2007, the following phantom shares were granted to Upstream whereby the net difference in the value of Strata shares at the relevant exercise date, compared to the related initial price/assessed value, shall be paid to Upstream in cash.

Tranche	Initial Price/ Assessed Value	Exercise Date
1. 500,000	0.30	30 June 2009
2. 500,000	0.40	30 June 2010
3. 500,000	0.49	30 June 2011
4. 500,000	0.49	30 June 2012
5. 500,000	0.49	30 June 2013

In calculating the exchange ratio for the Scheme Consideration, the presumptive liabilities to Upstream under these instruments was taken into account.

In the same way, Strata has granted executive options under the terms of that Consultancy Services Agreement with Upstream with the following options remaining extant.

Tranche	Exercise Price	Exercisable on or before
1. 500,000	\$0.40	30 June 2009
2. 500,000	\$0.50	30 June 2010
3. 500,000	\$0.60	30 June 2011
4. 500,000	\$0.70	30 June 2012

Therefore, to the extent that these options have exercise prices below the net asset backing per Share based on the unaudited management accounts of Strata as the date hereof, they have been assumed to be exercised for the purpose of determining the exchange ratio for the Scheme Consideration.

Inasmuch as Octanex also has similar tranches of phantom shares and executive options, those phantom shares and executive options have been treated in a like manner in determining the exchange ratio for the Scheme Consideration.

3.14 Risks in holding Octanex Shares

There are risks associated with holding Octanex Shares. Essentially these will be similar to the risks Scheme Members presently face in holding their Shares. This is because both Strata and Octanex have very similar asset bases. Those risks are summarised herein. This summary is not necessarily exhaustive.

Any company with resource-based operations is subject to a wide range of risks, many of which may not be foreseeable.

The business operations of Octanex are subject to risks which may impact adversely on its future performance. These risks may adversely affect the value of the Octanex Shares comprising the Scheme Consideration.

The value of the Octanex Shares comprising the Scheme Consideration will depend on factors beyond their control and beyond the immediate control of the Board of Directors of Octanex. Scheme Members face the risk that, while the Octanex Board will seek to achieve its stated aims, they may not be able to do so.

In common with most resource companies, risks associated with investment in Octanex Shares include:

Share price risks. Scheme Members should recognise that the prices of shares fall as well as rise. Many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and investor and consumer sentiment. Scheme Members will be aware that in the last 12 month period there has been an unprecedented level of volatility on world stock markets and that no predictions can be made as to when that period of volatility will end.

Investment risks generally. Holding Octanex Shares will be subject to risks of a general nature relating to investment in shares and securities and especially where the company in which the investment is made has a small market capitalisation, such as the case with Octanex. This risk may be reduced from the present risk of holding the Shares because of the greater asset base and financial resources Octanex will have post merger.

Risks related to investment in resources. Exploration and/or development of resources, particularly oil and gas, the area of the Company's activities, are subject to high levels of risk. This risk applies equally to holding the Shares

Fiscal risks. These risks involve the imposition of additional taxes, imposts and other charges by government from time to time relating to revenue or cash flow. Industry profitability can be affected by changes in tax policies and the interpretation and application thereof. This risk applies equally to holding the Shares.

Macro economic and political factors. Apart from exchange risks, there are a wide range of other macro economic and political factors beyond the control of Octanex which will affect the Company's operations. These include the consequences of terrorist and other activities, which themselves impact adversely on the global economy, demand for commodities, particularly oil and gas, and sharemarket conditions and share prices generally.

Risks relating to commodity prices. Commodities, particularly oil and to a lesser extent gas, are subject to high levels of volatility in price and demand. While oil prices rapidly increased over the past year, reaching record levels, Scheme Members should understand that those prices can (and have) also declined with equal rapidity. Given that neither Octanex nor Strata have production this risk is not directly applicable although as commodity prices will affect the willingness of third parties to invest or enter into joint ventures with Octanex (or any other explorer) this volatility could have adverse results on Octanex and its operations.

Political and other factors. These risks include those such as changes in levels of consumer confidence, which affect consumption patterns and consequently demand for a wide range of products, including commodities such as oil and gas. In the event of a major worldwide recession, demand for oil and gas would be affected, with consequent effects on prices which could impact on the viability of Octanex's operations: even assuming that commercially exploitable reserves were established.

Sufficiency of funding. Octanex may need to raise significant additional capital to implement and complete its business plans and meet all work and expenditure commitments on the Permits. This requirement to raise additional capital has two consequences for Scheme Members. First, any requirement to raise additional capital will result in their shareholding in Octanex (possibly) being diluted. Second, if additional capital is not raised then Octanex's operations may not be able to be funded, with the result that their Octanex Shares may significantly decrease in value.

The total amount of capital that may be required to be raised is not presently able to be ascertained, as it will depend on the success or otherwise of the Company's proposed operations. However, given that Octanex is listed, this risk as to sufficiency of funding is possibly less significant in Octanex than it would be in Strata.

Octanex's funding will not be impacted in the short to medium term by virtue of the acquisition of the Exmouth Tenements because the present obligations in relation thereto are carried by OMV and ENI as set out in this Scheme Booklet.

Contract risks. Octanex will operate through a series of contractual relationships with operators, technical experts, project managers and contractors generally. All contracts carry risks associated with the performance by the parties of their obligations as to time and quality of work performed. Given that Octanex is in joint venture with various other parties and has, or will, enter into farm out agreements where its obligations are assumed by others, the incapacity of those joint venturers or farminees to meet contracted obligations would adversely affect the Company's capacity to carry out its own activities. The same considerations apply equally to Strata.

Regulatory risks. Operations by Octanex may require approvals from regulatory authorities which may not be forthcoming, either at all or in a timely manner, or which may not be able to be obtained on terms acceptable to the Company. While Octanex can reasonably believe that all requisite approvals will be forthcoming, and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained, Scheme Members should be aware that Octanex cannot guarantee that any or all requisite approvals will be obtained. A failure to obtain any approval would mean that the ability of Octanex to participate in or develop any project, or possibly acquire any project, may be limited or restricted either in part or absolutely. This applies equally to Strata.

Litigation. Octanex is presently not involved in litigation and the Directors are not aware of any basis on which any litigation against Octanex may arise. However, there is always the risk that litigation may occur as a result of differing interpretations of obligations or outcomes.

Exploration and drilling risks. Petroleum exploration involves significant inherent risks in predicting the location and nature of potential petroleum accumulations in the sub-surface. Octanex cannot give any assurance that its exploration programme will result in the discovery of any accumulation of oil or gas, nor that any discovery will be commercially viable or recoverable. Risks in relation to drilling operations include break-downs, delays due to weather or sea conditions and shortages of critical equipment or materials. There are also the financial and environmental risks of drilling incidents such as blow-outs, fires and oil spills. Octanex mitigates these risks via its safety and environmental policies, plans and procedures and will arrange appropriate insurances for particular risks. Octanex gives no assurance against the occurrence of any of these or other adverse events. Given the commonality of ownership of assets between Octanex and Strata this risk applies equally to both.

In the event that exploration programmes prove to be unsuccessful, this will likely lead to: a diminution in the value of any of the Company's Permits subject to such unsuccessful exploration activities; a reduction in the cash reserves of Octanex by virtue of the costs of such activities; possible increased difficulty in raising additional funds following any such unsuccessful activity (particularly drilling); and possible relinquishment of Permits. Again, given the commonality of ownership of assets between Octanex and Strata this risk applies equally to both.

Discovery risks. Any discovery may not be commercially viable or recoverable. For a wide variety of reasons, not all discoveries are commercially producible.

Production risks. Octanex currently has no petroleum production interests. Nor has Strata. It must also be understood that no reserves, resources or contingent resources have been defined within any of the Permits in which any of Octanex, Strata or Exmouth has an interest.

Therefore, there can be no assurance given that Octanex will achieve production from any of the Permits it has an interest in. Even if a discovery well is drilled on any of the Permits, the capacity of Octanex to achieve production will depend on a wide range of factors in addition to a successful exploration outcome. These factors include (but are not limited to) development decisions, capital costs and operating costs that may be applicable to the individual projects and the capacity of Octanex to fund those costs. Again, given the commonality of ownership of assets between Octanex and Strata this risk applies equally to both.

If production is achieved then unanticipated problems may increase extraction costs and reduce anticipated recovery rates. In some cases, increases in costs, whether in conjunction with falling prices or otherwise, may result in the discovery of a hydrocarbon accumulation not being commercial or ceasing to be commercial.

Reserve calculation risks. None of Octanex, Strata or Exmouth has any reserves at present. However, even if Octanex is successful at some time in the future in establishing reserves from any future discovery, it should be recognised that there are numerous difficulties inherent in estimating reserves. Any future statements by Octanex as to reserves, which might follow on any future discovery, when and if made by the Company, should at best be regarded as preliminary

indications or possibilities and not be relied on. The variables on which estimates of reserves are made include a number of factors and assumptions such as historical production, comparisons with production from other producing areas, assumed effects of regulation by government agencies, assumptions regarding future oil and gas prices and future operating costs, all of which may vary considerably from actual results. Assumptions that affect either the cost of recovery or the viability of recovery of any resource will affect any calculation of reserves.

Environmental compliance and risks. In carrying out operations, Octanex and its Joint Venture partners will be required to comply with the Environment Protection and Biodiversity Conservation Act 1999 (Cwth) ("EPBC Act") which specifies and regulates the environmental protections needed to be put in place by operators to avoid and minimise adverse environmental impact from those operations. The EPBC Act sets out stringent conditions which must be complied with by operators and imposes rigid conditions which must be met before operations can commence. In the event of breaching any such conditions, Octanex may be liable to prosecution and the imposition of penalties. This applies equally to Strata.

Further, following cessation of any production from future operations, Octanex will be required to participate in clean-up programmes resulting from any contamination from operations in which it participates, removal of disused plant and equipment and where necessary, restoration of the environment that has been disturbed in the course of operations. The cost of that participation may be considerable if operations result in significant environmental liabilities being incurred. In such a case, any allowance made for rehabilitation could possibly be inadequate. This applies equally to Strata.

Operational risks. These include the possibility of environmental accidents, the risk of unexpected mechanical failure or equipment breakdown resulting in loss of production and additional expense generally, unexpected interruption to or imposition of onerous conditions on access, industrial disputes and resultant increases in costs of operation.

Climatic and geographic risks. All of Octanex's, Strata's and Exmouth's permits are situated in offshore areas. Operations in these areas are generally more prone to being affected by adverse climatic conditions. In all such locations local weather conditions can have adverse effects on the ability to operate.

Insurance. Octanex's operations will expose it to risks and hazards typically associated with exploration for and development and production of hydrocarbons. In accordance with customary industry practices, Octanex intends to maintain insurance against various of the risks associated with drilling. The availability of insurance and the rates at which insurance may be available will determine which losses are insured against and in what amount. The occurrence of any significant event which is not insured against could seriously harm Octanex and its operations and adversely impact on its financial condition.

Title and tenement risks. A risk exists that some or all of the tenements (i.e. permits) that Octanex, Strata or Exmouth hold or has interests in may, when required to be renewed, not be renewed by the regulatory authorities for various reasons. Interests in tenements in Australia are governed by the respective State government legislation and are evidenced by the granting of tenements through the issuing of a lease or licence. Each lease or licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Octanex, Strata or Exmouth could lose title to, or its interests in, tenements if licence conditions are not met or if sufficient funds are not available to meet expenditure commitments. Any failure to comply with the expenditure conditions or with the other conditions on which the licences are held exposes the licences to forfeiture. If sufficient funds are not spent on tenements as is required by the relevant State governments then those tenements could be cancelled, without compensation.

In the event of a commercial discovery, the permit holders will have the right to apply for a production licence over that discovery. The grant of such a licence is also subject to the relevant petroleum legislation in each State and will only be granted on the terms and conditions that the relevant Minister considers appropriate. Once granted, such production licences are liable to forfeiture on breach of any of its conditions.

3.15 **Company's Future**

Strata intends to continue its present activities of resource exploration, particularly oil and gas exploration, in similar manner as it has to date. See also clause 36 below in relation to Octanex's intentions which reflect this same continuity of operation.

4. **OTHER RELEVANT INFORMATION**

There is no other information known to Strata which is material to a decision by Members on how to vote on either the resolution to be put to the Scheme Meeting to approve the Scheme or the Capital Reduction Resolution to be put to the General Meeting to approve the reduction of capital of Strata, having regard to information previously disclosed by Strata to its members or which accompanies or is included in this Scheme Booklet.

5. **INTENTIONS OF DIRECTORS**

Each Director who is eligible to vote and who holds Shares or on behalf of whom Shares are held intends to vote in favour of the Scheme.

6. BACKGROUND: OCTANEX

6.1 Present Share Capital and Structure of Octanex

The present issued capital of Octanex comprises 50,556,837 fully paid ordinary shares together with 28,914,710 options to acquire ordinary shares (exercisable at 25 cents up to 30 June 2009) and a further 3,000,000 executive options exercisable as set out below.

Tranche	Exercise Price	Exercisable on or before
1. 750,000	\$0.40	30 June 2009
2. 750,000	\$0.50	30 June 2010
3. 750,000	\$0.60	30 June 2011
4. 750,000	\$0.70	30 June 2012

Octanex has 1,255 shareholders.

Substantial shareholders in Octanex are E G and P J Albers. Details of the top 20 shareholders of Octanex are set out in clause 6.10 below.

6.2 Business and Operations

The business activities and operations of Octanex are a mirror image to those of Strata: save and except for the amount of cash at bank or on deposit and that Octanex has investments in marketable securities that differ from those of Strata.

As at the date of this Scheme Booklet, Octanex holds investments in marketable securities as set out below.

Cue Energy Resources Ltd

The Octanex group holds 36,380,140 ordinary shares in Cue Energy Resources Ltd (ASX Code: "CUE"), a company listed on ASX. Additional information about Cue may be obtained from Cue, from documents lodged by CUE with ASX and from the CUE website www.cuenrg.com.au

Bass Strait Oil Company Ltd

Octanex holds 2,000,000 ordinary shares in Bass Strait Oil Company Ltd (ASX Code: "BAS"), a company listed on ASX. Information about BAS may be obtained from BAS, from documents lodged by BAS with ASX, ASIC and from the BAS website www.bassoil.com.au

Orion Petroleum Limited

Octanex holds 10,772,923 ordinary shares in Orion Petroleum Limited (ASX Code: "OIP"), a company listed on ASX. Information about OIP may be obtained from OIP, from documents lodged by OIP with ASX, ASIC and from the OIP website www.orionpetroleum.com.au

Babcock & Brown Power Limited

Octanex holds 7,263,289 stapled units in Babcock & Brown Power Limited (ASX Code: "BBP"), a company listed on ASX. Information about BBP may be obtained from BBP, from documents lodged by BBP with ASX, ASIC and from the BBP website www.bbpower.com

Gas2Grid Limited

Octanex holds 6,000,000 ordinary shares in Gas2Grid Limited (ASX Code: "GGX"), a company listed on ASX. Information about GGX may be obtained from GGX, from documents lodged by GGX with ASX, ASIC and from the GGX website www.gas2grid.com

6.3 Financial Position of Octanex

Set out below are summary balance sheets for Octanex showing the financial position of Octanex as at 30 June 2008, based on its audited accounts for the financial year, together with an unaudited pro forma balance sheet based on the 30 September 2008 unaudited financial position adjusted by taking into account increases in asset values reflected in the

Independent Expert's Report by DMR. The unaudited pro forma balance sheet for Octanex set out below has been adjusted by accounting for the value of its exploration assets of \$20,959,009 (US\$ 13,413,766), based on the specialist valuation by RPS Energy Pty Ltd referred to in the Independent Expert's Report by DMR contained in Section Four and applying a currency conversion of A\$1.00 = 64. The exchange rate of A\$1.00 = US\$0.64 has been used because that is the exchange rate used by DMR.

While the RPS Energy Pty Ltd valuation has been prepared for DMR for use in their Independent Expert's Report for the purpose of the Scheme, it has been recognised in the unaudited pro forma balance sheet that the specialist valuation is equally applicable in determining the value of the Octanex exploration assets, as they are identical to those of Strata.

The unaudited pro forma balance sheet of Octanex that follows should be read on the basis set out above.

The unaudited pro forma balance sheet for Octanex has been prepared solely for the purposes of enabling Members to evaluate the merits of the Scheme and the assets and liabilities of the relevant parties. The underlying values reported on have not been formally adopted or booked as the value of those assets by the entities concerned but are presented here for comparative purposes only.

OCTANEX AUDITED BALANCE SHEET AS AT 30 JUNE 2008 AND UNAUDITED PRO FORMA BALANCE SHEET BASED ON 30 SEPTEMBER 2008 FINANCIAL POSITION OF OCTANEX ADJUSTED BY TAKING INTO ACCOUNT INCREASES IN ASSET VALUES REFLECTED IN THE INDEPENDENT EXPERT'S REPORT BY DMR

	Audited Balance Sheet 30 June 2008	Unaudited Pro Forma Balance Sheet
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	23,004,274	20,542,190
Trade and other receivables	305,060	50,585
Forward exchange contract	55,388	-
TOTAL CURRENT ASSETS	23,364,722	20,592,775
NON-CURRENT ASSETS		
Other financial assets	13,101,351	5,356,309
Exploration and evaluation assets	2,322,667	20,959,009
TOTAL NON-CURRENT ASSETS	15,424,018	26,315,318
TOTAL ASSETS	38,788,740	46,908,093
CURRENT LIABILITIES		
Trade and other payables	759,694	104,800
Current tax liabilities	6,162,024	6,162,024
TOTAL CURRENT LIABILITIES	6,921,718	6,266,824
NON-CURRENT LIABILITIES		
Provision for share based payments	221,295	221,295
Geokinetics payable – seismic acquisition	-	4,533,517
Deferred tax liabilities	3,846,052	5,165,737
TOTAL NON-CURRENT LIABILITIES	4,067,347	9,920,549
TOTAL LIABILITIES	10,989,065	16,187,373
NET ASSETS	27,799,675	30,720,720
EQUITY		
Contributed equity	4,219,918	4,221,718
Reserves	4,210,774	27,786
Retained Earnings	19,368,983	26,471,216
TOTAL EQUITY	27,799,675	30,720,720

Any Member who requires a copy of the latest Octanex annual report, which includes its audited financial statements for the year ended 30 June 2008, can find this document on the Octanex website www.octanex.com.au. The quarterly report for Octanex for the quarter ended 30 September 2008 as released to NSX is also available from the NSX website www.nsx.com.au or via the Octanex website. Details of the financial position of Octanex as at 30 September 2008 as released to NSX are contained in Appendix D-3 to the Independent Expert's Report by DMR as contained herein.

Listed in clause 6.9 below are details of the NSX announcements made by Octanex since 30 June 2008 and these can be accessed in the same way as the quarterly report.

6.4 Profitability of Octanex

Importantly and materially for Octanex, the net after tax consolidated profit for the year ended 30 June 2008 was \$17,865,746 (\$658,268 in 2007) arising primarily from the OMV/ENI and Shell transactions. However, it should be understood that the profit reported in the 30 June 2008 financial year was derived from a series of specific transactions and does not comprise maintainable earnings and that, in the absence of further transactions in the current financial year, Octanex will likely make a net loss from operations. Octanex profitability since 30 June 2008 has been limited and is dependent on receipt of interest income from cash at bank and on deposit. The value of the Octanex investments

included in the 'other financial assets' has fallen significantly since 30 June 2008. This is reflected in the unaudited pro forma balance sheet for Octanex

6.5 **Dividend History**

While profitable for the year ended 30 June 2008, Octanex has not paid any dividends and does not expect to pay dividends in the foreseeable future. It is intended that Octanex's cash resources will be retained to meet exploration expenses or otherwise invested in strategic assets or corporate acquisitions.

6.6 **ProForma Financial Statements and effect of the Scheme on Octanex**

Set out below are pro forma balance sheets for each of Strata, Octanex and Exmouth showing the financial impact on Octanex if the Scheme comes into effect. These unaudited balance sheets for Strata Octanex are as set out in clauses 3.8 and 6.3 respectively. That for Exmouth is based on the assumption that Exmouth has acquired the Exmouth Tenements on the bases set out in clause 7 below. In brief this reflects a consideration for the acquisition of the issue of 30,526,968 new shares in Octanex to Gascorp being equivalent to the net asset value of Exmouth of A\$15,306,222. The gross value of those assets is A\$21,866,031 (US\$14,733,332 based on the exchange rate of US\$1= US\$0.6738 which was applicable as at 7 November 2008, the date on which the transaction was approved by the directors of Gascorp). This figure of \$21,866,031 differs from that used by DMR in its Independent Expert's Report because DMR use an exchange rate of A\$1.00 = US\$0.64 to determine the value of the Exmouth Tenements in Australian dollars: resulting in DMR valuing the Exmouth Tenements at \$23,020,831

OCTANEX PRO FORMA BALANCE SHEET BASED ON UNAUDITED 30 SEPTEMBER 2008 FINANCIAL POSITION ADJUSTED BY TAKING INTO ACCOUNT INCREASES IN ASSET VALUES REFLECTED IN THE INDEPENDENT EXPERT'S REPORT BY DMR AND ASSUMING THE ACQUISITION OF STRATA AND EXMOUTH

	Octanex Unaudited Pro Forma Balance Sheet \$	Strata Unaudited Pro Forma Balance Sheet \$	Exmouth Unaudited Pro Forma Balance Sheet \$	Octanex Unaudited Post-Merger Pro Forma Balance Sheet \$
CURRENT ASSETS				
Cash and cash equivalents	20,542,190	21,761,538	0	42,303,728
Trade and other receivables	50,585	40,618	0	91,203
TOTAL CURRENT ASSETS	20,592,775	21,802,156	0	42,394,931
NON-CURRENT ASSETS				
Other financial assets	5,356,309	625,529	0	5,981,838
Exploration and evaluation assets	20,959,009	20,959,009	21,866,031	63,784,049
TOTAL NON-CURRENT ASSETS	26,315,318	21,584,538	21,866,031	69,765,887
TOTAL ASSETS	46,908,093	43,386,694	21,866,031	112,160,818
CURRENT LIABILITIES				
Trade and other payables	104,800	43,454	0	148,254
Current tax liabilities	6,162,024	4,931,346	0	11,093,370
TOTAL CURRENT LIABILITIES	6,266,824	4,974,800	0	11,241,624
NON-CURRENT LIABILITIES				
Provision for share based payments	221,295	242,925	0	464,220
Geokinetics payable seismic acquisition	4,533,517	4,533,517	0	9,067,034
Deferred tax liabilities	5,165,737	5,823,324	6,559,809	17,548,870
TOTAL NON-CURRENT LIABILITIES	9,920,549	10,599,766	6,559,809	27,080,124
TOTAL LIABILITIES	16,187,373	15,574,566	6,559,809	38,321,748
NET ASSETS	30,720,720	27,812,128	15,306,222	73,839,070
EQUITY				
Contributed equity	4,221,718	12,906,941	15,306,222	32,434,881
Reserves	27,786	(71,063)	0	(43,277)
Retained Earnings	26,471,216	14,976,250	0	41,447,466
TOTAL EQUITY	30,720,720	27,812,128	15,306,222	73,839,070

6.7 Historical share price performance

Octanex shares are listed for quotation on NSX.

Members should note that past share price performance is not necessarily a guide to future price movements. While options to acquire shares in Octanex are also listed on NSX under the NSX Code OCTOF, no price details are provided in this Scheme Booklet in relation to the options: given that the Scheme Consideration comprises only Octanex Shares.

In the three months immediately before the date on which this Scheme Booklet was lodged for registration with ASIC, as the explanatory statement required under the Corporations Act, the number of shares in the capital of Octanex sold was 280,800 and insofar as is known to Octanex:

- the highest recorded sale price for Octanex shares during that three month period was \$0.22 on 3 December 2008.
- the lowest recorded sale price for Octanex shares during that three month period was \$0.15 on 21 November 2008.

6.8 Ranking of Octanex Shares issued as Scheme Consideration

The Octanex Shares will rank equally for all purposes with all other Octanex ordinary shares on issue as, and from the date of allotment.

6.9 Information disclosed to the NSX and documents lodged with ASIC

Octanex is a disclosing entity for the purposes of the Corporations Act and as such is subject to continuous reporting and disclosure obligations. Specifically, as a listed company, Octanex is subject to the Listing Rules of NSX which require continuous disclosure of any information Octanex has concerning it that a reasonable person would expect it to have and which will affect the price or value of its shares.

The NSX maintains files containing publicly disclosed information about all listed companies. The Octanex file is available for inspection at NSX during normal business hours.

In addition, Octanex is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Octanex may be obtained from, or inspected at, an ASIC office.

Octanex will provide, free of charge to any Scheme Member who requests it before the Scheme Meeting, a copy of:

- (a) The Octanex constitution;
- (b) the annual report of Octanex for the year ended 30 June 2008 (being the annual report most recently lodged with ASIC before this Explanatory Statement was lodged for registration with ASIC);
- (c) any Quarterly Report or Half Yearly Report of Octanex lodged with NSX and ASIC after lodgement of the annual report referred to in (b) above and before lodgement for registration of this Scheme Booklet was lodged with ASIC for registration as the explanatory statement; and
- (d) any continuous disclosure notice given by Octanex to NSX and ASIC after lodgement of the annual report referred to in (b) above and before lodgement for registration of this Scheme Booklet was lodged with ASIC for registration as the explanatory statement. The following is a list of such disclosure notices:

Announcement Date	Headline
1 July 2008	Acquisition of Winchester OBC 3D Seismic Survey
3 July 2008	New Issue Announcement
7 July 2008	Notice of Change of Interest Section 205G
10 July 2008	New Issue Announcement, Application for Quotation of Additional Securities and Agreement
18 July 2008	Quarterly Activity Report to 30 June 2008
29 July 2008	Purchase of 5% of Orion Petroleum Limited Shares
12 September 2008	Annual Financial Report for the Year Ended 30 June 2008
17 September 2008	Change of Company Secretary
14 October 2008	Annual Report Mailed to Shareholders Today
14 October 2008	Notice and Proxy of AGM
23 October 2008	Quarterly Activity Report to 30 September 2008
13 November 2008	Outcome of Resolutions put to AGM on 13 November 2008
13 November 2008	Chairman's Address to Shareholders at AGM on 13 November 2008

6.10 Top 20 Shareholders in Octanex

The top 20 shareholders in Octanex are as follows:

Ernest Geoffrey Albers & Pamela Joy Albers	5,980,899
Great Missenden Holdings Pty Ltd	5,450,305
Bass Strait Group Pty Ltd	4,033,058
The Albers Companies Incorporated Pty Ltd	2,955,491
Auralandia NL	2,509,340
Cue Petroleum Pty Ltd	2,386,664
Sacrosanct Pty Ltd	2,312,210
Great Missenden Group Pty Ltd	1,940,060
Cue Energy Resources Limited	1,567,100
Pamela Joy Albers	1,412,500
Ernest Geoffrey Albers	1,069,113
Fugro Multi Client Services Pty Ltd	1,034,540
Australis Finance Pty Ltd	860,000
David Hugo Rankin	782,463
Upstream Consulting Pty Ltd	750,000
Clifford Massey Abbott	724,040
Strata Resources NL	705,000
Charles Whyte	703,113
Sequest Petroleum Pty Ltd	598,000
Appledore Custodians Limited	500,000

6.11 Octanex Shareholder Analysis

As at 30 September 2008 an analysis of shareholdings in Octanex was as follows:

Holding Range	No. Holders	Total Units	% equity
1-1,000	321	133,187	0.26
1,001-5,000	639	1,583,420	3.13
5,001-10,000	74	549,196	1.09
10,001-100,000	173	5,595,903	11.07
100,001 and over	48	42,695,131	84.45
Totals	1,255	50,556,837	100.00

6.12 Executive Options and Phantom Shares

As set out in the annual report for Octanex for the year ended 30 June 2008, under the terms of the Consultancy Services Agreement with Upstream which came into effect from the 31 October 2007, the following phantom shares were granted whereby the net difference in the value of Octanex shares at exercise date and initial price shall be paid to Upstream in cash.

Tranche	Initial Price/ assessed value	Exercise Date
1. 750,000	0.30	30 June 2009
2. 750,000	0.40	30 June 2010
3. 750,000	0.40	30 June 2011
4. 750,000	0.40	30 June 2012
5. 750,000	0.40	30 June 2013

In calculating the exchange ratio for the Scheme Consideration, the presumptive liabilities under these instruments was taken into account.

Likewise, Octanex has granted executive options under the terms of that Consultancy Services Agreement with Upstream with the following options remaining extant.

Tranche	Exercise Price	Exercisable on or before
1. 750,000	\$0.40	30 June 2009
2. 750,000	\$0.50	30 June 2010
3. 750,000	\$0.60	30 June 2011
4. 750,000	\$0.70	30 June 2012

To the extent that these options have exercise prices below the net asset backing per Share based on the unaudited management accounts of Octanex as at 30 September 2008, they have been assumed to be exercised for the purpose of determining the exchange ratio for the Scheme Consideration.

Inasmuch as Strata also has similar tranches of phantom shares and executive options those phantom shares and executive options have been treated in a like manner in determining the exchange ratio for the Scheme Consideration.

6.13 Application for Quotation of Octanex Shares

Octanex shares are listed on NSX. Octanex has made application to NSX for the quotation of the Octanex Shares to be allotted as Scheme Consideration pursuant to the Scheme. While quotation is not guaranteed or automatic, Octanex is not aware of any reason why NSX would refuse to grant quotation to the Octanex Shares to be issued to Scheme Members as the Scheme Consideration.

6.14 Summary of provisions of Octanex's Constitution

The summary below sets out the primary terms of the constitution of Octanex as those terms will govern the rights and liabilities attaching to the Octanex Shares issued and allotted to Members under the Scheme.

The constitution of Octanex is compliant with the Listing Rules of NSX.

Members should understand that the summary set out below is not a full statement of the rights and liabilities of members of Octanex and a copy of the constitution of Octanex will be tabled at the Scheme Meeting and will be available for inspection prior to that date at Strata's offices by contacting Mr Jack Tuohy on (03) 8610 4712.

This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of members. To obtain such a statement, Members should obtain a copy of the constitution of Octanex and seek independent legal advice.

- (a) **Ranking:** The Shares will be ordinary shares and will rank equally in all respects with the existing ordinary shares in Octanex.
- (b) **Partly Paid Shares and Liability for Calls:** Members holding partly paid shares will not be liable to pay calls or make contributions in the event of the winding up of Octanex as Octanex is a No Liability company. At present there are no partly paid shares on issue.
- (c) **Reports and Notices:** Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the constitution of Octanex and the Corporations Act.
- (d) **General Meetings:** Members are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of Octanex. Members may requisition general meetings in accordance with the Corporations Act and the constitution of Octanex.
- (e) **Voting:** At a general meeting of Octanex every ordinary member present in person or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

A member who holds a share that is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the share.

- (f) **Dividends:** The Directors may declare and authorise the distribution, from the profits of Octanex, of dividends to be distributed to members according to their rights and interests.
- (g) **Reduction of Capital:** Octanex may reduce its capital in such manner as may be permitted by the provisions of the Corporations Act from time to time.
- (h) **Minority shareholdings:** Octanex may act not more than once in every 12 month period to give notice to shareholders holding less than a marketable parcel of shares in accordance with the requirements of the Listing Rules of NSX. The constitution and the Listing Rules provide strict requirements to be followed to ensure that members are treated fairly. Octanex must give notice in writing and be given at least 6 weeks from the date of the notice to tell Octanex whether he or she wishes to keep the shares: in which case they cannot be sold. If the shareholder does not elect to keep the shares Octanex may sell them but it must pay the costs of sale and account to the shareholder for the proceeds of sale.
- (i) **Borrowing and Lending Powers:** Octanex may borrow and lend in such manner as may be permitted by the provisions of the Corporations Act from time to time.
- (j) **Winding Up:** Members will be entitled in a winding up to share in any surplus assets of Octanex in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.
- (k) **Transfer of Shares:** Subject to the constitution of Octanex and the Corporations Act the shares will be freely transferable.
- (l) **Future Increases in Capital:** The allotment and issue of shares is under the control of the Directors of Octanex. Subject to restrictions on the allotment of shares to Directors or their Associates contained in the Constitution of Octanex and the Corporations Act, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.
- (m) **Variation of Rights:** The rights, privileges and restrictions attaching to ordinary shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three-quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least three-quarters of the ordinary shares on issue, within two months of that general meeting.
- (n) **Directors:** The constitution of Octanex contains provisions relating to the rotation of Directors (other than managing directors and alternate directors).

7. BACKGROUND: GASCORP AND EXMOUTH

7.1 Background

Gascorp and its wholly owned subsidiary, Exmouth, form a consolidated group under the Tax Act and carry on the business of exploration for oil and gas.

Gascorp's interests in the Exmouth Tenements (WA-362-P, WA-363-P, WA-386-P and WA-387-P) are in the process of being assigned to Exmouth and, on this being effected, it is proposed that all of the shares in Exmouth will be exchanged for fully paid shares in Octanex (and no other consideration), so that Exmouth will become a wholly owned subsidiary of Octanex.

The consideration for the exchange of the shares in Exmouth for shares in Octanex will be the issue of 30,526,968 new shares in Octanex, being equivalent to the net asset value of Exmouth of A\$15,306,222. The gross value of those assets is A\$21,866,031 (US\$14,733,332 as set out in the table below: and based on the exchange rate of US\$1= A\$0.6738 which was applicable as at 7 November 2008, the date on which the transaction was approved by the directors of Gascorp), reducing to the net A\$15,306,222 after taking into account the deferred tax effect on the value of the exploration assets at a tax rate of 30%.

The 30,526,968 in Octanex to be issued to Gascorp in exchange for the shares in Exmouth is calculated by taking the net asset backing of a shares in Octanex on a fully diluted basis as at 30 September 2008 (\$0.5014) and dividing the A\$15,306,222 referred to by that amount.

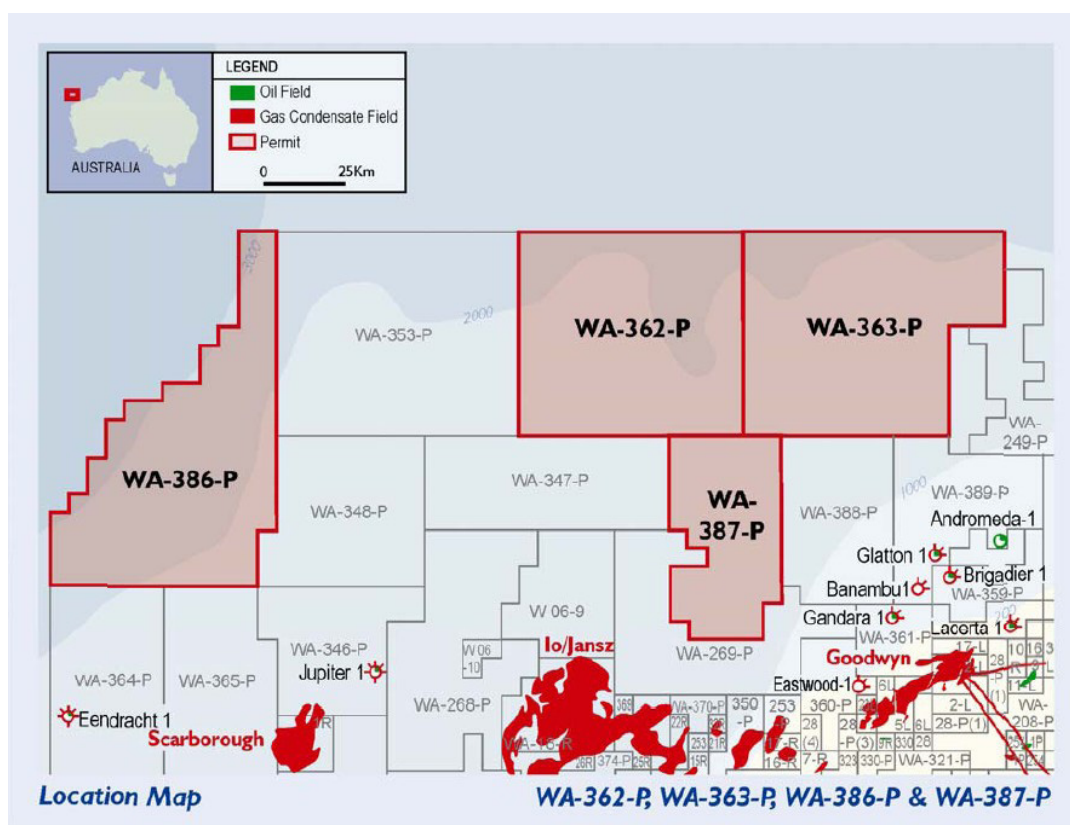
Specific values in US\$ attributable to each of the permit interests being acquired by Exmouth from Gascorp are set out in the table below. That table is extracted from a valuation carried out by RPS Energy Pty Ltd which forms part of the report by DMR as the Independent Expert as contained in Section Four.

Importantly, all four of the Exmouth Tenements were subject to identical transactions with OMV and ENI under which OMV and ENI acquired a combined 60% interest in each of the permits for an amount of US\$8.5million (an aggregate amount of US\$34 million).

PERMIT	BASIN	EXMOUTH EXPLORATION PTY LTD	VALUE OF EXMOUTH EQUITY SHARE (US\$)	VALUATION METHOD
WA-362-P	Exmouth Plateau	12%	1,700,000	Previous transaction over permit
WA-363-P	Exmouth Plateau	12%	1,700,000	Previous transaction over permit
WA-386-P	Exmouth Plateau	40%	5,666,666	Previous transaction over permit
WA-387-P	Exmouth Plateau	40%	5,666,666	Previous transaction over permit
TOTAL VALUE			14,733,332	

7.2 Operations

The location of the Exmouth Tenements is shown in the following figure.



Joint Venture WA-386-P and WA-387-P

Following transactions with OMV and ENI and assignment of Gascorp's interest in each of WA-386-P and WA-387-P to Exmouth, the interests of OMV, ENI and Exmouth in these permits will be:

OMV (Operator)	30%
ENI	30%
Exmouth	40%

Gascorp previously disposed of 60% of its 100% interest in these two exploration permits by entering into a joint venture with OMV and ENI. As part of the arrangements establishing a new joint venture, Gascorp agreed to assign a 60% interest in each permit for an amount of US\$8.5 million while retaining a 40% equity interest in each permit, which 40% equity is now being assigned to Exmouth, its wholly owned subsidiary.

OMV and ENI's consent to the assignment to Exmouth has been sought and assignment to Exmouth will be conditional upon that consent and upon the consent of the Designated Authority. Octanex and Gascorp expect that those consents will be received in the ordinary course of business and, in any event, before the Effective Date of the Scheme so that the acquisition of Exmouth by Octanex can proceed.

OMV and ENI have agreed to acquire and process 2D seismic data in each permit. This will meet all the current and future seismic work obligations for each permit. OMV and ENI also have the right under the farmin agreement to earn a further 20% interest from Exmouth in each permit (leaving Exmouth with a then retained 20% interest in each permit) by meeting all the costs of Exmouth for the first two wells that OMV and ENI may elect to drill in each permit.

Finally, if Exmouth, as Gascorp's assignee, does not wish to participate (by being carried) in a well which OMV and ENI may elect to drill at their discretion on a permit, it has a right, within 60 days of receiving a formal notice from OMV and ENI as farminors, to elect to assign its remaining 40% interest in that permit to OMV and ENI for US\$16,000,000. That right exists in relation to each permit. On completion of the merger and acquisition of Exmouth this right will be under the control of Octanex. This would give Octanex a further potential receivable of a further US\$32,000,000 (a total of A\$50,000,000 at an exchange rate of A\$1.00 = US\$0.64) This is in addition to an equivalent amount in relation to WA-362-P and WA-363-P referred to below and in clause 3.1 above.

OMV and ENI have indicated their intention to comprehensively explore the four Exmouth Tenements in question and already more than 8,000 kms of new 2D seismic data has been acquired.

WA-362-P and WA-363-P (Exmouth Plateau)

This joint venture consists of:

OMV Australia Limited	30% and Operator
ENI Australia Limited	30%
Octanex NL	14%
Strata Resources NL	14%
Exmouth Exploration Pty Ltd	12%

In August 2007 Exmouth and its joint venturers entered into a new joint venture with OMV Australia Limited ("OMV") and ENI Australia Limited ("ENI") in relation to WA-362-P and WA-363-P and Exmouth now holds a 12% interest in each of these permits.

The permits, which cover an aggregate area of approximately 21,765 sq kms, are on the northern margin of the Exmouth Plateau, 300-400 kms north west of the Western Australian coastline. The Exmouth Plateau is the largely unexplored deepwater frontier of the Carnarvon Basin, Australia's largest petroleum basin which includes the giant gas resources of the North West Shelf (Rankin Trend), the Greater Gorgon region and Io/Janz. The map below shows the location of the two permits.

As part of the arrangements establishing the new joint venture, Exmouth agreed to assign an 18% interest in each permit for a monetary amount, retaining a 12% equity interest in each permit. OMV and ENI agreed to acquire and process 2D seismic data in each permit. This will meet all the current and future seismic work obligations for each permit. OMV and ENI also have the right under the farmin agreement to earn a further 6% interest in each permit from Exmouth (leaving Strata with a then retained 6% interest in each permit) by meeting all the costs of the first two wells that the farminees may elect to drill in each permit.

The joint venture Operator, OMV, has now completed the acquisition of the 7,407 line kms Klimpt 2D seismic survey of which 4,659 was acquired within WA-362-P and WA-363-P.

The rights of Exmouth, Strata and Octanex to sell their respective residual interests in each of these permits to OMV and ENI is detailed in clause 3.1 dealing with Strata's interests to which Members are referred.

SECTION TWO

OVERVIEW OF THE SCHEME

8. NATURE OF THE SCHEME

The primary object of the Scheme is to provide that all of the Shares of Scheme Members will be cancelled on the Implementation Date in consideration of the issue to them of the Octanex Shares being the Scheme Consideration. As part of the Scheme, Strata will then concurrently issue to Octanex an equal number of New Strata Shares as are cancelled.

Effectively, on cancellation of the Shares and the issue of the New Strata Shares to Octanex, Strata will have become a wholly owned subsidiary of Octanex and each of the Scheme Members, other than any Foreign Shareholders, will have become shareholders in Octanex.

The Scheme will come into effect on the Effective Date, being the date that an office copy of the Order of the Court approving the Scheme is lodged with ASIC.

However, the operative provisions of the Scheme which create the effective exchange of Shares hereunder will not become operative until the Implementation Date. This is three (3) Business Days after the Record Date, which under this Scheme, is also the Effective Date.

The Scheme will satisfy the capital gains tax relief rollover requirements of Section 120M of the Income Tax Assessment Act 1997 ("Tax Act") and each Scheme Member will be able to claim capital gains tax relief as set out in the report by PriceWaterhouseCoopers as contained in Section Five.

In considering how to vote in relation to the Scheme, Members should obtain independent advice, including independent taxation advice, as to the effect of the Scheme.

Under the Reduction of Capital Resolution all of the Shares will be cancelled on the Implementation Date and in consideration thereof:

- Octanex will subscribe for the same number of New Strata Shares as are to be cancelled with the effect that on issue and allotment thereof, Strata will be a wholly owned subsidiary of Octanex.
- Octanex will pay the Scheme Consideration to the Scheme Members by issuing and allotting the Octanex Shares comprising the Scheme Consideration to them, in accordance with their respective entitlements thereto.

9. STRATA REDUCTION OF CAPITAL

The Scheme will be implemented by a reduction of capital of Strata pursuant to the provisions of the Capital Reduction Resolution to be passed at the General Meeting and by the issue and allotment of the Octanex Shares comprising the Scheme Consideration to the Scheme Members according to their respective entitlements thereto as at the Record Date.

The reduction of capital is an equal reduction of capital in accordance with the provisions of Section 256B (2) of the Corporations Act.

This Scheme Booklet has been lodged with ASIC in accordance with the requirements of 256C (4) and 256C (5) of the Corporations Act.

Section 256C (4) of the Corporations Act requires that, included with a notice of meeting at which a resolution to reduce capital is sought to be passed, a company must include a statement setting out all information known to it that is material to a decision by a shareholder on how to vote on the proposed resolution to reduce the capital. A company does not have to disclose information if it would be unreasonable to require it to do so because it had previously disclosed the information to its shareholders.

In addition to constituting an explanatory statement pursuant to Sections 411 and 412 of the Corporations Act in relation to the Scheme, this Scheme Booklet also sets out all information known to Strata which is believed to be material to any decision by a Member to vote on the resolution to reduce the capital of Strata.

10. ROLLOVER RELIEF: PROVISIONS OF SECTION 124M OF THE TAX ACT

The provisions of the Tax Act govern the ability of Strata to make a reduction of capital in a manner which enables the Scheme Members to obtain the benefit of capital gains tax relief under the Tax Act.

Neither Strata nor its Directors are able to give any taxation or other professional advice in relation to the matters set out herein.

An independent taxation report from PricewaterhouseCoopers as to the effect of the Scheme on Scheme Members is included in Section Five. That report is general in nature. The report does not take account of the individual circumstances of any particular Scheme Member or the position of Scheme Members resident in foreign jurisdictions.

Each Member is recommended to seek independent legal and accounting advice in relation to the matters set out herein as the circumstances of each Member will differ from those of each other Member. It is therefore appropriate that each Member should ensure that he or she obtains appropriate taxation and accounting advice having regard to his or her circumstances before either voting in favour of or against the resolutions to be put to each of the Scheme Meeting and the General Meeting.

11. CONSEQUENCES OF THE ROLLOVER

Insofar as Australian resident shareholders are concerned, the effect of the rollover is to defer the making of a capital gain or capital loss.

12. ADVANTAGES AND DISADVANTAGES OF THE SCHEME

- In their review of the major terms, the Directors have considered the future of Strata as a independent company in the context of its part ownership of resource assets co-owned with Octanex. In particular The Directors have considered:
- The significant funding required by Strata for future exploration, appraisal or development of its assets.
- the potential benefits and advantages which they believe will accrue to Scheme Members as Octanex shareholders, and compared these advantages and benefits with potential disadvantages and risks.
- Octanex's financial and technical abilities, particularly as operator or former operator of its exploration interests, which they consider are superior to other alternatives available to Strata.
- the opportunity that the merger presents for Scheme Members to become shareholders in Octanex.
- alternative structures and possibilities, and the taxation implications for these and the current merger terms.
- DMR, the Independent Expert, has, in formulating its report, had regard to issues determining whether the Scheme was fair and reasonable and in the best interests of Scheme Members. Members should carefully consider those issues in deciding how to vote in relation to the Scheme and separately in how to vote at the General Meeting in relation to the Capital Reduction Resolution.

12.1 Advantages of the Scheme

The Directors view the Scheme and associated proposals as an opportunity for Strata to maximise shareholder value. Specifically, the Directors consider that the proposed merger is attractive for a number of strategic reasons:

- (a) In the opinion of the Directors, the merger with Octanex represents a value maximizing transaction. The directors currently see no other alternatives which would offer the same range of benefits for security holders.
- (b) The merger terms have had regard to a range of possibilities, including the Directors' assessment of the strengths and opportunities inherent within Octanex, while at the same time being pitched at the same value implied by recent underlying asset transactions.
- (c) There is no share market upon which the Shares are traded and, in the absence of the merger, it is unlikely to be one.

- (d) The merger addresses the question of the ability of Strata, without access to a share market, to fund the substantial future costs of exploration appraisal and development of its assets.
- (e) The financial strength, business assets and standing of the expanded Octanex will bring about greater certainty of value for Scheme Members.

The directors also consider that the following structural advantages flow from approval of the Scheme:

- (f) The interests of Scheme Members are not, in the opinion of Directors, adversely affected and the Scheme is fair as referred to in the Independent Expert's Report as the value of the Scheme Members' interests is the same before and after the implementation of the Scheme. The Independent Expert has also concluded that the Scheme is reasonable;
- (g) The Scheme will leave Strata as a wholly owned subsidiary of Octanex, which is a listed company, and the Scheme Members will have received Octanex Shares which are freely tradeable on NSX in exchange for their Shares which have been cancelled.
- (h) The effective merger of the interests of both Strata and Octanex and the combined cash resources of Octanex resulting from the merger may result in investment in Octanex being more attractive to new investors, both increasing the market value of Octanex and providing erstwhile investors in Strata with a market for their Octanex Shares: which does not presently exist for their Shares.
- (i) The merger will form a company with greater critical mass with the combination allowing larger or more diverse transactions than either Strata or Octanex could contemplate at present.
- (j) Economies will flow resulting from the combination of two public entities into one public entity.

12.2 Disadvantages of the Scheme

Whilst your Strata directors acknowledge the following risks and disadvantages, they believe that the advantages outlined above outweigh any disadvantages that may arise from the Scheme.

- (a) Scheme Members will no longer hold a direct interest in Strata and will no longer collectively control Strata. However, given first, the degree of current commonality of interests between Octanex and Strata, and secondly that both Strata and Octanex are controlled by E G and P J Albers and will continue to be so controlled regardless of the outcome of the Scheme, Members may consider this disadvantage to be more illusory than real.
- (b) The effect of the Scheme will be dilutive of the interests of Members in Strata's existing asset base. Instead of controlling 100% of Strata's assets as they now exist, after the merger and acquisition of Exmouth, the present Members (excluding the Trustee) will hold a total of 57,276,900 Octanex Shares out of a total of 138,360,705 Octanex Shares (excluding the Trustee Shares) which represents only 41.34% of the total Octanex Shares on issue (excluding the Trustee Shares). Including the 33,000,000 Trustee Shares the Members will hold only 57,276,900 Octanex Shares out of 171,360,705 Octanex Shares on issue representing 33.42% of the total capital of Octanex. Additionally, although Octanex and Strata holds identical exploration interests, their other assets differ and Members interests in Strata's assets post both the merger with Octanex and the acquisition of Exmouth will mean that the assets in which Members have an interest are a different blend of assets, which is more heavily weighted towards exploration assets than at present.
- (c) The Scheme Consideration consists of a fixed number of Octanex Shares and does not include a cash component. Therefore, the value of the Scheme Consideration depends on the value of Octanex Shares. However, it should be noted that Octanex Shares are quoted on NSX. Further, Octanex Shares were offered as the Scheme Consideration to enable Strata Shareholders to obtain the benefit of Australian capital gains tax scrip-for-scrip rollover relief.
- (d) Scheme Members who receive Octanex Shares will be subject to many factors that influence, both negatively and positively, the share price of a company like Octanex. A description of these factors has been prepared by Octanex and is set out in Clause 3.14 above.

- (e) As the combined Octanex post-Scheme will be significantly larger than Strata, by approving the Scheme, Scheme Members will have a large, direct exposure to both the benefits and risks associated with an expanded exploration risk profile.

If you have any doubts about the potential impact of any of these issues on Strata you should consult your stockbroker, accountant or other professional advisor.

13. INFORMATION ESPECIALLY FOR FOREIGN SHAREHOLDERS

Foreign Shareholders (being Members with a registered address outside of Australia, its external territories and New Zealand) will not be issued with Octanex Shares under the Scheme. For Foreign Shareholders, the relevant Octanex Shares will be allotted to a nominee who will sell them and account to the Foreign Shareholders for the net proceeds of sale after deduction of any applicable brokerage, stamp duty and other taxes and charges.

Foreign Shareholders should also note that the value to them of the Scheme Consideration will depend upon the relevant rates of foreign exchange and that changes in the rates of foreign exchange may have an adverse impact on the value of the Scheme Consideration.

Foreign Shareholders should seek their own independent advice, including independent taxation advice, as to the consequences of the Scheme on them.

14. CONDITIONS PRECEDENT

The Scheme is subject to a series of conditions precedent.

These are more particularly set out in the Implementation Agreement. Briefly, they are primarily focused on each of the Resolutions put to the General Meeting and the Octanex General Meeting all being passed by the requisite statutory majorities required under the Corporations Act. For full details refer to clause 3 of the Implementation Agreement in Section Six below.

15. EFFECTIVE DATE

Assuming always that the resolutions put to the General Meeting are also passed as required, the Scheme will become effective on the Effective Date as defined in the Scheme: namely when a copy of the Order approving the Scheme is lodged with ASIC in accordance with the Corporations Act.

From a practical point of view the Scheme will, if approved by Members at the Scheme Meeting, be approved by Orders of the Court contained in a single instrument signed by the Judge on the Second Court Date being the date on which application is made for Orders approving the Scheme. That Order will be then lodged with ASIC and on lodgement the Scheme will come into effect.

16. DIRECTORS' RECOMMENDATION TO SCHEME MEMBERS IN RELATION TO THE SCHEME

Each of the Directors of Strata desires to make, and considers himself justified in making, a recommendation to Scheme Members in relation to each of the Scheme.

Each Director (other than Mr E G Albers, who is a related party of both Octanex and Strata and desires to refrain from making any recommendation) recommends that the Members agree to the Scheme for the following reasons:

- 16.1 For the reasons set out in the Independent Expert's Report.
- 16.2 The Scheme will leave Strata as a wholly owned subsidiary of Octanex and the Scheme Members will have received Octanex Shares which are freely tradeable on NSX in exchange for their Shares which will have been cancelled. The effect of this is to provide Scheme Members with a more ready method of both increasing their investment in the underlying assets of both Strata and Octanex and, as appropriate, to provide Scheme Members with a more readily available exit path or mechanism if they wish, at any time, to dispose of the Octanex Shares they receive on implementation of the Scheme.
- 16.3 The effective merger of the interests of Strata and Octanex and the increased combined cash resources and interests of Octanex resulting from the merger may result in investment in Octanex being more attractive to new investors, both increasing the market value of Octanex and providing erstwhile investors in Strata with increased market value for the present value of their investment.
- 16.4 While Scheme Members will hold Octanex Shares rather than Shares after the Scheme comes into effect, the Directors consider it reasonable to assume that the aggregate market value of the Octanex Shares to be issued

and allotted to Scheme Members pursuant to the Scheme will have the same market value as the Shares which they presently hold.

- 16.5 As a consequence of the matters set out in the independent taxation report by PricewaterhouseCoopers in Section Five, the implementation of the Scheme is not considered to have adverse taxation consequences for Scheme Members provided that they comply with the requirements of the Tax Act in relation to the rollover.

17. EFFECTS OF SCHEME ON STRATA

The primary effect of the Scheme on Strata will be that it will become a wholly owned subsidiary of Octanex.

18. EFFECT OF SCHEME ON THE MEMBERS

The Scheme will affect the Scheme Members in that their Shares will be cancelled and they will receive Octanex Shares in exchange, unless they are Foreign Shareholders, in which case they will receive the net proceeds of sale of the Octanex Shares to which they would otherwise have been entitled.

19. EFFECT ON CREDITORS

Implementation of the Scheme will have no effect on creditors of Strata.

20. EFFECT ON DIRECTORS AND PAST DIRECTORS OF STRATA

Implementation of the Scheme will have no effect on the interests of any Director, past Director or associate of any such person within the meaning of the Corporations Act, different from the effect on any other person with like interests.

21. INTENTIONS OF DIRECTORS

Each of the Directors holding Shares or on behalf of whom Shares are held, intend to vote in favour of the scheme.

22. ADDITIONAL RELEVANT MATTERS FOR CONSIDERATION AFFECTING SCHEME

No consideration has been or will be provided by Strata for or in connection with the Scheme or any connected transaction.

All Scheme Members will participate equally in the Scheme and will participate equally in any benefits accruing pursuant to the Scheme, if it comes into effect. Information in relation to the Scheme that will be available to Members, creditors and securities exchanges is that information contained in this Scheme Booklet which comprises the explanatory statement required under the Corporations Act.

23. DIRECTORS' HOLDINGS OF MARKETABLE SECURITIES OF OCTANEX SUBSEQUENT TO SCHEME AND ACQUISITION OF EXMOUTH

The names of the Strata Directors and the number and description of marketable securities of Octanex in which they have a relevant interest are set out below:

Name of Director	Shareholding in Octanex			Optionholding in Octanex	
	Present	After Scheme	After acquisition of Exmouth	Present	After Scheme
EG Albers	31,082,380	79,275,209	109,802,177	20,427,490	20,427,490
DB Hill	215,316	710,752	710,752	250,000	250,000
C Wantrup	-	330,000	330,000	-	-

24. DIRECTORS' PRESENT HOLDINGS OF MARKETABLE SECURITIES OF STRATA

The names of the Strata Directors and the number and description of marketable securities of Strata in which they presently have a relevant interest are set out below:

Name of Director	Shareholding
EG Albers	29,207,775

DB Hill	300,264
C Wantrup	200,000

25. OCTANEX DIRECTORS' PRESENT HOLDINGS OF MARKETABLE SECURITIES OF STRATA

The names of the Octanex directors and the number and description of marketable securities of Strata in which they presently have a relevant interest are set out below:

Name of Director	Shareholding
EG Albers*	29,207,775
PJ Albers*	25,750,000
GA Menzies	0

* Includes shares in which each of EG and PJ Albers have a deemed relevant interest.

26. OCTANEX DIRECTORS' PRESENT HOLDINGS OF MARKETABLE SECURITIES OF OCTANEX

The names of the Octanex Directors and the number and description of marketable securities of Octanex in which they presently have a relevant interest are set out below:

Name of Director	Shareholding	Optionholding
EG Albers*	31,082,380	20,427,490
PJ Albers*	30,953,527	19,632,490
GA Menzies	0	50,000

* Includes shares and options in which each of EG and PJ Albers have a deemed relevant interest.

27. TRANSACTIONS WITH RELATED PARTIES

Within the knowledge of the Directors, save as set out herein or as previously disclosed in the published financial statements of Strata from time to time, Strata has not entered into any related party transactions which have not previously been disclosed to Scheme Members.

28. INTERESTS OF DIRECTORS IN CONTRACTS ENTERED INTO BY STRATA

Save as set out herein, or as previously disclosed in the published financial statements of Strata from time to time, no present Director has received or become entitled to receive a benefit by reason of a contract made by Strata or a controlled entity of Strata with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest. In particular, Members are referred to the financial statements of Strata for the year ended 30 June 2008 for details of payments made during the financial years ended 30 June 2007 and 30 June 2008.

During the year ended 30 June 2008, services were provided under normal commercial terms and conditions by entities related to Directors as set out in the Strata annual report for the year ended 30 June 2008. Those services have continued to be provided subsequent to 30 June 2008 upon like terms.

The following payments have been made or provided for in the period from 1 July 2008 to the date of this Scheme Booklet.

Director-related Entities

(i) Providers of Services

During the period 1 July 2008 to the date of this Explanatory Statement, services were provided under normal commercial terms and conditions to Strata by:

Capricorn Mining Pty Ltd, (Capricorn), a director-related entity of EG Albers

Exoil Limited, (Exoil), a director-related entity of EG Albers

National Gas Australia Pty Ltd (NGA), a director-related entity of EG Albers

Setright Oil & Gas Pty Ltd, (Setright), a director-related entity of EG Albers

Company	Service Provided	Estimated (1) \$
Capricorn	Project Management, secretarial and administration services	30,000
Capricorn	Project Management of exploration permits	11,000
Exoil	Office services and amenities in Melbourne, VIC	1,220
NGA	Provision of office services and amenities in Perth, WA	10,000
Setright	Accounting, project management and secretarial services	5,560
Setright	Accounting, project management of joint ventures	2,400

(1) From 1 July 2008 to 30 September 2008 (unaudited).

(ii) Joint Venture Participants

Strata holds interests in petroleum exploration joint ventures with certain director-related entities:

- As a participant of the Dampier and Exmouth projects with Octanex (50%), a director-related entity of EG Albers.
- As a participant of the Exmouth Plateau Joint Venture with Octanex (14%) and Gascorp Australia Ltd (12%) and operator, director-related entities of EG Albers.
- As a participant of the EPP 34 Joint Venture with Octanex (15%) National Energy Pty Ltd (25%), Exoil Ltd (25%) and operator and Moby Oil & Gas Ltd (20%) all director-related entities of EG Albers.

Amounts payable by and payable to director-related entities including those under joint venture arrangements:

Company	Estimated (1) \$
Receivables	
Exoil Limited (as Joint Venture Operator)	20,000
	<u>20,000</u>
Payables	
Capricorn Mining Pty Ltd	41,000
National Gas Australia Pty Ltd	10,000
Exoil Limited	1,220
Setright Oil & Gas Pty Ltd	7,960
	<u>60,180</u>

(1) From 1 July 2008 to 30 September 2008 (unaudited).

At the date of this Scheme Booklet, Strata held investments in Octanex, Moby Oil & Gas Ltd and Bass Strait Oil Company Ltd in which EG Albers is a director. See above at clause 3.1 above.

GA Menzies is a director of Moby Oil & Gas Ltd.

Interests associated with EG Albers are substantial shareholders in each of Octanex, Moby Oil & Gas Ltd and Bass Strait Oil Company Ltd.

29. INTERESTS OF DIRECTORS IN CONTRACTS ENTERED INTO WITH OCTANEX

No present Director has received or become entitled to receive a benefit by reason of a contract made with Octanex by:

29.1 that Director or any Associate of that Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest;

29.2 Strata or a controlled entity of Strata with the Director;

save and except as specified herein or as previously disclosed to Scheme Members.

30. PAYMENT OR BENEFITS TO DIRECTORS, SECRETARIES AND EXECUTIVE OFFICERS

It is proposed that in due course the directors and officers of Strata will be replaced with the board of directors of Strata becoming the same as the Octanex Board. This will result from the resignation of each of Mr David Hill and Mr Charles Wantrup and by their replacement by Mr G A Menzies and P J Albers.

It is not proposed that any payment or other benefit will be made or given to any Director, secretary or executive officer of Strata or of any controlled entity of or subsidiary of Strata as compensation for loss of, or as consideration for or in connection with his retirement from, office in any of the entities referred to in this clause.

31. RECENT DEALINGS IN SHARES OF STRATA

The Shares are not listed on any Stock Exchange.

Within the knowledge of the Directors, no Shares were sold in the capital of the Company in the 6 months immediately before the date on which this statement was lodged for registration with ASIC.

There have been various transfers of shares within that period reflecting transfers between trustees and to beneficiaries but these have reflected equitable entitlements and not sales.

32. RECENT DEALINGS IN SHARES AND MARKETABLE SECURITIES OF OCTANEX

In the three months immediately before the date on which this Scheme Booklet was lodged for registration with ASIC, as the explanatory statement required under the Corporations Act, the number of shares in the capital of Octanex sold was 280,800 and insofar as is known to Octanex:

- the highest recorded sale price for Octanex shares during that three month period was \$0.22 on 3 December 2008.
- the lowest recorded sale price for Octanex shares during that three month period was \$0.15 on 21 November 2008.

Options to acquire ordinary shares in Octanex are listed for quotation on NSX. In the 3 months immediately before the date on which this Scheme Booklet was lodged for registration by ASIC the number of options to acquire ordinary shares in the capital of Octanex sold was 100,000 and insofar as known to Octanex:

- the highest recorded sale price for options to acquire ordinary shares the capital of Octanex during the three months immediately preceding the date of which this Scheme Booklet was lodged for registration with ASIC was \$0.02 on 30 September 2008
- the lowest recorded sale price for options to acquire ordinary shares the capital of Octanex during that three month period was \$0.02 on 30 September.

33. EFFECT OF SCHEME ON MARKET PRICE OF SHARES IN STRATA

Under the Scheme all existing Shares will cease to exist on their cancellation on the Implementation Date.

Consequently, from the Effective Date the Shares will only have any value as evidencing entitlement to be issued and allotted the Scheme Consideration as set out in the Scheme.

34. AMENDMENT OR MODIFICATION OF THE SCHEME

Strata may by its counsel consent on behalf of all persons concerned to any modification or amendment of the Scheme which the Court may think fit to impose.

35. OTHER AGREEMENTS OR ARRANGEMENTS

Save as set out herein, there is no other agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Scheme.

36. CONTINUATION OF PRESENT BUSINESS

It is recorded that Octanex and its directors:

- 36.1 Intend that Strata will continue to carry on its business by retaining control of its present assets and continuing to explore those permits in joint venture with its present joint venturers.
- 36.2 Do not intend that Strata will dispose of any of its fixed assets other than in the ordinary course of business.
- 36.3 Do intend that changes will be made to the future employment of the present employees of Strata insofar as it is proposed that in due course each of Mr David Hill and Mr Charles Wantrup will resign as Directors and be replaced by each of Mr G A Menzies and P J Albers. Insofar as consultants to Strata are concerned, it is likely that they will continue to consult to either Strata or Octanex in relation to the matters on which they have historically been involved.

37. NOTICES OF SCHEME MEETING

The Court has convened a meeting of Members to consider and if thought fit approve the Scheme. The only resolution to be put to the Scheme Meeting is a resolution that the Scheme be approved.

That the Court has ordered the Scheme Meeting to be held must not be taken as an endorsement of the Scheme by the Court.

The Scheme Meeting will be held at the Institute of Chartered Accountants, level 3, 600 Bourke Street Melbourne on 27th January 2008 at 10.30am.

The Court has ordered that the Chairman of the Scheme Meeting be Mr G A Menzies and has ordered the Chairman of the Scheme Meeting to report the result of the meeting to the Court.

All Members are entitled to attend and to vote either in person or by proxy at the Scheme Meeting. Under the Company's constitution each Member present in person or by proxy has one vote on a show of hands and, on a poll, has one vote for each share held.

The resolution on the notice of meeting to agree to the Scheme must be passed by the requisite majority of Members present and voting at the meeting as required under Section 411(4) of the Corporations Act which means a majority in number of all of the Members present and voting at the meeting, either in person or by proxy, being a majority whose Shares have nominal values which amount, in the aggregate, to at least 75% of the total of the nominal values of all the Shares of the Scheme Members present and voting in person or by proxy at that meeting.

Only if:

- the Scheme Meeting passes the resolution to approve the Scheme by the requisite statutory majorities;
- the General Meeting passes the Capital Reduction Resolution; and
- the Scheme is approved by the Court;
- all conditions precedent are satisfied

will the Scheme come into effect.

38. ACTION TO BE TAKEN BY MEMBERS

This Scheme Booklet contains a notice of meeting for the Scheme Meeting.

This Scheme Booklet is accompanied by the (pink) proxy form for the Scheme Meeting.

This Scheme Booklet is also accompanied by an Information Memorandum for the General Meeting which contains the notice of meeting for the General Meeting and which is accompanied by the (yellow) proxy form for the General Meeting.

Members are encouraged to attend and vote in favour of the resolutions to be put to each of the Scheme Meeting and the General Meeting.

Members should pay careful attention to the instructions on the notice of Scheme Meeting and proxy form relevant to the Scheme Meeting and seek professional advice if they do not understand any aspect of the matters raised in this Scheme Booklet, the notice of meeting for the Scheme Meeting or the form of proxy for the Scheme Meeting.

To enable the Company to comply with Section 251AA of the Corporations Act, the proxy form for the Scheme Meeting contains three columns to enable Members to vote for or against the resolution or to direct their proxyholder to abstain from voting on the resolution. Where a Member does not direct the proxyholder to vote for or against or abstain from voting then the proxyholder may vote at the proxyholder's discretion.

39. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have authorised the issue of this document and accept responsibility for the information contained in this document in relation to Strata and the Scheme. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

SECTION THREE THE SCHEME

SCHEME OF ARRANGEMENT (PURSUANT TO SECTION 411 OF THE CORPORATIONS ACT 2001) BETWEEN STRATA RESOURCES N.L. (ACN 006 501 168) AND ITS MEMBERS

1. INTERPRETATION

In these provisions unless the context otherwise requires:

- (e) **"ASIC"** or **"Commission"** means the Australian Securities and Investments Commission or, in respect of any particular function or power given to the Commission under the Corporations Act, any person to whom the Commission has delegated that function or power;
- (f) **"Board"** in relation to any of Strata or Octanex means the board of directors of that party. A reference to the **"Strata Board"** means a reference to the board of directors of Strata and a reference to the **"Octanex Board"** means a reference to the board of directors of Octanex;
- (g) **"Business Day"** means a Business Day as defined in the Listing Rules of NSX;
- (h) **"Business Rules"** means, in the case of NSX, those rules promulgated as the Business Rules of N and, in relation to any other Stock Exchange, those rules pursuant to which trading in securities on or through the facilities of the Stock Market conducted by it is regulated by that Stock Exchange;
- (i) **"Capital Reduction"** means the reduction of the share capital of Strata in accordance with the Capital Reduction Resolution;
- (j) **"Capital Reduction Resolution"** means the resolution of Members approving the reduction of capital of Strata in accordance with the provisions of Section 256C(1) of the Corporations Act pursuant to which the Shares shall be cancelled without any distribution of assets to the holders thereof;
- (k) **"Commonwealth"** means the Commonwealth of Australia and its external territories;
- (l) **"Company"** or **"Strata"** each means Strata Resources N.L. (ABN 28 006 501 168);
- (m) **"Corporations Act"** means the Corporations Act 2001 as it applies in Victoria.
- (n) **"Court"** means the Supreme Court of Victoria in relation to matters associated with the Scheme and otherwise means a court of competent jurisdiction under the Corporations Act.
- (o) **"Court Order Time"** means the commencement of the hearing by the Court to approve the Scheme;
- (p) **"Directors"** means a reference to the directors of Strata acting as a board of directors or otherwise acting in their role or capacity as a director of Strata and a reference to a **"Director"** means a reference to a director of Strata acting in his capacity as a director of Strata;
- (q) **"Effective"** when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4) (b) in relation to the Scheme.
- (r) **"Effective Date"** means the date on which an office copy of an order of the Court in relation to this Scheme made under Section 411(6) of the Corporations Act is lodged with the Commission;
- (s) **"Explanatory Statement"** means the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany this Scheme pursuant to the provisions of Section 412 of the Corporations Act;
- (t) **"Foreign Shareholder"** means a Member with a registered address in the Share Register outside of Australia and its external territories and New Zealand;
- (u) **"Government Agency"** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in the right of the Commonwealth of Australia or any state including the Australian Consumer & Competition Commission, the Corporations and Securities Panel and Australian Stock Exchange Limited.
- (v) **"Implementation Agreement"** means the Implementation Agreement to be tabled at the meeting of Members convened by the Court and a copy of which is set out in Section Six and which has been entered into between Strata and Octanex conditionally upon this Scheme coming into effect;
- (w) **"Implementation Date"** means the date on which this Scheme shall be implemented being 5:00 pm AEST on that date which is three (3) Business Days after the Record Date;
- (x) **"Listing Rules"** means, in relation to any Stock Exchange, the rules of that Stock Exchange governing trading in securities quoted on that Stock Exchange as in force from time to time and, in relation to NSX, mean the Listing Rules of NSX as in force from time to time;
- (y) **"Members"** means those persons registered as the holders of the shares in the capital of Strata on the Share Register as at the date and time of the Scheme Meeting Provided That if a Member shall after that date and time cease to be registered as a member of Strata on the Share Register such person shall cease to be a Member for the purposes of the Scheme Provided further that where a person shall after that date and time become registered as a member of Strata on the Share Register in respect of any share in the capital of Strata such person shall, from the time his name is entered on the Share Register, be deemed to be a Member for the purposes of the Scheme;
- (z) **"NSX"** means National Stock Exchange Limited (ACN 000 902 063);
- (aa) **"Octanex"** means Octanex N.L. (ABN 61 005 632 315);

- (bb) **"Octanex Directors"** means a reference to the directors of Octanex acting as a board of directors or otherwise acting in their role or capacity as a director of Octanex and a reference to an **"Octanex Director"** means a reference to a director of Octanex acting in his capacity as a director of Octanex;
- (cc) **"Octanex Shares"** means new ordinary shares in the capital of Octanex to be issued and allotted on the Implementation Date to Scheme Members in consideration of the cancellation of their Shares pursuant to this Scheme and the associated Reduction of Capital;
- (dd) **"person"** includes the Crown and bodies corporate or unincorporated;
- (ee) **"Record Date"** means that date and time being 5.00 p.m. AEST on the Effective Date;
- (ff) **"Registered Address"** means in relation to a Scheme Member, that member's address shown in the Share Register;
- (gg) **"Regulations"** means the Corporations Regulations in force under the Corporations Act from time to time;
- (hh) **"Scheme"** means this scheme of arrangement as proposed to be entered into between Strata and its Members pursuant to which their Shares will be cancelled in consideration of them receiving Octanex Shares being the Scheme Consideration as provided herein before the End Date as specified in or determined under Clause 4(d) of the Scheme. A reference to this Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act;
- (ii) **"Scheme Consideration"** means the Octanex Shares which are to be issued and allotted to the Scheme Members in accordance with the provisions of this Scheme and the Implementation agreement;
- (jj) **"Scheme Meeting"** means the meeting ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of this Scheme;
- (kk) **"Scheme Member"** means a Member as at the Record Date;
- (ll) **"Second Court Hearing"** means the first day on which the Court makes a final determination in connection with this Scheme;
- (mm) **"Share Register"** means the register of members of Strata kept in accordance with the Corporations Act;
- (nn) **"Share Registry"** means Link Market Service Limited or other person from time to time maintaining the Share Registry;
- (oo) **"Shares"** means the ordinary shares in the capital of Strata that will be cancelled under the Scheme;
- (pp) **"Stockbroker"** and **"Sharebroker"** each mean a person qualified and authorised to act as such under the rules of any Stock Exchange governing trading by members of any such Stock Exchange in any securities of any company or entity the securities of which are listed on such Stock Exchange;
- (qq) **"Stock Exchange"** means any stock exchange on which Octanex securities are listed from time to time (including, but not limited to, NSX);
- (rr) **"Stock Market"** means a stock market conducted by any Stock Exchange;
- (ss) **"Strata" or the "Company"** mean Strata Resources N L (ABN 28 007 687 612);
- (tt) **"Trustee Shares"** means the 20,000,000 Shares held by Doravale Enterprises Pty Ltd on trust for sale under the Trustee Stock Scheme;
- (uu) **"Trustee Stock Scheme"** means under a Scheme of Arrangement approved by the Supreme Court of Victoria in Matter Number 8795 of 2005 pursuant to which Doravale Enterprises Pty Ltd holds 20,000,000 Shares on trust for sale as Trustee on the terms set out therein.

2. PRELIMINARY

Strata is a public company limited by shares.

- 2.1 As at the date of the Explanatory Statement the issued capital of Strata comprises 54,713,273 Shares, of which 20,000,000 are Trustee Shares held by Doravale Enterprises Pty Ltd as Trustee under the Trustee Stock Scheme, and it has 1,165 members.
- 2.2 The Directors of Strata have determined that it is in the interests of the members of Strata to enter into this Scheme and for that purpose have made application to the Court for orders convening a meeting of the members of Strata in accordance with the provisions of Section 411 of the Corporations Act to enable the Members to consider and if thought fit approve the Scheme.
- 2.3 Each of Strata and Octanex has undertaken to do all acts matters and things contemplated to be done by either of them pursuant to this Scheme or to give effect hereto and for such purposes they have entered into the Implementation Agreement.
- 2.4 The implementation of this Scheme is primarily intended to result in the Shares to be cancelled and for the Scheme Members to be issued and allotted Octanex Shares as the Scheme Consideration in accordance with the provisions of clause 7 hereof and for them to acquire these securities in consideration of the cancellation of their Shares.

3. OBJECT OF THE SCHEME

The object of this Scheme is to effectively merge the activities of Strata and Octanex under the control of one company: namely Octanex.

4. CONDITIONS PRECEDENT TO AND EFFECTIVENESS OF THE SCHEME

4.1 Conditions

The Scheme is conditional upon all of the conditions set out in the Implementation Agreement having been satisfied or having been waived in accordance with the terms of the Implementation Agreement, as at the Court Order Time.

4.2 Conditions precedent

The fulfillment of clause 4.1 is a condition precedent to the operation of the provisions of clause 6.

4.3 Certificate

Octanex shall provide to the Court at the Second Court Hearing a certificate confirming whether or not all the conditions in the Implementation Agreement have been satisfied or waived in accordance with the terms of the Implementation Agreement.

4.4 End Date

The Scheme will lapse and be of no further force or effect if the Implementation Date has not occurred on or before 31 July 2009 or such later date as Strata may advise Octanex in writing.

5. COMPLIANCE WITH THE SCHEME

5.1 Obligations of Strata and its Directors to comply with the Scheme

The Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far as it lies within the exercise of their powers as directors of Strata shall, at the cost of Octanex, procure Strata to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Strata.

5.2 Obligations of Octanex and its Directors to comply with the Scheme

The Octanex Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far as it lies within the exercise of their powers as directors of Octanex shall procure Octanex to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Octanex.

6. LODGEMENT WITH ASIC

Strata will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving the Scheme by 5:00pm on the first Business Day after the day on which the Court approves the Scheme.

7. EVENTS TO OCCUR ON IMPLEMENTATION DATE

On the Implementation Date Octanex shall:

7.1 Provide Scheme Consideration

Provide the Scheme Consideration to the Scheme Members according to their entitlement thereto as at the Record Date by issuing the Octanex Shares in accordance with the requirements of the Implementation Agreement.

7.2 Foreign Shareholders

Octanex will not be under any obligation to issue marketable securities to any Foreign Shareholder. As applicable, Octanex will instead issue the Scheme Consideration in respect of the Shares held by each Foreign Shareholder to a nominee which will sell them as soon as reasonably practicable and account to the Foreign Shareholder for the net proceeds of sale, after deduction of any applicable brokerage, and taxes and charges at the Foreign Shareholder's risk, in full satisfaction of the Foreign Shareholder's rights under sub-clause 7.1 above.

7.3 Fractions

If the number of Shares held by a Scheme Member is such that the entitlement of that Scheme Member to Octanex Shares is not a whole number then any fractional entitlement to such Octanex Shares will be rounded down to the nearest whole number.

7.4 Dealings In Shares

For the purpose of establishing who are Scheme Members, dealings in Shares will only be recognised if registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Share Register is kept.

7.5 Registration of Transfers Before Record Date

Strata must register registrable transmission applications or transfers on or before the Record Date except where its constitution permits or requires it not to register a transmission application or transfer.

7.6 No Registration of Transfers After Record Date

Strata will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date.

7.7 Strata to Maintain Share Register Until Scheme Consideration Paid

For the purpose of determining entitlements to the Scheme Consideration, Strata will, until payment of the Scheme Consideration has been made, maintain the Share Register as at the Record Date in accordance with the foregoing provisions of this clause 7 and the Share Register in this form will solely determine entitlements to the Scheme Consideration.

7.8 Certificates After Record Date

All certificates or holding statements for Shares will cease to have any effect from the Record Date as documents of title in respect of such Shares. As from the Record Date, each entry current at that date on the Share Register relating to Shares will cease to be of any effect other than as evidence of entitlement to marketable securities to be issued and allotted or granted pursuant to this Scheme in respect of the Shares relating to that entry.

8. THE COMPANY TO PROVIDE DETAILS OF SCHEME MEMBERS

The Company must procure that by 9:00am on the Business Day after the Record Date, details of the names, registered addresses and holdings of Shares of every Scheme Member as shown in the Share Register at the Record Date are available to Octanex in such form as Octanex may reasonably require.

9. GENERAL SCHEME PROVISIONS

9.1 Scheme Members agree to be bound by Constitution of Octanex

Scheme Members will accept all Octanex Shares issued by way of Scheme Consideration subject to the constitution of Octanex and agree to be bound thereby.

9.2 Ranking of Octanex Shares issued as Scheme Consideration

All Octanex Shares issued as part of the Scheme Consideration will rank *pari passu* in all respects with other ordinary fully paid shares on issue in the capital of Octanex as at the Implementation Date.

9.3 Consent to Alterations or Additions to Scheme

Should the Court propose to approve the Scheme subject to any alterations or conditions, Strata may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Octanex has consented. Octanex shall be bound by any alterations or conditions to which Octanex has consented and which are approved by the Court.

9.4 Provision of Scheme Consideration

The obligation of Octanex to issue or allot the Scheme Consideration shall be satisfied by Octanex, on the Implementation Date:

- (a) entering the name of each Scheme Member on its register of members in accordance with the provisions of this Scheme and in accordance with the Implementation Agreement;
- (b) issuing uncertificated holding statements for such Octanex Shares comprising the Scheme Consideration in the name of that Scheme Member in accordance with the provisions of this Scheme and entering the name of each Scheme Member on its register of members in accordance with the provisions of this Scheme and in accordance with the Implementation Agreement.

In the case of joint holders of Shares, an uncertificated holding statement shall be issued in the joint names of those Scheme Members and forwarded to the holder whose name appears first in the Share Register on the Record Date.

9.5 Notices to Strata

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Strata it shall not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Strata's registered office or at the Share Registry.

9.6 Further Acts

Strata will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under this Scheme.

9.7 Consent to Further Acts by Strata

The Scheme Members consent to Strata doing all things necessary or incidental to the implementation of this Scheme.

9.8 Appointment of the Company as Attorney and Agent

Each Scheme Member, without the need for any further act, irrevocably appoints each of Strata and the Directors (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme.

9.9 Governing Law

The proper law of this Scheme is the law of the State of Victoria.

10. SCHEME PROVISIONS TO PREVAIL OVER CONSTITUTION

Insofar as any provision of this Scheme may be inconsistent with the provisions of the constitution of Strata, then this Scheme shall prevail to the extent of any such inconsistency.

11. BINDING NATURE OF SCHEME

This Scheme shall bind Strata and Scheme Members including those who do not attend or vote at the Scheme Meeting convened by order of the Court in this matter.

SECTION FOUR
INDEPENDENT EXPERTS REPORT BY DMR CORPORATE

DMR CORPORATE

DMR

D M R Corporate Pty Ltd	A.C.N. 063 564 045
470 Collins Street	
Melbourne	Telephone (03) 9629 4277
Victoria 3000	Facsimile (03) 9629 4598
Australia	Email derek@dmrcorporate.com.au

4 December 2008

The Directors
Strata Resources N.L.
Level 21
500 Collins Street
Melbourne, Vic 3000

Dear Sirs,

Re: Proposed Merger of Strata Resources N.L. and Octanex N.L.

1. Introduction

You have requested DMR Corporate Pty Ltd (“DMR Corporate”) to prepare an independent expert's report in respect of the proposed merger of Strata Resources N.L. (“Strata” or the “Company”) and Octanex N.L. (“Octanex”). The merger is to be effected pursuant to Part 5.1 of the Corporations Act 2001 (“the Act”) by a Scheme of Arrangement between Strata and its shareholders (“the Scheme”). For the merger to be effected Strata’s shareholders and the Supreme Court of Victoria (“the Court”) must approve the Scheme.

Section 412 (1) of the Act requires that an explanatory statement (hereinafter referred to as the “Scheme Booklet”) be forwarded to the Strata shareholders, setting out the terms of the proposed Scheme of Arrangement and certain other information. Under Section 411, a scheme of arrangement must be approved by a majority in number (i.e. at least 50%) of each class of security holders present and voting (either in person or by proxy) at the meeting, and by at least 75% of the votes cast by members of that class on the resolution. If approved by the shareholders, the scheme of arrangement is then subject to approval by the Court.

Strata is an unlisted public company. If the Scheme is approved by the Strata shareholders, they will effectively exchange their Strata shares for shares in Octanex, a company whose shares are listed on the National Stock Exchange of Australia (“NSX”).

The Directors of Strata have requested DMR Corporate to prepare an independent expert’s report to be included in the Scheme Booklet advising whether, in the opinion of the expert, approval of the proposed Scheme is in the best interests of the Strata shareholders. A copy of our report will accompany the Notice of Meeting and will be included as part of the Scheme Booklet to be sent by Strata to its shareholders.

2. The Scheme

2.1 Terms of the Proposed Scheme

Approval of the proposed Scheme by the Strata shareholders and the Court will result in the merger of Strata with Octanex. Strata shareholders will receive approximately 1.65 fully paid Octanex shares in exchange for each Strata share held.

Strata shareholders should refer to the Taxation Report that is included in Section 5 of the Scheme Booklet for a general outline of the taxation implications of the Scheme.

The terms and conditions of the proposed Scheme are detailed in the accompanying Scheme Booklet. The terms, which are defined in clause 1.1 of the Scheme Booklet, have the same meaning in this report unless otherwise defined herein.

2.2 Conditions Precedent

Strata and Octanex have entered into an Implementation Agreement. The Implementation Agreement provides that for the Scheme to take effect, the shareholders of Octanex must, among other things, approve the acquisition by Octanex of all of the issued shares of Exmouth Exploration Pty Ltd (“Exmouth”) from its parent company, Gascorp Australia Pty Ltd (“Gascorp”). The consideration for the acquisition of Exmouth is to be satisfied by the issue of 30,526,968 fully paid Octanex shares.

3. Summary Opinion

3.1 In our opinion, the proposed Scheme is fair and reasonable and in the best interests of the Strata shareholders.

3.2 Our principal reasons for reaching the above opinion are:

1. Fairness of the proposed Scheme

In Section 7.7 we valued Strata’s shares at \$0.80 per share, and in Section 11.4 we concluded that Strata shareholders will receive Octanex shares valued at \$0.80 per Strata share. As the value of the Scheme consideration of \$0.80 per Strata share equals our valuation of one Strata share of \$0.80, we consider that the proposed Scheme is fair.

2. Reasonableness of the Proposed Scheme

After giving due consideration to the significant factors referred to in Section 14, we consider that the proposed Scheme is reasonable.

3. In the Best Interests

As the Scheme is both fair and reasonable, we consider that it is in the best interests of the Strata shareholders and, in the absence of a higher offer, we recommend that shareholders vote in favour of the proposed Scheme.

4. Structure of this Report

This report is divided into the following Sections:

Section		Page
5	Purpose of the Report	3
6	Strata – Key Information	5
7	Strata – Valuation	6
8	Octanex – Key Information	9
9	Octanex – Valuation	11
10	Exmouth – Key Information and Valuation	15
11	Assessment of the Scheme Consideration	16
12	Control Premium	17
13	Assessment as to Fairness	18
14	Assessment as to Reasonableness	18
15	Conclusion as to ‘In the Best Interests’	19
16	Financial Services Guide	19
Appendix		
A	Strata – 20 Largest Shareholders – 28 November 2008	22
B-1	Strata – Income Statements	23
B-2	Strata – Cash Flow Statements	24
B-3	Strata – Balance Sheets	25
C-1	Octanex – 20 Largest Shareholders – 28 November 2008	26
C-2	Octanex – 20 Largest Option Holders – 28 November 2008	27
D-1	Octanex – Income Statements	28
D-2	Octanex – Cash Flow Statements	29
D-3	Octanex – Balance Sheets	30
E	Sources of Information	31
F	Declarations, Qualifications and Consents	32

5. Purpose of the Report

The proposed merger is to be implemented by way of a Scheme of Arrangement under Section 411 of the Act.

Section 411 of the Act provides that where a Scheme of Arrangement is proposed between a company and its members or any class of them, the Court may order that a meeting of members or meetings of classes of members be convened. Section 412 (1) provides that where a meeting is convened under Section 411, the notice sent to members convening the meeting shall include a Scheme Booklet that includes prescribed information.

Regulation 8303 to the Act prescribes that if a director of any corporation that is the other party to a proposed reconstruction or amalgamation is a director of a company the subject of the Scheme, the Scheme Booklet must be accompanied by a copy of a report made by an expert who is not associated with the corporation that is the other party, stating whether or not, in his opinion, the proposed Scheme is in the best interest of the members of the company the subject of the Scheme and setting out his or her reasons for that opinion. In this case, Mr. E G Albers, a director of Octanex is also a director of Strata and consequently an independent expert’s report is required in respect of the Scheme.

The Directors of Strata have requested that we prepare an independent expert's report for the benefit of the Strata shareholders stating whether or not, in our opinion, the proposed Scheme is in the best interests of Strata's ordinary shareholders and setting out our reasons for this opinion.

Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 – Content of expert reports ("RG111") details the approach that an expert should take in preparing an expert report pursuant to Ch 5 of the Act.

RG111.4 states:

"In deciding on the appropriate form of analysis for a report, an expert should bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction. An expert should focus on the purpose and outcome of the transaction, that is, the substance of the transaction, rather than the legal mechanism used to effect the transaction."

RG111.15 states:

"Schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, we expect the form of analysis to be substantially the same as a takeover bid, even though the wording of the opinion will also be whether the proposed scheme is 'in the best interests of the members of the company'. This reflects that the legislative test for schemes of arrangements differs from that applicable to a Ch 6 takeover bid."

Regulatory Guide 111 states that:

- | | |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fair - | "an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer." |
| Reasonable - | "an offer is "reasonable" if it is fair. It might also be "reasonable" if, despite being "not fair" the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer." |

The methodology that we have used to form an opinion as to whether the Scheme is in the best interests of Strata's Shareholders can be summarised as follows:

- (i) In determining whether the Scheme is fair we have:
 - a) determined the value of one Strata share;
 - b) valued Octanex;
 - c) valued Exmouth;
 - d) determined the value of one Octanex share after the acquisition of Exmouth; and
 - e) compared the value of 1.65 Octanex shares with the value of one Strata share.
- (ii) In determining whether the Scheme is reasonable, we have analysed other significant factors that shareholders should consider prior to deciding whether or not they should approve the Scheme.

DMR

- (iii) In determining whether the proposed Scheme is in the best interest of the shareholders of Strata, we have considered and concluded upon the results of (i) and (ii) above.

6. Strata – Key Information

6.1 Background

Strata was incorporated on 31 March 1969 as Nobelex NL, a no liability public company. The Company subsequently changed its structure to a limited liability company effective 21 June 1979 and adopted the name Nobelex Limited. The Company was in receivership between 1992 and 1994. After emerging from receivership the Company adopted its present name on 21 February 1995 and changed its status back to a no liability company.

Strata's principal activity is petroleum and mineral exploration and investment. Strata holds interests in 11 petroleum exploration permits situated in the offshore basins of Australia. Five of these permits are located in the offshore Exmouth Sub-basin (WA-384-P, WA-385-P, WA-394-P, WA-322-P and WA-329-P). Two permits are located in the Dampier Sub-basin (WA-323-P and WA-330-P) and a further two permits are located on the Exmouth Plateau (WA-362-P and WA-363-P). The remaining two permits are in the offshore Otway Basin (EPP34 and Vic/P61) in south eastern Australia.

Further information in respect of Strata's exploration assets is set out in Section 1.3 of the attached Scheme Booklet.

6.2 Share Capital

As at the date of this report Strata had on issue 54,713,273 fully paid ordinary shares. The major holders of Strata's shares as at 28 November 2008 are presented in Appendix A. As at that date the top 20 shareholders held 97.3% of Strata's issued fully paid shares.

As can be seen from Appendix A, Strata's largest shareholder is Doravale Enterprises Pty Ltd ("Doravale"), with a holding of 20,000,000 shares, or 37.2% of the total shares on issue. Doravale holds these shares as Trustee of a Trustee Stock Scheme. Doravale has the power to sell these shares, however the net proceeds from any sale are to be paid to Strata. For this reason, in assessing the value per Strata share, we have ignored the shares held by Doravale.

As at the date of this report Strata also had on issue the following options to acquire ordinary shares:

Expiry date of Tranche	No of Options	Exercise Price \$
30 June 2009	500,000	0.40
30 June 2010	500,000	0.50
30 June 2011	500,000	0.60
30 June 2012	500,000	0.70
Total	<u>2,000,000</u>	

DMR

The options are not subject to the Scheme and for the purpose of this report, we have assumed that the options will not be exercised prior to the scheme being implemented.

6.3 Financial Performance

Strata's Income Statements for the financial years ended 30 June 2007 and 2008 and for the three month period ended 30 September 2008 are presented in Appendix B-1.

6.4 Cash Flow Statements

Strata's cash flow statements for the financial years ended 30 June 2007 and 2008 are set out in Appendix B-2.

6.5 Financial Position

Strata's Balance Sheets as at 30 June 2007 and 2008 and as at 30 September 2008 are presented in Appendix B-3.

7. Strata – Valuation

7.1 Net Assets

The unaudited balance sheet as at 30 September 2008 discloses net assets of \$17,929,052 - refer Appendix B-3.

Included in Strata's net assets are 705,000 shares in Octanex and an equal number of listed Octanex options. These shares and options were recorded at a total value of \$155,100 in Strata's balance sheet at 30 September 2008. In Section 11.3 we valued the Octanex shares, after the acquisition of Exmouth at \$0.49 per shares. This places a value of \$345,450 on the 705,000 Octanex shares held by Strata. As the exercise price of the options is \$0.25, for the purpose of assessing the value of Strata's net assets, we have valued each option at its intrinsic value of \$0.24, or \$169,200 for the 705,000 options in Octanex held by Strata. After allowing for the income tax on the increase in the value of the Octanex share and options, we have increased Strata's net assets by \$251,685.

We have concluded that the value of Strata as at the date of this report, based on the net asset backing valuation methodology is \$18,180,737 (\$17,929,052 + \$251,685). As Strata has 34,713,273 shares on issue (excluding the shares held by Doravale), the value of one Strata share based on the net asset backing valuation methodology is \$0.52.

7.2 Orderly Realisation

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets or business segments on the basis of an assumed orderly realisation. This method may ignore the ability of the asset base of the business to generate ongoing future earnings at a level sufficient to justify a value in excess of the value of its assets in an orderly realisation. Costs associated with the sale of the assets or business segments are deducted as part of the assessment.

We do not consider that this valuation methodology is an appropriate methodology to value Strata as Strata has considerable cash resources which enable it to continue the exploration and evaluation of its oil and gas interests and Strata is subject to the current merger proposal.

7.3 Earnings Valuation

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As Strata does not have an operating and/or profitable business, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Strata.

7.4 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

As Strata does not have a business capable of producing long-term cash flows, we consider that the capitalisation of future cash flows is not an appropriate methodology to use to value Strata.

7.5 Alternate Acquirer

The value that an alternate offeror may be prepared to pay to acquire Strata is a relevant valuation methodology to be considered.

Strata's exploration assets comprise of interests in 11 exploration permits. The exploration assets are described in Section 1.3 of the Scheme Booklet.

As Strata's major assets, excluding cash, are its exploration properties, the value that an alternate offeror may be prepared to pay to acquire these exploration properties is another approach to applying this methodology.

DMR Corporate retained RPS Energy Pty Ltd ("RPS") to prepare a valuation of the oil and gas exploration assets held by Strata and Octanex, for our use in preparing this report.

RPS is an international consulting firm specialising in consulting to the energy sector, including farmin and asset evaluations. RPS prepared a report addressed to DMR Corporate, which values each of the oil and gas exploration assets held by Strata.

We have reviewed the valuation report prepared by RPS and discussed the valuation with Mr. D. Guise Managing Director – Consulting of RPS. As a result of our review of the RPS report and discussions with Mr. Guise, we have used the values determined by RPS as a basis of our assessment of the value that an alternate acquirer may be prepared to pay to acquire Strata's oil and gas exploration assets.

RPS arrived at the following values in respect of Strata's oil and gas assets:

Permit	Basin	Strata's Percentage Interest	Value of Strata's Equity Share (US\$)	Valuation Method
WA-322-P	Exmouth Sub-basin	50%	300,000	Previous transaction over this permit
WA-329-P	Exmouth Sub-basin	50%	200,000	Previous transaction over this permit
WA-323-P	Dampier Sub-basin	50%	2,437,500	Cost of survey acquisition
WA-330-P	Dampier Sub-basin	50%	2,437,500	Cost of survey acquisition
EPP34	Western Otway	15%	242,100	Cost of survey acquisition
Vic/P61	Otway	10%	80,000	Cost of survey acquisition
WA-384-P	Southern Exmouth Sub-basin	50%	1,250,000	Riskd value of residual interest
WA-385-P	Southern Exmouth Sub-basin	50%	1,250,000	Riskd value of residual interest
WA-394-P	Southern Exmouth Sub-basin	50%	1,250,000	Riskd value of residual interest
WA-362-P	Exmouth Plateau	14%	1,983,333	Previous transaction over permit
WA-363-P	Exmouth Plateau	14%	1,983,333	Previous transaction over permit
Total Value			<u>13,413,766</u>	

As can be seen from the above table, RPS valued Strata's oil and gas assets at US\$13,413,766. Based on the current exchange rate of approximately A\$1:US\$0.64, this places a value of \$20,959,009 on Strata's oil and gas assets.

As can be seen from Section 7.1 above, we have assessed the book value of Strata's net assets as at 30 September 2008 at \$18,180,737, including exploration assets of \$7,185,754. This means that Strata had net other tangible assets of \$10,994,983 (\$18,180,737 - \$7,185,754).

The difference between the assessed value of Strata's exploration assets of \$20,959,009 and their book value of \$7,185,745 is an unrealised gain of \$13,773,255. This gain would be subject to company tax at the rate of 30% if realised (\$4,131,977).

The following table sets out the value of Strata's net assets assuming that the oil and gas exploration assets were disposed of at the values determined by RPS:

	Value per share \$
Strata's net assets at 30 September 2008 – Section 7.1	18,180,737
Book value of exploration assets	(7,185,754)
Value of Exploration assets per RPS	20,959,009
Deferred tax liability on unrealised gain	(4,131,977)
Adjusted net assets	<u>27,822,015</u>

In our opinion Strata's net assets are valued at \$27,822,015.

As Strata has 34,713,273 shares on issue (excluding the shares held by Doravale), the value of one Strata share based on the alternate acquirer valuation methodology is \$0.80.

7.6 Share Price History

Strata is an unlisted public company and there is no market in its shares. The most recent share issue was in July 2008 when 400,000 shares were issued to two directors in satisfaction of their activities as directors. Whilst these shares were only issued in July 2008, the shares were granted on 14 February 2008. The share grant was priced at \$0.25 per share.

Strata also issued 500,000 shares in June 2008 as a result of an exercise of options. The option exercise price was \$0.30 per share. We believe that the fact that options with an exercise price of \$0.30 were exercised provides evidence that the value of Strata shares is at least \$0.30 per share, however it does not provide any evidence of the actual market value of Strata's shares.

As there is limited recent evidence of the market value of Strata shares, we have concluded that the share price history methodology is not a reliable measure of the value of Strata shares.

7.7 Conclusion

A summary of the valuation methodologies that we considered to be applicable in valuing the Strata shares is as follows:

Valuation Methodology	Low \$	High \$
Net Assets	0.52	0.52
Alternate Acquirer	0.80	0.80

In our opinion the alternate acquirer methodology is the most appropriate valuation methodology to apply in valuing Strata shares. Our reason for this opinion is that the net asset valuation methodology only reflects the book value of the exploration assets, whereas the alternate acquirer methodology incorporates an assessment of the market value of these assets. We have accordingly valued the Strata shares at \$0.80 per share.

8. Octanex – Key Information

8.1 Background

Octanex was incorporated in Victoria on 13 March 1980 as Continental Coal & Carbon Corporation NL, a no liability public company. In March 1981 Octanex changed its name to Nicholas Resources NL and on 16 November 1988 Octanex adopted its present name.

On 16 January 2004 Octanex's shares were listed on the NSX.

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Octanex's principal activity is petroleum exploration and investment in that sector. The exploration assets held by Octanex are identical to those held by Strata, that is Octanex holds the same percentage interest as Strata in the 11 petroleum exploration permits in which Strata has an interest. These exploration assets are described in Section 1.3 of the attached Scheme Booklet.

8.2 Share Capital

As at the date of this report Octanex had on issue 50,556,837 fully paid ordinary shares. The major holders of Octanex's shares as at 28 November 2008 are presented in Appendix C-1. As at that date the top 20 shareholders held 75.7% of Octanex's issued fully paid shares.

As at the date of this report Octanex also had on issue the following tranches of options:

Expiry date of Tranche	No of Options	Exercise Price \$
30 June 2009	28,914,710	0.25
30 June 2009	750,000	0.40
30 June 2010	750,000	0.50
30 June 2011	750,000	0.60
30 June 2012	750,000	0.70
Total	<u>31,914,710</u>	

The 28,914,710 options with an exercise price of \$0.25 per share are listed on the NSX. The remaining tranches of options are unlisted.

Set out in Appendix C-2 are the top 20 holders of the options expiring on 30 June 2009. As at 28 November 2008 the top 20 option holders held 79.1% of this tranche of options.

8.3 Financial Performance

Octanex's Income Statements for the financial years ended 30 June 2007 and 2008 and for the three month period ended 30 September 2008 are presented in Appendix D-1.

8.4 Cash Flow Statements

Octanex's cash flow statements for the financial years ended 30 June 2007 and 2008 are set out in Appendix D-2.

8.5 Financial Position

Octanex's Balance Sheets as at 30 June 2007 and 2008 and as at 30 September 2008 are presented in Appendix D-3.

9. Octanex – Valuation of Shares

9.1 Net Assets

The unaudited balance sheet as at 30 September 2008 discloses net assets of \$23,458,463 - refer Appendix D-3.

On 20 June 2008 Octanex announced that it had acquired 7,263,289 shares in Babcock & Brown Power (ASX code BBP) and on 29 July 2008 Octanex announced that it purchased a 5% shareholding in Orion Petroleum Limited (ASX code OIP). In addition to the above two recent share purchases, Octanex has a significant investment in Cue Energy Resources Limited (ASX code CUE) and several smaller investments in listed shares. We have adjusted Octanex's net assets to reflect the current market values (as at 26 November 2008) of its investment in listed shares. The net adjustment is a reduction in net assets (after tax) of approximately \$2,371,630.

We have concluded that the value of Octanex as at the date of this report, based on the net asset backing valuation methodology is \$21,086,833 (\$23,458,463 - \$2,371,630).

We have also considered the net asset backing per share on a fully diluted basis as Octanex has 31,914,710 options on issue. The details of the options are set out in Section 8.2 above. In calculating the diluted net asset backing the net assets need to be increased by the proceeds that will be received if the options are exercised. As the proceeds will not be received until such time as the options are exercised, the proceeds need to be discounted to their net present value. We have discounted the proceeds from the exercise of the options using a discount rate of 8% per annum and assuming that the options will not be exercised until immediately prior to their expiration. Based on these assumptions we have concluded that only the listed options and the options expiring on 30 June 2009 are dilutive.

Using the above information we have calculated the diluted net asset backing as follows:

	Total \$	No of shares
Adjusted net asset backing	21,086,833	50,556,837
Net present value on exercise of options		
Listed options	6,763,975	28,914,710
30/6/2009 Unlisted options	280,714	750,000
Total	<u>28,131,522</u>	<u>80,221,547</u>

As can be seen from the above table, we have assessed the value of Octanex's net assets on a diluted basis at \$28,131,522.

9.2 Orderly Realisation

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets or business segments on the basis of an assumed orderly realisation. This method may ignore the ability of the asset base of the business to generate ongoing future earnings at a level sufficient to justify a value in excess of the value of its assets in an orderly realisation. Costs associated with the sale of the assets or business segments are deducted as part of the assessment.

We do not consider that this valuation methodology is an appropriate methodology to value Octanex as Octanex has sufficient cash resources to continue the exploration and evaluation of its oil and gas interests.

9.3 Earnings Valuation

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As Octanex does not have an operating and/or profitable business, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Octanex.

9.4 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

As Octanex does not have a business capable of producing long-term cash flows, we consider that the capitalisation of future cash flows is not an appropriate methodology to use to value Octanex.

9.5 Share Price History

A table of the share price and volume history of Octanex from 1 July 2007 to 17 November 2008 is set out below:

	Share Price				
Month	High	Low	Average	Volume	Value
	\$	\$	\$		\$
2007					
July	0.180	0.180	0.180	60,000	10,800
August	0.200	0.200	0.200	20,000	4,000
September	0.200	0.200	0.200	20,000	4,000
October	0.000	0.000	0.000	-	-
November	0.200	0.180	0.190	20,000	3,800
December	0.200	0.170	0.179	63,104	11,317
2008					
January	0.180	0.150	0.160	117,096	18,777
February	0.200	0.090	0.165	83,000	13,662
March	0.220	0.180	0.194	311,358	60,432
April	0.260	0.220	0.243	440,635	107,065
May	0.250	0.190	0.213	341,628	72,618
June	0.250	0.200	0.237	73,200	17,340
July	0.000	0.000	0.000	-	-
August	0.000	0.000	0.000	-	-
September	0.200	0.200	0.200	2,000	400
October	0.200	0.200	0.200	78,800	15,760
November 1-17	0.200	0.200	0.200	10,366	2,073
				1,641,187	342,043

The above table shows that the total volume of shares traded was 1,641,187 and this equates to approximately 3% of the shares on issue. This indicates that the stock is illiquid.

The table shows that the price during the period varied from a low of \$0.09 in February 2008 to a high of \$0.26 in April 2008.

Octanex announced the commercial arrangements with Shell on 21 February 2008. This transaction resulted in a significant profit for Octanex. Since the announcement of this transaction, the volume weighted average price of Octanex shares has been \$0.22 per share on a volume of 1,298,987 shares.

Based on the above information, we have formed the opinion that the Octanex shares have a market value of approximately \$0.22 per share.

As Octanex has 50,556,837 shares on issue, based on the share price history methodology, Octanex equity is valued at \$11,122,504, however due to the low value of shares traded, limited weight can be given to the results of this valuation methodology.

9.6 Alternate Acquirer

The value that an alternate offeror may be prepared to pay to acquire Octanex is a relevant valuation methodology to be considered.

Octanex's exploration assets, comprising of an interest in 11 exploration permits, are identical to those of Strata. The exploration assets are described in Section 1.3 of the Scheme Booklet.

As Octanex's major assets, excluding listed investments and cash, are its exploration properties, the value that an alternate offeror may be prepared to pay to acquire these exploration properties is another approach to applying this methodology.

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As set out in Section 7.5 above, RPS valued the exploration assets held by Strata at US\$13,413,766. As Octanex holds an identical interest in the same assets, the value of the exploration assets of Octanex is also US\$13,413,766. Based on the current exchange rate of approximately A\$1:US\$0.64, this places a value of \$20,959,009 on Octanex's oil and gas assets.

As stated in Section 9.1 above, the net assets of Octanex, after adjusting the value of listed investments to current market values, were \$21,086,833, or \$28,131,522 on a diluted basis. The net assets include exploration assets with a book value of \$7,196,314. This means that Octanex's net assets excluding its oil and gas assets were \$13,890,519 (\$21,086,833 - \$7,196,314), or \$20,935,208 (\$28,131,522 - \$7,196,314) on a diluted basis.

The difference between the assessed value of Octanex's exploration assets of \$20,959,009 and their book value of \$7,196,314 is an unrealised gain of \$13,762,695. This gain would be subject to company tax at the rate of 30% if realised (\$4,128,809).

The following table sets out the value of Octanex's net assets assuming that the oil and gas exploration assets were disposed of at the values determined by RPS:

	Net Asset Value	
	Undiluted	Diluted
	\$	\$
Octanex's net assets - Section 9.1	21,086,833	28,131,522
Book value of exploration assets	(7,196,314)	(7,196,314)
Value of Exploration assets per RPS	20,959,009	20,959,009
Deferred tax liability on unrealised gain	(4,128,809)	(4,128,809)
Adjusted net assets	<u>30,720,719</u>	<u>37,765,408</u>

Based on the alternate acquirer valuation methodology we have valued Octanex at \$30,720,719, or \$37,765,408 on a diluted basis.

9.7 Conclusion

A summary of the valuation methodologies that we considered to be applicable in valuing Octanex is as follows:

Valuation Methodology	Note 1 Low \$	Note 1 High \$
Net Assets	28,131,522	28,131,522
Share Price History	11,122,504	11,122,504
Alternate Acquirer	37,765,408	37,765,408
Note 1 Only values on a diluted basis are shown as undiluted values would overstate the value of one Octanex share		

Based on the above, we consider that the alternate acquirer valuation methodology (which we have adopted in Section 9.6 above) is the most appropriate valuation methodology to adopt. Our reason for this opinion is that the net asset valuation methodology only reflects the book value of the exploration assets, whereas the alternate acquirer methodology incorporates an assessment of the market value of these assets. We have accordingly valued Octanex at \$37,765,408.

10. Exmouth – Key Information and Valuation

10.1 Background

Exmouth was incorporated on 24 October 2008 for the sole purpose of acquiring certain exploration assets from its parent company, Gascorp. As such Exmouth has no prior trading history and its only assets will be the exploration assets acquired from Gascorp. These assets are being acquired in exchange for Exmouth shares and consequently Exmouth has no liabilities.

Gascorp has agreed to assign interests in four exploration permits to Exmouth. These permits (WA-362-P, WA-363-P, WA-386-P and WA-387-P) are described in Sections 1.3 and 7.1 of the Scheme Booklet. Strata and Octanex hold interests in two of these permits (WA-362-P, WA-363-P).

10.2 Valuation of Exmouth

Given the nature of Exmouth's assets, which are not being acquired on an arms length basis, the only methodology that can be applied to valuing Exmouth is that described in Section 9.6 above.

RPS prepared a valuation of the oil and gas exploration assets to be transferred to Exmouth, for our use in preparing this report. We have reviewed the valuation report prepared by RPS and discussed the valuation with Mr. D. Guise Managing Director – Consulting of RPS. As a result of our review of the RPS report and discussions with Mr. Guise, we have used the values determined by RPS as a basis of our assessment of the value that an alternate acquirer may be prepared to pay to acquire Exmouth's oil and gas exploration assets.

The oil and gas exploration permits to be transferred to Exmouth are described in Sections 1.3 and 7.1 of the Scheme Booklet. RPS arrived at the following values in respect of Exmouth's oil and gas assets:

Permit	Basin	Exmouth's Percentage Interest	Value of Exmouth's Equity Share (US\$)	Valuation Method
WA-362-P	Exmouth Plateau	12%	1,700,000	Previous transaction over permit
WA-363-P	Exmouth Plateau	12%	1,700,000	Previous transaction over permit
WA-386-P	Exmouth Plateau	40%	5,666,666	Previous transaction over permit
WA-387-P	Exmouth Plateau	40%	5,666,666	Previous transaction over permit
Total Value			<u>14,733,332</u>	

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As can be seen from the above table, RPS valued Exmouth's oil and gas assets at US\$14,733,332. Based on the current exchange rate of approximately A\$1:US\$0.64, this places a value of \$23,020,831 on Exmouth's oil and gas assets.

As explained in Section 10.1 above, Exmouth has no other assets.

Exmouth obtained the oil and gas assets from its parent company. The assets have a cost base for tax purposes of \$Nil.

The difference between the appraised value of Exmouth's exploration assets of \$23,020,831 and their cost base of \$Nil would be subject to company tax at the rate of 30% if realised (\$6,906,249).

The following table sets out the value of Exmouth's net assets assuming that the oil and gas exploration assets were disposed of at the values determined by RPS:

	Value per share \$
Value of Exploration assets per RPS	23,020,831
Deferred tax liability on unrealised gain	(6,906,249)
Adjusted net assets	<u>16,114,582</u>

In our opinion Exmouth's net assets are valued at \$16,114,582.

11. Assessment of the Scheme Consideration

11.1 Combined Value of Octanex and Exmouth

It is a condition precedent for the Scheme coming into effect that Octanex must acquire Exmouth. This means that the Strata shareholders will be issued shares in Octanex, which at that point in time will own a 100% interest in Exmouth.

In Section 9 we valued Octanex before the acquisition of Exmouth at \$37,765,408 on a diluted basis and in Section 10 we valued Exmouth at \$16,114,582. Based on the above values the combined value of Octanex and Exmouth will be \$53,879,990 (\$37,765,408 + \$16,114,582).

11.2 Octanex's Diluted Capital

Octanex currently has 50,556,837 shares on issue and in assessing the value of Octanex we have assumed that the listed options and the options expiring on 30 June 2009 are dilutive.

Octanex has agreed to issue 30,526,968 shares to acquire Exmouth.

Octanex's diluted capital at the point of the merger will Strata will be:

	No of Shares – Diluted Basis
Octanex shares on issue	50,556,837
Listed options	28,914,710
Unlisted options (dilutive)	750,000
Share issue to acquire Exmouth	30,526,968
Total	<u>110,748,515</u>

11.3 Value per Octanex Share

In Section 11.1 above we concluded that the combined value of Octanex and Exmouth will be \$53,879,990 and in Section 11.2 we concluded that on a diluted basis Octanex will have 110,748,515 shares on issue. This means that the value of one Octanex share will be \$0.487 (\$53,879,990 / 110,748,515).

11.4 Value of the Scheme Consideration

Strata shareholders are to receive 1.65 Octanex shares for each Strata share presently held. As we have valued each Octanex share (after the acquisition of Exmouth) at \$0.487, the value of the scheme consideration is \$0.804 (\$0.487 x 1.65), say \$0.80.

12. Control Premium

A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. Control premiums are normally in a range of 25% to 35% above the value of a minority share.

Mr. E G Albers, a director of both Strata and Octanex, currently controls 29,207,775 Strata shares, representing 84.1% of Strata's voting power (this calculation excludes the shares held by Doravale pursuant to the Trustee stock scheme, as the Trustee does not exercise any voting rights). Mr. E G Albers also controls 31,082,380 Octanex shares. This means that Mr. E G Albers controls 61.5% of Octanex's voting power. Mr. E G Albers also controls 20,427,490 Octanex options.

The following table shows the impact on the voting power of Mr. E G Albers of the proposed Scheme:

	EG Albers	Other Shareholders	Total	E G Albers Voting Power %
Shareholding of Strata shareholders in Octanex (excluding Doravale)	48,192,829	9,084,071	57,276,900	84.1%
Octanex shares	31,082,380	19,474,457	50,556,837	61.5%
Shares to acquire Exmouth	30,526,968	-	30,526,968	100.0%
Sub total	<u>109,802,177</u>	<u>28,558,528</u>	<u>138,360,705</u>	<u>79.4%</u>
Dilutive Octanex options	20,427,490	9,237,220	29,664,710	68.9%
Total	<u>130,229,667</u>	<u>37,795,748</u>	<u>168,025,415</u>	<u>77.5%</u>

As can be seen from the above table, the level of control of Mr. E G Albers over Octanex will be slightly reduced from the level of control that he currently holds over Strata. We therefore do not believe that the shareholders of Strata should receive a control premium as a consequence of the proposed Scheme.

13. Assessment as to Fairness

In Section 7.7 above we valued Strata's shares at \$0.80 per share, and in Section 11.4 we concluded that Strata shareholders will receive Octanex shares valued at \$0.80 per Strata share.

As the value of the Scheme consideration of \$0.80 per Strata share equals our valuation of one Strata share of \$0.80, we consider that the proposed Scheme is fair.

14. Assessment as to Reasonableness

Prior to deciding whether to approve or reject the Scheme the shareholders should consider the following significant factors:

- The consideration is fair as our valuation of the Strata shares is \$0.80 and we have valued the Scheme consideration at \$0.80 per share.
- The value of the Scheme consideration reflects the decline in the value of the listed investments held by Octanex subsequent to 30 September 2008. A recovery in the value of the listed investments would increase the value of the Scheme consideration.
- In assessing the value of the exploration assets held by each of Strata, Octanex and Exmouth, we have used an exchange rate of A\$1:US\$0.64. As the combined value of the exploration assets held by Octanex and Exmouth exceed those held by Strata, any reduction in the value of the A\$ against the US\$ will increase the attractiveness of the proposed Scheme for the Strata shareholders. Conversely any increase in the value of the A\$ against the US\$ will reduce the attractiveness of the proposed Scheme for the Strata shareholders.
- Strata shareholders will exchange their shares in an unlisted public company for Octanex shares, which are listed on the NSX. This will provide the Strata shareholders with a market (albeit not a very liquid market) for their shares.
- Strata currently holds a 50% or lesser interest in each exploration permit. The table below compares the percentage interest in exploration permits held currently by Strata with the percentage interest that will be held by Octanex if shareholders approve the proposed Scheme.

Permit	Basin	Strata's Percentage Interest	Octanex's Percentage Interest if the Scheme is Implemented
WA-322-P	Exmouth Sub-basin	50%	100%
WA-329-P	Exmouth Sub-basin	50%	100%
WA-323-P	Dampier Sub-basin	50%	100%
WA-330-P	Dampier Sub-basin	50%	100%
EPP34	Western Otway	15%	30%
Vic/P61	Otway	10%	20%
WA-384-P	Southern Exmouth Sub-basin	50%	100%
WA-385-P	Southern Exmouth Sub-basin	50%	100%
WA-394-P	Southern Exmouth Sub-basin	50%	100%
WA-362-P	Exmouth Plateau	14%	40%
WA-363-P	Exmouth Plateau	14%	40%
WA-386-P	Exmouth Plateau	-	40%
WA-387-P	Exmouth Plateau	-	40%

As can be seen from the above table the merged entity will have a greater degree of control over the exploration permits and we believe that this is a significant advantage of the proposed Scheme.

After reviewing the above significant factors we consider that **the Scheme is reasonable**.

15. Conclusion as to 'In the Best Interests'

After giving due consideration to our valuations, the comparison of the consideration offered and the above significant factors, we consider that the Scheme is both fair and reasonable and in the best interests of the Strata Shareholders.

16. Financial Services Guide

16.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

16.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide reports for the purposes of acting for and on behalf of investors in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale investors.

16.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by DMR Corporate are provided by the Entity to its members.

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All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate's independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

16.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

16.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any interest in the outcome of the proposed Scheme, nor any relationship with Strata, Octanex, Gascorp or Mr. E G Albers.

We have also been commissioned by Octanex to prepare an Independent Expert's Report for the Octanex shareholders in respect of the proposed acquisition of Strata and Exmouth.

Drafts of this report were provided to and discussed with the Directors of Strata and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

16.6 Remuneration

DMR Corporate is entitled to receive a fee of approximately \$30,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Except for the fee referred to above, neither DMR Corporate, nor any of its directors, employees or associated entities receive any fees or other benefits, directly or indirectly, for or in connection with the provision of any report.

DMR

16.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

D M R Corporate Pty Ltd



Paul Lom



Derek Ryan

Strata Resources N.L.

20 Largest Shareholders as at 28 November 2008

Name	Number of Ordinary Shares
Doravale Enterprises Pty Ltd	20,000,000
Mr. Ernest Geoffrey Albers & Mrs. Pamela Joy Albers	9,000,000
Sacrosanct Pty Ltd	5,175,000
Mr. Ernest Geoffrey Albers	4,457,775
Great Australia Corporation Pty Ltd	3,000,000
Fugro Multi Client Services Pty Ltd	1,610,413
Australis Finance Pty Ltd	1,325,000
Albers Custodian Company Pty Ltd	1,250,000
Mrs. Pamela Joy Albers	1,000,000
Sequest Petroleum Pty Ltd	1,000,000
Australian Natural Gas Pty Ltd	1,000,000
Wilstermere Corporation Pty Ltd	1,000,000
Great Missenden Group Pty Ltd	500,000
The Albers Companies Incorporated Pty Ltd	500,000
Great Missenden Holdings Pty Ltd	500,000
Upstream Consulting Pty Ltd	500,000
Ms Elaine Margaret Larsson	500,000
Cue Petroleum Pty Ltd	500,000
Mr. David Bruce Hill	200,264
Mr. Charles Wantrup	200,000
Total number of shares held by the twenty largest holders	<u>53,218,452</u>
The percentage of the total holding of the twenty largest holders of ordinary shares was 97.3%	
Source: Strata's share register – 28 November 2008	

Strata Resources N.L.

Income Statements

	Year Ended 30/6/2007 Audited \$	Year Ended 30/6/2008 Audited \$	Period Ended 30/9/2008 Unaudited \$
Gain on sale of investments	789,468	-	-
Gain on sale of tenements	-	22,837,170	-
Interest	17,444	607,218	372,619
Total revenue	<u>806,912</u>	<u>23,444,388</u>	<u>372,619</u>
Audit	(13,000)	(18,000)	-
Accounting & secretarial	(8,731)	(3,375)	(1,500)
Consulting	-	(11,196)	-
Legal fees	(5,000)	-	-
Directors remuneration	-	(20,000)	-
Directors superannuation	-	(42,362)	-
Foreign exchange losses	-	(92,928)	(432,351)
Management & administration – related parties	(54,740)	(161,864)	(12,035)
Share registry & reporting	(6,387)	(3,473)	(1,099)
Share based payments	-	(346,386)	-
Office expenses – related parties	(8,940)	(18,359)	-
Other expenses	(13,615)	(16,002)	(1,501)
Total expenses	<u>(110,413)</u>	<u>(733,945)</u>	<u>(448,486)</u>
Profit/(loss) before income tax	<u>696,499</u>	<u>22,710,443</u>	<u>(75,867)</u>
Income tax (expense)/benefit	(85,056)	(6,508,808)	-
Profit/(loss) for the year	<u>611,443</u>	<u>16,201,635</u>	<u>(75,867)</u>
Source: Strata audited financial statements for the year ended 30 June 2008 and Management Accounts for the period ended 30 September 2008			

Strata Resources N.L.

Cash Flow Statements

	Year Ended 30/6/2007 Audited \$	Year Ended 30/6/2008 Audited \$
Cash flows from operating activities		
Proceeds from sale of tenement interests	-	22,932,866
Cash payments to suppliers - exploration	(74,203)	(820,136)
Cash payments to other suppliers	(267,454)	(624,831)
Interest received	17,444	575,833
Net cash from/(used in) operating activities	<u>(324,213)</u>	<u>22,063,732</u>
Cash flows from investing activities		
Proceeds from sale of investments	816,400	-
Payments for investments	-	(346,331)
Net cash from/(used in) investing activities	<u>816,400</u>	<u>(346,331)</u>
Cash flows from financing and other activities		
Advances (to)/from related entity	(15,000)	
Options exercised	-	150,000
Net cash from/(used in) financing activities	<u>(15,000)</u>	<u>150,000</u>
Net increase / (decrease) in cash and cash equivalents	477,187	21,867,401
Cash and cash equivalents at beginning of period	163,070	640,257
Cash and cash equivalents at the end of period	<u>640,257</u>	<u>22,507,658</u>
Source: Strata's audited Annual Report for the year ended 30 June 2008		

Appendix B-3

Strata Resources N.L.

Balance Sheets

	30/6/2007 Audited \$	30/6/2008 Audited \$	30/9/2008 Unaudited \$
CURRENT ASSETS			
Cash and cash equivalents	640,257	22,507,658	21,761,538
Trade and other receivables	33,915	280,116	40,618
Forward currency contract	-	55,388	-
TOTAL CURRENT ASSETS	<u>674,172</u>	<u>22,843,162</u>	<u>21,802,156</u>
NON CURRENT ASSETS			
Other financial assets	174,226	458,983	280,105
Exploration and evaluation expenditure	1,074,509	2,312,106	7,185,754
TOTAL NON CURRENT ASSETS	<u>1,248,735</u>	<u>2,771,089</u>	<u>7,465,859</u>
TOTAL ASSETS	<u>1,922,907</u>	<u>25,614,251</u>	<u>29,268,015</u>
CURRENT LIABILITIES			
Trade and other payables	122,371	668,462	43,454
Current tax liabilities	-	4,931,346	4,931,346
TOTAL CURRENT LIABILITIES	<u>122,371</u>	<u>5,599,808</u>	<u>4,974,800</u>
NON CURRENT LIABILITIES			
Payable – Geokinetics	-	-	4,533,517
Deferred tax liabilities	82,395	1,641,384	1,587,721
Share based payments provision	-	242,925	242,925
TOTAL NON CURRENT LIABILITIES	<u>82,395</u>	<u>1,884,309</u>	<u>6,364,163</u>
TOTAL LIABILITIES	<u>204,766</u>	<u>7,484,117</u>	<u>11,338,963</u>
NET ASSETS	<u>1,718,141</u>	<u>18,130,134</u>	<u>17,929,052</u>
EQUITY			
Contributed equity	12,756,941	12,906,941	12,906,941
Reserves	(6,206)	54,152	(71,063)
Retained earnings/(accumulated losses)	(11,032,594)	5,169,041	5,093,174
TOTAL PARENT EQUITY INTEREST	<u>1,718,141</u>	<u>18,130,134</u>	<u>17,929,052</u>
Source: Strata's audited Annual Report for the year ended 30 June 2008 and Strata's Management Accounts as at 30 September 2008			

Appendix C-1

Octanex N.L.

20 Largest Shareholders as at 28 November 2008

Name	Number of Ordinary Shares
Mr. Ernest Geoffrey Albers & Mrs. Pamela Joy Albers	5,980,899
Great Missenden Holdings Pty Ltd	5,450,305
Bass Strait Group Pty Ltd	4,033,058
The Albers Companies Incorporated Pty Ltd	2,955,491
Auralandia NL	2,509,340
Cue Petroleum Pty Ltd	2,386,664
Sacrosanct Pty Ltd	2,312,210
Great Missenden Group Pty Ltd	1,940,060
Cue Energy Resources NL	1,567,100
Mrs. Pamela Joy Albers	1,412,500
Mr. Ernest Geoffrey Albers	1,069,113
Fugro Multi Client Services Pty Ltd	1,034,540
Australis Mining Finance Pty Ltd	860,000
Mr. David Hugo Rankin	782,463
Upstream Consulting Pty Ltd	750,000
Mr. Neil Clifford Massey Abbott	724,040
Strata Resources N.L.	705,000
Mr. Charles Whyte	703,113
Sequest Petroleum Pty Ltd	598,000
Appledore Custodians Limited	500,000
Total number of shares held by the twenty largest holders	<u>38,273,896</u>
The percentage of the total holding of the twenty largest holders of ordinary shares was 75.7%	
Source: Octanex's share register – 28 November 2008	

Octanex N.L.

20 Largest Option Holders as at 28 November 2008

Name	Number of Options
Great Missenden Holdings Pty Ltd	6,781,520
Bass Strait Group Pty Ltd	3,160,000
Mr. Ernest Geoffrey Albers & Mrs Pamela Joy Albers	2,200,000
Cue Petroleum Pty Ltd	2,000,000
Great Missenden Group Pty Ltd	1,760,000
Auralandia NL	1,200,000
Sacrosanct Pty Ltd	1,009,970
Strata Resources N.L.	705,000
Dr Violet Kathleen Petrovsky & Miss Irina Petrovsky <Est CC Petrovsky #2Chil A/C>	579,218
Mr. James Max Duddingston Willis	500,000
The Albers Companies Incorporated Pty Ltd	448,000
Australis Mining Finance Pty Ltd	360,000
Great Australia Corporation Pty Ltd	315,000
Mr. Charles Whyte	302,443
Cloudbreak Enterprises Ltd	299,970
Mr. David Hugo Rankin	296,400
Conningsborough Nominees Pty Ltd <CNSF A/C>	250,000
Mr. Peter William Hall	240,000
Cartron Pty Ltd	240,000
Mr. Christopher John Harris	230,000
Total number of options held by the twenty largest holders	<u>22,877,521</u>
The percentage of the total holding of the twenty largest holders of options was 79.1%	
Source: Octanex's option register – 28 November 2008	

Octanex N.L.

Income Statements

	Year Ended 30/6/2007 Audited \$	Year Ended 30/6/2008 Audited \$	Period Ended 30/9/2008 Unaudited \$
Interest income	109,728	867,117	364,945
Profit on sale of investments	1,089,397	2,882,154	-
Profit from sale of exploration tenements	-	22,846,117	-
Total revenue	<u>1,199,125</u>	<u>26,595,388</u>	<u>364,945</u>
Administration	(38,275)	(197,222)	(1,962)
Audit fees	(32,750)	(28,750)	(17,287)
Brokerage	-	(52,819)	(9,712)
Consulting	-	(36,735)	(16,743)
Directors' remuneration	(27,237)	(27,500)	-
Directors' superannuation	(33,600)	(59,700)	-
Exploration	(19,895)	(4,038)	-
Interest	-	-	(1,450)
Reporting, registry and stock exchange	(30,114)	(27,769)	(16,459)
Office expenses	(53,642)	(51,366)	(1,318)
Other expenses	(14,368)	(27,970)	(43,483)
Foreign exchange losses	(12,472)	(103,182)	(416,555)
Share based payments: deemed value of phantom shares and options at grant	-	(322,957)	-
Write-back of provision for retirement benefit	18,166	-	-
Total expenses	<u>(244,187)</u>	<u>(940,008)</u>	<u>(524,969)</u>
Profit/(loss) before income tax	<u>954,938</u>	<u>25,655,380</u>	<u>(160,024)</u>
Income tax (expense)/benefit	(269,670)	(7,789,634)	-
Profit for the year	<u>685,268</u>	<u>17,865,746</u>	<u>(160,024)</u>
Source: Octanex's audited Annual Report for the year ended 30 June 2008 and Octanex's 30 September 2008 management accounts			

Octanex N.L.

Cash Flow Statements

	Year Ended 30/6/2007 Audited \$	Year Ended 30/6/2008 Audited \$
Cash flows from operating activities		
Proceeds from sale of tenements	-	22,768,315
Interest received	109,728	816,022
Cash payments to suppliers - exploration	(79,298)	(878,796)
Cash payments to suppliers – other	(109,742)	(628,422)
Payments of income tax	-	(20,482)
Net cash from/(used in) operating activities	<u>(79,312)</u>	<u>22,056,637</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,098,501	2,889,616
Acquisition of investments	(5,000)	(4,874,714)
Net cash from/(used in) investing activities	<u>1,093,501</u>	<u>(1,989,098)</u>
Cash flows from financing and other activities		
Proceeds from exercise of options	-	263,218
Net cash from/(used in) financing activities	<u>-</u>	<u>263,218</u>
Net increase / (decrease) in cash and cash equivalents	1,014,189	20,334,757
Exchange gains / (losses)	(12,472)	(12,385)
Cash and cash equivalents at beginning of period	1,680,185	2,681,902
Cash and cash equivalents at the end of period	<u>2,681,902</u>	<u>23,004,274</u>
Source: Octanex's audited Annual Report for the year ended 30 June 2008		

Octanex N.L.

Balance Sheets

	30/6/2007 Audited \$	30/6/2008 Audited \$	30/9/2008 Unaudited \$
CURRENT ASSETS			
Cash and cash equivalents	2,681,902	23,004,274	20,542,190
Trade and other receivables	46,611	305,060	50,585
Other	-	55,388	-
TOTAL CURRENT ASSETS	<u>2,728,513</u>	<u>23,364,722</u>	<u>20,592,775</u>
NON CURRENT ASSETS			
Other financial assets	9,759,189	13,101,351	8,744,352
Exploration costs	1,089,069	2,322,667	7,196,314
TOTAL NON CURRENT ASSETS	<u>10,848,258</u>	<u>15,424,018</u>	<u>15,940,666</u>
TOTAL ASSETS	<u>13,576,771</u>	<u>38,788,740</u>	<u>36,533,441</u>
CURRENT LIABILITIES			
Trade and other payables	138,626	759,694	104,800
Current tax liabilities	33,217	6,162,024	6,162,024
TOTAL CURRENT LIABILITIES	<u>171,843</u>	<u>6,921,718</u>	<u>6,266,824</u>
NON CURRENT LIABILITIES			
Provisions	-	221,295	221,295
Payable – Geokinetics	-	-	4,533,517
Deferred tax liabilities	2,694,758	3,846,052	2,053,342
TOTAL NON CURRENT LIABILITIES	<u>2,694,758</u>	<u>4,067,347</u>	<u>6,808,154</u>
TOTAL LIABILITIES	<u>2,866,601</u>	<u>10,989,065</u>	<u>13,074,978</u>
NET ASSETS	<u>10,710,170</u>	<u>27,799,675</u>	<u>23,458,463</u>
EQUITY			
Contributed equity	3,956,700	4,219,918	4,221,718
Reserves	5,250,233	4,210,774	27,786
Retained earnings	1,503,237	19,368,983	19,208,959
TOTAL EQUITY	<u>10,710,170</u>	<u>27,799,675</u>	<u>23,458,463</u>
Source: Octanex's audited Annual Report for the year ended 30 June 2008 and Octanex's 30 September 2008 management accounts			

Appendix E

Sources of Information

The following sources of information have been utilised and relied upon in the course of preparing this report:

- The Scheme Booklet which this report accompanies
- Audited financial statements of Strata for the financial year ended 30 June 2008
- Audited financial statements of Octanex for the financial year ended 30 June 2008
- Strata's management accounts for the 3 months ended 30 September 2008
- Listing of Strata's top 20 shareholders as at 28 November 2008
- Octanex's management accounts for the 3 months ended 30 September 2008
- Octanex's NSX announcements for 2007 and 2008
- Share price summaries and company information for Octanex supplied by the NSX
- Listing of Octanex's top 20 shareholders and option holders as at 28 November 2008
- Valuation of Strata's exploration assets prepared by RPS and dated October 2008
- Valuation of Gascorp's interests in WA-362-P, WA-363-P, WA-386-P and WA-387-P prepared by RPS and dated October 2008
- Discussions with the Strata executives and their legal advisor.

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the directors of Strata for inclusion in the Scheme Booklet to be provided to Strata Shareholders in connection with the Scheme. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is in the best interests of Strata Shareholders.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards, nor do they constitute a review in accordance with AUS 902 applicable to review engagements.

2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 35 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of the Institute of Chartered Accountants and a Registered Company Auditor with more than 30 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

SECTION FIVE
TAXATION REPORT BY PRICEWATERHOUSECOOPERS.



The Directors
Strata Resources NL
21st Floor
500 Collins Street
MELBOURNE VIC 3000

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website: www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

15 December 2008

**Strata Resources NL("Strata") Scheme of Arrangement – Merger of Strata and Octanex NL
("Octanex")**

Dear Sirs

We refer to the recent discussions between Mr Graeme Menzies of Menzies & Partners (Strata's legal advisor) and ourselves in respect to the proposed Scheme of Arrangement to merge Strata and Octanex and for Octanex to acquire all the shares in Exmouth Exploration Pty Ltd (Exmouth). You have sought our advice as to the tax implications to the shareholders of Strata, Octanex and Exmouth as a result of the Scheme of Arrangement.

Generality Of Advice

This advice is general in nature and does not constitute advice specific to any shareholder of either Strata, Octanex and Exmouth. Each shareholder should seek their own independent advice in respect to the taxation consequences of the scheme of arrangement.

Use of Advice

We understand this advice is for inclusion in the Strata/Octanex Merger Scheme Booklet. We advise that the advice is based on the information provided to PricewaterhouseCoopers by Menzies & Partners contained in correspondence from Mr Menzies. The information provided includes:

- A draft Scheme Booklet of the proposed Scheme of Arrangement between Strata and Octanex;
- Details of the top 20 shareholders of Strata and Octanex pre and post merger.

The Directors

15 December 2008

Details of the Scheme of Arrangement

It is proposed under the Scheme of Arrangement Octanex will acquire 100% of the shares in Strata by the issue and allotment of 1.65 Octanex shares for every Strata share. To give effect to the Scheme of Arrangement, Strata will reduce its share capital in accordance with Section 256B(2) of the Corporations Act whereby all of Strata shares on issue will be cancelled. Concurrently, Strata will issue new Strata shares to Octanex equal in number to the Strata shares which are cancelled.

Octanex will also issue options to Upstream Consulting Pty Ltd ("Upstream") to acquire shares in Octanex in exchange for 2,000,000 options currently on issue by Strata to Upstream to acquire shares in Strata. The value of the options to be issued will be pro-rata to the value of shares to which the options relate.

In addition to the above, Octanex will acquire all the shares in Exmouth from Gascorp Australia Pty Ltd (Gascorp) in exchange for Octanex shares. Prior to Octanex acquiring the Exmouth shares, Gascorp will transfer tenements to Exmouth. We are not advising on the tax implications of the transfer of the tenements from Gascorp to Exmouth.

Where shares in Strata are currently held by non-residents of Australia (other than New Zealand shareholders) the shareholders will not be issued with Octanex shares. The Octanex shares will instead be allotted to a nominee who will sell them and account to the foreign shareholders for the net proceeds after deducting brokerage, stamp duty and other taxes and charges.

Issues to be Addressed

- a) the taxation treatment of the issue of Octanex shares and the cancellation of the Strata shares;
- b) the taxation treatment of the issue of Octanex options in exchange of Strata options;
- c) the taxation treatment of Octanex issuing shares to Gascorp in exchange for shares in Exmouth;
- d) the issue of new shares by Strata; and
- e) the availability of rollover relief under the taxation scrip for scrip rollover rules contained in Division 124M of the Income Tax Assessment Act 1997 (ITAA 1997).

The Directors

15 December 2008

Executive Summary (which should be read in conjunction with the body of the letter)

- a) Subject to the comment below in (b) and the shareholders otherwise being eligible for rollover, the Australian resident shareholders of Strata will be entitled to choose scrip for scrip rollover in respect to the shares they receive in Octanex as a result of the Scheme of Arrangement.

Rollover relief will mean that any capital gain which would otherwise arise as a result of the disposal of the Strata shares in exchange for shares in Octanex will be disregarded.

- b) Because EG Albers and his associates own more than 30% of the shares in Strata and will own in excess of 30% of the shares in Octanex, a scrip for scrip rollover is only available if both EG Albers and his associates as shareholders in Strata and Octanex jointly choose rollover. This will also mean that the cost base of the shares Octanex receives in Strata will equal the cost base of the shares EG Albers and his associates have in Strata. Otherwise the cost base of these shares would be market value.
- c) Where the Strata shareholders are non-resident of Australia they will not be eligible for a scrip for scrip rollover unless the replacement shares are taxable Australian property. However, where a foreign shareholder owns less than 10% of the shares in Strata any capital gain or loss on the disposal of the Strata shares will be disregarded in any case. Based on the information provided no foreign shareholder owns 10% or more of the shares in Strata.
- d) There are no tax implications arising from the cancellation and reissue of the Strata shares.
- e) Upstream will be entitled to choose scrip for scrip rollover in respect to the options it receives in Octanex as a result of the Scheme of Arrangement.
- f) As Gascorp will own approximately 21% of the shares in Octanex once the Scheme of Arrangement is completed and the majority of the shareholders of Gascorp are also shareholders of Exmouth and associated to EG Albers it is likely that the Gascorp and its associates will own more than 30% of the shares in Exmouth. As a result, a scrip for scrip rollover will only be available to Gascorp if Gascorp and Octanex jointly choose scrip for scrip rollover. This will mean that the cost base of the shares Octanex receives in Exmouth will be equal to the cost base of the shares Gascorp has in Exmouth.

The Directors

15 December 2008

Scrip for Scrip Rollovers

Pursuant to subdivision 124M of the ITAA 1997, a CGT rollover is available where a company offers shares in itself in exchange for shares in another company provided certain conditions are satisfied. Similarly, CGT rollover is also available where a company offers options in itself in exchange for options in another company.

The conditions for the rollover are as follows:

That the exchange of shares and options is the result of a single arrangement which:

- i. results in the acquiring entity (Octanex) acquiring 80% or more of the voting shares in the acquired entity (Strata or Exmouth as the case may be);
- ii. is one in which at least all owners of voting shares in the acquired entity could participate; and
- iii. is one in which the participation is available on substantially the same terms for all the owners of interests of a particular type in the acquired entity (Strata or Exmouth)

In addition, the following conditions need to be satisfied:

- iv. The shares or options in the acquired entity (Strata or Exmouth) were acquired after 19 September 1985;
- v. Apart from the rollover, the disposing shareholder or option holder would make a capital gain (no rollover is available if it would have resulted in a loss);
- vi. The replacement shares or options are in the acquiring company (Octanex);
- vii. The original interest holder (Strata shareholders or Gascorp) choose to obtain the rollover;
- viii. If an original interest holder together with associates owns 30% or more of the acquired entity (Strata or Exmouth) and holds 30% or more in the acquiring entity (Octanex) after the replacement shares or options are issued, the original interest holder and the acquiring entity must jointly choose to obtain rollover. This test does not apply if either company has at least 300 members and it is reasonable for the company to conclude that the test has not been breached.
- ix. If an original interest holder together with associates has together with other entities, at least an 80% holding common to both the original entity (Strata or Exmouth) and the entity in which the replacement interest is issued (Octanex) (but only if both entities are not widely held), the original interest holder and the acquiring entity must jointly choose to obtain rollover; and

The Directors

15 December 2008

- x. If (viii) or (ix) apply the original interest holder notifies the replacement entity (Octanex) in writing of the cost base of the original interest.

Strata/Octanex Scheme

Based on the information we have been provided it appears that some of the Strata shareholders will satisfy the above conditions in respect to the Strata/Octanex Scheme of Arrangement and therefore the eligible shareholders of Strata will be entitled to choose a scrip for scrip rollover provided that without a rollover a capital gain would otherwise result from the disposal of the Strata shares.

However, the following matters require further comment.

Condition (iii)

Consideration needs to be given as to whether condition (iii) above is satisfied given that the foreign shareholders receive shares which are allotted to a nominee and sold on their behalf.

We are of the view that this condition is satisfied as the note Section 124-780 (2) of the 1997 Act which imposes this condition states that "Participation will be on substantially the same terms if, for example, the matters such as those referred to in subsections 619(2) and (3) of the Corporations Act 2001 affect the capital proceeds that each participant can receive". Section 619 (3) states: "If the consideration for the bid includes an offer of securities, the securities do not need to be offered to foreign holders of the target's securities if under the terms of the bid:

- (a) the bidder must appoint a nominee for foreign holders of the target's securities who is approved by ASIC; and
- (b) the bidder must transfer to the nominee:
 - (i) the securities that would otherwise be transferred to the foreign holders who accept the bid for that consideration; or
 - (ii) the right to acquire those securities; and
- (c) the nominee must sell the securities, or those rights, and distribute to each of those foreign holders their proportion of the proceeds of the sale net of expenses".

As the Scheme of Arrangement conforms with Section 619 (3) we are of the view it is one in which participation is available on substantially the same terms for all the owners of interests of a particular type in the acquired entity.

The Directors

15 December 2008

Condition (iv)

As Strata was incorporated on 31 March 1969 it is possible that some of the Strata shares are pre-CGT shares and therefore scrip for scrip rollover will not be available to those shareholders. Shareholders should take their own advice in respect to the status of their shares.

Condition (v)

Shareholders of Strata can only choose scrip for scrip rollover where they would, apart from the rollover, have made a capital gain on disposal of the shares. Rollover is not available if the disposal would otherwise result in a loss. Shareholders should take their own advice to determine if this condition is satisfied.

Where scrip for scrip rollover is available and chosen, the cost base of the original Strata shareholders replacement shares in Octanex will be the current cost base of the Strata shares.

Condition (viii)

We are of the view that condition (viii) will apply as EG Albers and his associates own greater than 30% of the shares in Strata before the merger and will own greater than 30% of the shares in Octanex after the merger. As stated above the test does not apply if either Strata or Octanex has at least 300 members and it is reasonable for the company to conclude that the test has not been breached. However, we are of the view given the circumstances of the shareholding, it would not be reasonable for the company to conclude that the test has not been breached.

As such, the original Strata shareholders to which this condition applies and Octanex must jointly choose to obtain rollover. Unless this is done, no rollover will apply for EG Albers and his associates. Each shareholder concerned and Octanex must make a joint rollover. It will also be necessary for the original shareholders in Strata to whom this condition applies to notify Octanex of the cost base of their original interest in Strata. This will then become the cost base of the shares Octanex holds in Strata (compared to market value for the shares acquired from other shareholders).

The Directors

15 December 2008

Foreign Shareholders

Where the Strata shareholders are foreign residents they will only be eligible for rollover relief if the replacement Octanex shares are taxable Australian property.

A share will only be taxable Australian property if it is a share in a company in which greater than 50% of the value of its assets are Australian real property or mining, quarrying or prospecting rights, if the minerals, petroleum or quarry materials are situated in Australia and the foreign shareholder owns 10% or more of the shares. As Octanex's has mining tenements which, prima facie, may constitute greater than 50% of the value of its assets, its shares may be taxable Australian property and therefore the foreign shareholders may be eligible for a rollover if they own greater than 10% of the shares in Octanex after merger. However, based on the shareholder information we have been provided, it is unlikely that any foreign shareholder will own 10% or more of the shares and therefore rollover will not be available. As a result the foreign shareholders will be taken to have disposed of their Strata shares the consideration being the market value of Octanex shares.

Prima facie, greater than 50% of Strata's assets constitute Australian real property or mining, quarrying or prospecting rights, if the minerals, petroleum or quarry materials are situated in Australia and therefore the shares held by the foreign shareholders may be taxable Australian assets. However, if each foreign shareholder owns less than 10% of the shares in Strata (which appears to be the case for each foreign shareholder) the shares in Strata will not be taxable Australian property. Therefore, there will be no CGT implications in Australia on the disposal of the Strata shares as a capital gain or capital loss on the sale of shares which are not taxable Australian property is disregarded pursuant to Division 855 of the Income Tax Assessment Act 1997.

The subsequent disposal of the shares issued to the nominee on behalf of the foreign shareholders should not be subject to tax in Australia as the shares will not be taxable Australian property (on the assumption that the foreign shareholder owns less than 10% of the shares) and therefore any capital gain or loss will also be disregarded.

Upstream Options

We are of the view that as options in Strata are being exchanged for like options in Octanex, scrip for scrip rollover will be available to Upstream.

The Directors

15 December 2008

Exmouth/Gascorp Share Swap

As Gascorp will own approximately 21% of the shares in Octanex once the Scheme of Arrangement is completed and the majority of the shareholders of Gascorp are also shareholders of Octanex and associated to EG Albers it is likely that Gascorp and its associates will own more than 30% of the shares in Octanex. As a result, a scrip for scrip rollover will only be available to Gascorp if Gascorp and Octanex jointly choose scrip for scrip rollover. This will mean that the cost base of the shares Octanex receives in Exmouth will be equal to the cost base of the shares Gascorp has in Exmouth.

Shareholders who hold shares as Trading Stock

Where any of the above shareholders hold their shares as trading stock the scrip for scrip rollover rules may not apply and such shareholders should take their own advice as to the tax implications of the Scheme of Arrangement.

Announced Changes to Scrip for Scrip Legislation

On the 3 December 2008 Taxation Laws Amendment (2008 Measures No. 6) Bill 2008 was introduced into Parliament (the Bill is yet to be passed by the Parliament). This Bill will amend the scrip for scrip legislation in circumstances where, just after an arrangement is completed, the market value of the replacement interests issued by the acquiring entity in exchange for interests in the original entity is more than 80 per cent of the market value of all the shares (including options, rights and similar interests to acquire shares) issued by the replacement entity. Where this condition applies the cost base of the shares in the acquired entity will be equal to the cost base of the assets of the acquired entity less the liabilities in respect to those assets rather than the cost base being the market value of the shares as is ordinarily the case.

Based on the financial data and other information provided in the Scheme booklet in respect to Strata, Octanex and Exmouth, the market value of the shares and options to be issued to the current Strata and Exmouth shareholders should not exceed 80% of the market value of the total shares and options on issue by Octanex immediately after the schemes of arrangement and therefore these proposed rules should have no application.



The Directors

15 December 2008

Please contact myself on 8603 3040 if you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Greg Diamond'. The signature is fluid and cursive, with a large 'G' and 'D'.

Greg Diamond
Partner

SECTION SIX IMPLEMENTATION AGREEMENT

THIS IMPLEMENTATION AGREEMENT is made at Melbourne on 12th December 2008

between

OCTANEX LIMITED (ABN 61 005 632 315) of Level 21, 500 Collins Street, Melbourne Vic 3000 (" Octanex")

and

STRATA RESOURCES N.L. (ABN 28 007 687 612) of Level 21, 500 Collins Street, Melbourne Vic 3000 ("Strata")

WHEREAS Octanex and Strata have agreed in good faith to implement the Scheme of arrangement upon and subject to the terms and conditions of this Implementation Agreement

IT IS NOW AGREED AND DECLARED between the parties as follows:

1. INTERPRETATION

1.1 Definitions

In this Implementation Agreement, unless the context otherwise requires, the following words and expressions have meanings as follows:

In this Implementation Agreement:

- (a) headings are for convenience only and do not affect interpretation;
- (b) terms defined in the Scheme or in the Scheme Booklet of which this Implementation Agreement forms part shall, unless inconsistent with the context hereof, have the same meaning in this Implementation Agreement as they have in the Scheme or the Scheme Booklet as the case may be.
- (c) a reference to any document (including this Implementation Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (d) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (e) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (f) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Implementation Agreement, and a reference to this Implementation Agreement includes any schedule, exhibit or annexure to this Implementation Agreement;
- (g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (h) the word "includes" in any form is not a word of limitation; and
- (i) a reference to "\$" or "dollar" is to Australian currency.

1.2 Governing Law

This Implementation Agreement is governed by and will be construed according to the laws of Victoria.

1.3 Business Day

Except where otherwise expressly provided, where under this Implementation Agreement the day on which any act, matter or thing is to be done is a day other than a Business Day, such act matter or thing shall be done on the immediately succeeding Business Day.

2. IMPLEMENTATION AGREEMENT TO PROCEED WITH SCHEME

The parties agree to propose the Scheme upon and subject to the terms and conditions of this Implementation Agreement.

3. CONDITIONS PRECEDENT

The obligations of the parties under this Agreement are subject to the satisfaction of the following condition precedents namely that:

3.1 Orders

- (a) there is in effect no preliminary or final decision or decree issued by a Governmental Agency;
no action or investigation is instituted or threatened by any Governmental Agency;
- (b) no application is made to any Governmental Agency;
which restrains or prohibits or threatens to restrain or prohibit, or otherwise materially adversely impacts, the Scheme or the Transaction Documents.

3.2 General Meeting

That the General Meeting passes the Capital Reduction Resolution by the requisite majority required under the Corporations Act.

3.3 Octanex General Meeting

The Octanex General Meeting passes:

- (a) a special resolution to approve the acquisition of all of the Exmouth Shares from Gascorp in consideration of the issue to Gascorp of a total of 30,526.968 ordinary shares in the capital of Octanex in exchange for the Exmouth Shares in accordance with the requirements of Chapter 2E and Section 611 of the Corporations Act;
- (b) an ordinary resolution to approve the issue and allotment of the Octanex Shares as the Scheme Consideration;
- (c) a special resolution to approve interests associated with Mr E G Albers participating in the Scheme Consideration on the terms of the Scheme is passed in accordance with the requirements of Chapter 2E and Section 611 of the Corporations Act is passed

3.4 Acquisition of interests in Tenements by Exmouth

That Exmouth acquires the Exmouth Tenements from Gascorp and that the approval of the Designated Authority to that acquisition is received before the Effective Date.

3.5 Transaction Documents

The execution and delivery of the Transaction Documents and such documents not being terminated, rescinded, varied or waived in any manner other than with the written consent of the parties

4. SCHEME

Strata agrees to propose a scheme of arrangement to its Members under which all of the Shares will be cancelled and the Scheme Members will be entitled to receive marketable securities in Octanex calculated in accordance with clause 5 by way of Scheme Consideration, for each Share held at the Record Date.

5. SCHEME CONSIDERATION

Octanex covenants in favour of Strata (in its own right and separately as trustee for the Scheme Members) that in consideration for cancellation of the Shares held by each Scheme Member under the terms of the Scheme Octanex will on the Implementation Date provide each Scheme Member the Scheme Consideration. The obligation of Octanex to issue and allot the Octanex Shares (forming the Scheme Consideration) to Scheme Members will be satisfied by Octanex:

5.1 in the case of Scheme Members (other than Foreign Shareholders):

- (a) on the Implementation Date, entering the name of each Scheme Member on the register of members of Octanex in accordance with the Scheme; and
- (b) no later than 3 Business Days after the Implementation Date, despatching or procuring the despatch to each Scheme Member by pre-paid post to his or her address recorded in the Share Register at the Record Date, an uncertificated holding statement in the name of that Scheme Member in accordance with the Scheme. In the case of joint holders of Shares, uncertificated holding statements will be issued in the name of, and forwarded to, the holder whose name appears first in the Register on the Record Date.

5.2 in the case of a Foreign Shareholder:

- (a) on the Implementation Date, entering the name of the Nominee on the register of members of Octanex in accordance with the Scheme; and
- (b) no later than 3 Business Days after the Implementation Date, despatching or procuring the despatch to the Nominee by pre-paid post to its address, an uncertificated holding statement in the name of the Nominee for all of the Octanex Shares issued to the nominee in accordance with the Scheme together with a listing of the number of Octanex shares issued in relation to each Foreign Shareholder.

Octanex will thereafter procure the nominee to sell the Octanex Shares issued to the Nominee as soon as reasonably practicable after the Implementation Date and shall account to each Foreign Shareholder for the net proceeds of sale of the Octanex Shares held by the Nominee on behalf of that Foreign Shareholder, after deduction of any applicable brokerage, and taxes and charges at that Foreign Shareholder's risk, in full satisfaction of that Foreign Shareholder's rights under this Implementation Agreement. The Nominee shall sell all Octanex Shares held by it on behalf of all Foreign Shareholders and shall allocate the net proceeds of sale thereof between each of the Foreign Shareholders according to their pro rata entitlement thereto based on their prior holdings of Shares.

6. TERMINATION

6.1 Without prejudice to any other rights of termination under this Implementation Agreement, this Implementation Agreement may be terminated at any time prior to the Second Court Date:

- (a) by Octanex serving written notice of termination on Strata if any Court or Government Agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the Scheme, and such order, decree, ruling, other action or refusal shall have become final and non-appealable; or
- (b) by Octanex if Strata is in material breach of any clause of this Implementation Agreement before the Second Court Date provided that it shall have given notice to Strata setting out the relevant circumstances and stating an intention to terminate and:
 - (i) if such notice is given more than seven Business Days prior to the Second Court Date and the relevant circumstances continue to exist at 5:00pm on the day which is seven Business Days from the time such notice is given; or
 - (ii) if the notice is given less than seven Business Days prior to the Second Court Date and the relevant circumstances continue to exist at 5:00pm on the Business Day immediately preceding the Second Court Date,
- (c) In the event of termination of this Implementation Agreement by Octanex this Implementation Agreement shall become void and have no further effect notwithstanding that such termination is a unilateral act on the part of Octanex.

7. IMPLEMENTATION

7.1 Strata's Obligations

Strata must at its own cost execute all documents and do all acts and things necessary for the implementation and performance of the Scheme as expeditiously as practicable, including:

- (a) **(Scheme Booklet):** The preparation and the despatch of a Scheme Booklet containing the Explanatory Statement required by the Corporations Act in a form approved by the Court in respect of the Scheme.
- (b) **(Meeting of directors of Strata):** As soon as practicable after preparation of the final form of the Scheme Booklet, convene a meeting of the Strata Board of Directors for the purpose of approving the Scheme Booklet.
- (c) **(Section 411(17)(b) statement):** Strata shall apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (d) **(Scheme Meeting):** Apply to the Court for orders convening the Scheme Meeting;
- (e) **(Court approval):** Apply to the Court for orders approving the Scheme, as soon as possible after the passing of the resolution submitted to the Scheme Meeting in relation to the Scheme by the requisite majorities and all other conditions are satisfied other than the obtaining of Court approval;
- (f) **(Lodge copy of Court orders):** Lodge with ASIC an office copy of the Court order approving the Scheme if approved by the Scheme Members at the Scheme Meeting and by the Court;

7.2 Octanex's Obligations

Octanex must at its own cost execute all documents and do all acts and things necessary for the implementation and performance of the Scheme as expeditiously as practicable including:

- (a) **(Representation):** Undertaking in writing to the Court, as necessary, at the Court hearings convened for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act, to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this Implementation Agreement and the Scheme;
- (b) **(Information):** Provide Strata with all necessary information in relation to Octanex to enable Strata to prepare the Scheme Booklet in accordance with this Implementation Agreement.
- (c) **(Issue of Shares):** Convene a meeting of its Members for the purpose of approving the issue and allotment of the Octanex Shares to comprise the Scheme Consideration;
- (d) **(Listing of Octanex Shares)** make application to NSX for the Octanex Shares to be issued and allotted as Scheme Consideration to be granted quotation on the Official List of NSX.

7.3 Ranking

All Octanex Shares to be issued by Octanex to Scheme Members as Scheme Consideration pursuant to the Scheme will, as from the date of issue, rank equally with all other ordinary fully paid shares of Octanex on issue as at the Implementation Date.

8. GENERAL

8.1 Further acts

Each party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by any other party to give effect to this Implementation Agreement.

8.2 Notices

Any communication under or in connection with this Implementation Agreement:

- (a) must be in writing;
- (b) must be addressed as shown below:

STRATA

21st Floor,
500 Collins Street,
Melbourne, Victoria 3000

Telephone: +61 (03) 8610 4702
Facsimile: +61 (03) 8610 4799
For the attention of: J Tuohy

OCTANEX

21st Floor,
500 Collins Street,
Melbourne, Victoria 3000

Telephone: +61 (03) 8610 4702
Facsimile: +61 (03) 8610 4799
For the attention of: E G Albers

(or as otherwise notified by that party to the other party from time to time);

- (c) must be signed by the party making the communication or (on its behalf) by the solicitor for, or by any attorney, director, secretary, or authorised agent of, that party;
- (d) must be delivered or posted by prepaid post to the address, or sent by fax to the number, of the addressee, in accordance with clause 8.2(b); and
- (e) will be deemed to be received by the addressee:
 - (i) (in the case of prepaid post) on the third business day after the date of posting;
 - (ii) (in the case of fax) at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is a non Business Day, or is after 5:00pm on a Business Day, when that communication will be deemed to be received at 8:00am on the next Business Day; and(in the case of delivery by hand) on delivery at the address of the addressee as provided in clause 8.2(b), unless that delivery is made on a non Business Day, or after 5:00pm on a Business Day, when that communication will be deemed to be received at 8:00am on the next Business Day.

8.3 Jurisdiction

Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria, and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating in any way to this Implementation Agreement.

8.4 Amendments

This Implementation Agreement may only be varied by a document signed by or on behalf of each of the parties.

8.5 Assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this Implementation Agreement without the prior written consent of the other party.

8.6 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this Implementation Agreement by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this Implementation Agreement.
- (b) Any waiver or consent given by any party under this Implementation Agreement will only be effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this Implementation Agreement will operate as a waiver of another breach of that term or of a breach of any other term of this Implementation Agreement.

8.7 Consents

Any consent referred to in, or required under, this Implementation Agreement from any party may not be unreasonably withheld, unless this Implementation Agreement expressly provides for that consent to be given in that party's absolute discretion.

8.8 Counterparts

This Implementation Agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the Implementation Agreement of each party who has executed and delivered that counterpart.

8.9 Entire Implementation Agreement

To the extent permitted by law, in relation to the subject matter of this Implementation Agreement, this Implementation Agreement embodies the entire understanding of the parties and constitutes the entire terms agreed upon between the parties.

8.10 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has not made any representation or other inducement to it to enter into this Implementation Agreement.
- (b) Each party acknowledges and confirms that it does not enter into this Implementation Agreement in reliance on any representation or other inducement by or on behalf of the other party.

8.11 No Merger

The rights and obligations of the parties will not merge on completion of any transaction under this Implementation Agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

8.12 GST

- (a) Any payment or other consideration referred to in any other provision of this Implementation Agreement for any supply that may be made under this Implementation Agreement ("Consideration") is set out or calculated to be exclusive of GST.
- (b) Where any amounts that may be payable under this Implementation Agreement are calculated by reference to a cost, expense or other amount paid or incurred by a party, the amount so payable shall be reduced by the amount of any input tax credits to which the party incurring such cost, expense or other amount is entitled in connection with any acquisition relating to such cost, expense or other amount.
- (c) If this Implementation Agreement states that Consideration is to be provided to a party for a taxable supply made under this Implementation Agreement, the party required to provide that Consideration shall, in addition, pay to the party making the taxable supply an additional amount equal to that Consideration multiplied by the applicable rate of GST.
- (d) Any such additional amount shall be provided at the same time as this Implementation Agreement requires the first part of the Consideration for the taxable supply to be provided and the party making the taxable supply shall issue a tax invoice to the party providing the Consideration for any such taxable supply at or before such time.
- (e) "GST", "supply", "tax invoice" and "Taxable supply", have the meanings given in the A New Tax System (Goods and Services Tax) 1999 as amended from time to time.

IN WITNESS whereof the parties hereto have hereunto executed these presents the day and year first hereinbefore written.

EXECUTED by **OCTANEX N.L.** in)
accordance with the provisions of Section)
127 of the Corporations Act 2001 by:)
)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

EXECUTED by **STRATA RESOURCES**)
N.L. in accordance with the provisions of)
Section 127 of the Corporations Act 2001 by:)
)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

SECTION SEVEN

NOTICE OF SCHEME MEETING OF MEMBERS OF STRATA RESOURCES N.L. SUMMONED PURSUANT TO AN ORDER OF THE SUPREME COURT OF VICTORIA

NOTICE IS HEREBY GIVEN that by an Order of the Supreme Court of Victoria the Court has directed a Meeting of Members be summoned pursuant to Section 411 of the Corporations Act 2001 for the purpose of considering and if thought fit agreeing with or without amendment to the following resolution in accordance with Section 411 of the Corporations Act 2001.

"THAT the Scheme of Arrangement proposed to be entered into between Strata Resources N.L. and its Members be agreed to."

The Court has ordered the Meeting to be held at the Institute of Chartered Accountants, level 3, 600 Bourke Street Melbourne on 27th January 2008 at 10.30am.

Enclosed are a copy of the Scheme of Arrangement and a copy of the Explanatory Statement explaining the effect of the Scheme of Arrangement as required by Section 412 of the Corporations Act 2001.

Members entitled to attend and vote at the Meeting are entitled to appoint proxies to attend and vote on their behalf. Proxies must be lodged 48 hours before the time appointed for the Meeting at the registered office of the Company pursuant to the Order of the Court.

The Court has ordered that the Chairman of the Meeting be Mr Graeme A Menzies and has ordered the Chairman of the Meeting to report the result of the Meeting to the Court.

The Scheme of Arrangement if agreed to by the Scheme Meeting will not come into force unless it is approved by the Court and until a copy of the Order approving it is lodged with the Australian Securities and Investments Commission.

For the Scheme of Arrangement to be approved by the Court and to come into effect pursuant to the provisions of the Corporations Act and in accordance with the terms of the Scheme itself it is necessary for the Scheme to be agreed to by a majority in number of the Members present and voting in person or by proxy at this Scheme Meeting convened in accordance with the Order of the Court and whose shareholdings represent not less than 75% of the total number of shares of those persons present and voting either in person or by proxy at that meeting.

Members are urged to either vote in person or by proxy in relation to this matter. If the Scheme of Arrangement becomes effective in accordance with the Corporations Act 2001 the Scheme will bind all Members including those Members who do not attend and vote.

DATED this 12th day of December 2008.

BY ORDER OF THE COURT



John Tuohy
Secretary

STRATA RESOURCES N.L.

NOTES

1. A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
2. A proxy duly appointed need not be a Member. In the case of joint holders all must sign.
3. A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act 2001 or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to the Company in any of the following ways:
 - by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Strata Resources N.L. at its registered office:
Level 21
500 Collins Street
Melbourne 3000
Facsimile: +61 (03) 8610 4799
 - by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely:

Link Market Service Limited
Level 1, 333 Collins Street
Melbourne VIC 3000
Facsimile +61 (3) 9615 9744
6. Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature. In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
7. Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
8. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.



ABN 28 007 687 612

Level 21,
500 Collins Street
Melbourne Vic 3000
Australia
www.strataresources.com.au