

**Octanex N.L.**

ABN 61 005 632 315

Level 21
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: +61 (0)3 8610 4700
Fax: +61 (0)3 8610 4799
Email: admin@octanex.com.au

RELEASE

OFFER OF 1,000,000 SHARES BY WAY OF PROSPECTUS

Octanex N.L. (*NSX Code: OCT*) ("the Company") advises an offer of new shares is being made by way of a prospectus dated 21 September 2009 ("Prospectus") that has been issued for the purpose of qualifying the Company for admission to the Official List of ASX Limited ("ASX"). The Prospectus, which seeks to raise a nominal amount of capital, is the promised follow up to the Offer Information Statement of 10 June 2009 which achieved its objective of increasing the number of shareholders to comply with the spread requirements for listing on ASX.

The offer is to be made to applicants by way of a placement of up to 1,000,000 new shares at an issue price of \$0.30 (30 cents) each and proposes raising up to \$300,000 ("Offer").

Until admission to the Official List of ASX occurs, the Company will remain listed on National Stock Exchange of Australia Limited. While application has been made to ASX, no assurance or representation (express or implied) can be given that the Company will be admitted to the Official List of ASX.

The funds raised via the Prospectus will become part of the Company's working capital and thus be available to advance the long term goal of becoming a significant player in the Australian oil and gas exploration and production industry.

A copy of the Prospectus is lodged herewith.

By Order of the Board

J.G. Tuohy
Company Secretary

22 September 2009

THIS PROSPECTUS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY. IF AFTER READING THIS PROSPECTUS YOU HAVE ANY QUESTIONS ABOUT THE SECURITIES BEING OFFERED FOR SUBSCRIPTION UNDER IT THEN YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISOR.

OCTANEX N.L.

ABN 61 005 632 315

PROSPECTUS

Prospectus for a placement of up to 1,000,000 Shares at an Issue Price of \$0.30 (30 cents) each to raise up to \$300,000 ("the Offer"). The Offer is not underwritten. There is no minimum subscription. Any investment in the Company's shares should be considered speculative.

No securities will be issued or allotted on the basis of this Prospectus later than the expiry date of this Prospectus which is 21 October 2010 being a date not more than 13 months after the date of this Prospectus. This Prospectus is dated 21 September 2009. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on 21 September 2009. Neither ASIC nor any of its officers take any responsibility for the contents of this Prospectus.



AN INVESTMENT IN THE COMPANY'S SECURITIES SHOULD
BE CONSIDERED SPECULATIVE

CORPORATE DIRECTORY

DIRECTORS

E G Albers (Executive Chairman)
J M D Willis (Executive Director)
G A Menzies (Non-Executive Director)

COMPANY SECRETARY

J G Tuohy

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATION OFFICE

Level 21, 500 Collins Street,
Melbourne, Victoria 3000, Australia
Telephone: +61(0)3 8610 4700
Facsimile: +61(0)3 8610 4799
Email: admin@octanex.com.au
Website: www.octanex.com.au

TECHNICAL OFFICE

Albers Group
Level 2, 5 Ord Street,
West Perth,
Western Australia 6005, Australia
Telephone: +61(0)8 9488 3000
Facsimile: +61(0)8 9488 3001
Email: simon@albersgroup.com

AUDITOR

BDO Kendalls Audit & Assurance (NSW-VIC)
Pty Ltd
GPO Box 4736,
Melbourne,
Victoria 3001

INDEPENDENT ACCOUNTANTS

BDO Kendalls Securities (NSW-VIC) Pty Ltd
GPO Box 4736,
Melbourne,
Victoria 3001

INDEPENDENT CONSULTING PETROLEUM GEOLOGIST

RPS Energy Pty Ltd
Level 3, 41-43 Ord Street
West Perth
Western Australia 6005

INDEPENDENT SOLICITOR: TITLE AND NATIVE TITLE

Corrs Chambers Westgarth
Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

SHARE REGISTRY

Link Market Services Limited
Level 1, 333 Collins Street,
Melbourne, Victoria 3000,
Telephone: +61(0)3 9615 9947
Facsimile: +61(0)3 9615 9744

TABLE OF CONTENTS

1	CHAIRMAN'S LETTER	2
2	IMPORTANT INFORMATION	3
3	KEY INVESTMENT FEATURES	4
4	OFFER AND KEY DATES	7
5	SUMMARY AND PRO FORMA FINANCIAL INFORMATION	14
6	THE COMPANY: ITS BUSINESS AND PROJECTS	18
7	DIRECTORS AND MANAGEMENT	28
8	INDEPENDENT GEOLOGISTS' REPORT	31
9	INDEPENDENT TITLE AND NATIVE TITLE REPORT	93
10	INDEPENDENT ACCOUNTANT'S REPORT	105
11	BUSINESS AND INVESTMENT RISKS	111
12	GENERAL MATTERS	115
13	DEFINITIONS & GLOSSARY	134
14	APPLICATION FORMS	136

1 CHAIRMAN'S LETTER



E. Geoffrey Albers

Dear Investor,

This prospectus, which seeks to raise a nominal amount of capital, has been issued for the purpose of qualifying Octanex for admission to the Official List of ASX Limited. Full details of Octanex N.L.'s oil and gas interests and its present activities are set out in this Prospectus.

Applicants should read this prospectus carefully and should realise that, notwithstanding the prospectivity of the interests held by Octanex, the risks in exploration for oil and gas are substantial. Your attention is drawn to some of the key risks which are detailed in this Prospectus generally and in Sections 6 and 11 in particular.

The Independent Geologist's Report by RPS Energy Pty Ltd ("RPS") deals with geological risks inherent in the interests presently held. Applicants should read that report carefully to gain a fuller understanding of those issues.

Before you make your investment decision I ask you to carefully read this Prospectus in its entirety and seek financial and other advice as required.

Once again, on behalf of the Directors I invite you to subscribe for Shares in the Company and look forward to your participation in its anticipated future success.

Yours sincerely



E.G. Albers
Chairman

2 IMPORTANT INFORMATION

INDICATIVE KEY DATES

Prospectus lodged with ASIC	21/09/2009
Opening Date	21/09/2009
Closing Date (unless extended)	11/10/2009
Expected date for dispatch of Transaction Confirmation Statements: subject to ASX Listing Approval	16/10/2009
Expected date for commencement of trading of Company's securities on ASX	21/10/2009

The dates for dispatch of Transaction Confirmation Statements and for commencement of trading in the Company's securities on ASX Limited ("ASX") are indicative only. Subject to the requirements of the Corporations Act 2001 ("the Act"), the Company reserves the right to vary the Closing Date without notice, which may have a consequential effect on other dates.

ALLOTMENT OF SECURITIES

No Shares will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on 21 September 2009. Neither ASIC nor any of its officers take any responsibility for the contents of this Prospectus.

APPLICATION FOR LISTING

The Company is presently listed on National Stock Exchange Limited ("NSX"). NSX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Prospectus.

This Issue is made in support of an application to list on ASX Limited ("ASX"). Application will be made to ASX to list on ASX all of the shares offered for subscription pursuant to the issue and all of the Company's existing securities. That ASX may admit the Company to its Official List and grant quotation to its securities, including the securities offered for subscription by this Prospectus is not to be taken in any way as an indication of the merits of the Company or those securities. ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of the Prospectus.

If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period permitted by the Act, none of the Shares offered for subscription by this Prospectus will be allotted or issued. In that case, all applications will be dealt with in accordance with the Act.

FORWARD LOOKING STATEMENTS

Various statements herein constitute statements relating to intentions, future acts and events. 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.

DATE OF PROSPECTUS

This Prospectus is dated 21 September 2009.

SUITABILITY OF INVESTMENT AND RISK FACTORS

Before deciding to invest, Applicants should read the entire Prospectus and, in particular, the summary of the Company's business in Section 6, the Independent Experts' Reports in Sections 8, 9 and 10 and the risk factors in Section 11. They should carefully consider these factors in the light of their personal circumstances (including, financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding to invest in any securities the subject of this Prospectus. Applicants should understand that exploration for oil and gas is both speculative and subject to a wide range of risks and that, unless the Company makes a commercial discovery, they may lose part or all of the value of their investment.

INFORMATION

No person is authorized to give any information or to make any representation in connection with the Offer of Shares described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorized by the Company in connection with this Offer.

JURISDICTION

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares, Options or the Offer or otherwise to permit a public offering of the Shares or the Offer in any jurisdiction outside Australia.

ELECTRONIC PROSPECTUS

This Prospectus will be issued in paper form and as an Electronic Prospectus; with the latter able to be viewed on-line at the Company's website www.Octanex.com.au. The Offer is available to persons receiving an electronic version of this Prospectus in Australia. The Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a complete and unaltered version of this Prospectus. During the Offer Period any person may obtain a hard copy of this Prospectus by contacting the Company by email at admin@albersgroup.com.au or by telephoning the Company Secretary on (03) 8610 4700.

3 KEY INVESTMENT FEATURES

IMPORTANT NOTICE

This Section contains a brief overview of the primary areas of activity in which the Company is involved. It contains generalised statements only. The information set out in this Section is explained more fully in the Prospectus generally.

Reading this Section is not a substitute for reading the Prospectus in its entirety. A failure to read the Prospectus in full may result in your making an investment decision without being aware of all relevant matters: including full project details and the risks to which an investment is subject. Without limiting the above advice to read the Prospectus in full, Applicants should have particular regard to the terms of the Issue having regard to the purpose of the Issue and the use of funds discussed in Section 6 and to the fact that actual use of funds may differ from budgeted use based on outcomes from the Company's exploration activities. Applicants should also have regard to the business and investment risks set out in Section 11.

PRESENT EXPLORATION ACTIVITIES

The Groups's exploration focus is directed at creating value from its asset base by a combination of its own exploration efforts and in joint venture with established or evolving oil exploration and production companies. The transactions with OMV, ENI and Shell outlined and discussed in Section 6 show this focussed approach to the industry.

Octanex has an excellent portfolio of interests which, in several instances, are being explored by world-class companies. The Shell and OMV/ENI transactions provide Octanex with the opportunity to participate in significant drilling operations and, with the Shell transaction in particular, to access the economic upside from any discoveries without incurring any further expenditure. Under the OMV/ENI transactions, the Octanex Group has the right to require OMV/ENI to acquire Octanex's residual interests on terms that are favourable to Octanex if OMV/ENI elect to drill any target in which Octanex decides not to participate. This portfolio of interests provides an opportunity to share risk with others while at the same time maintaining valuable and significant rights of participation.

The Board considers that Octanex's projects and permits provide the possibility of major, 'company-making' discoveries.

PROSPECTIVE RESOURCES

RPS has calculated Prospective Resource figures in relation to many of the prospects within Octanex's permits and these, and the bases on which they are calculated, are set out in RPS' report. Applicants should note that "Prospective Resources" are *"those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations"*

Consequently, that definition must be remembered when reading the RPS Report and this Prospectus generally where references are made to "Prospective Resources".

To fully understand the bases on which the Prospective Resources described in the RPS Report have been calculated and to understand all risk and other factors associated with, or relevant to, those calculations, Applicants must read the RPS Report in full, and, as necessary seek professional advice if there are matters set out in that report which they do not understand.

Applicants must realise that estimates of resources or reserves of any category rely on the integrity, skill, and judgement of the evaluator and are affected by the geological complexity, stage of exploration or development and amount of available data from which they are derived. Any estimate is subject to an inherent level of uncertainty and in the case of Prospective Resources, it should be recognised that, whilst SPE Resource classifications and definitions provide for assessment on the basis of "Low Estimate", "Best Estimate", "High Estimate" and "Mean Estimate" there must always be the prospect that as the definition refers to "*undiscovered accumulations*" the "*accumulation*" might not exist with the result that no actual resources are discovered.

On the above bases the summary of Prospective Resources as prepared by RPS and set out in the RPS report is set out below.

Permits Prospect	Undiscovered Gas Initially In Place (Bcf)				Prospective Gas Resources (Bcf)				*Risk Category
WA-362-P WA-363-P WA-386-P WA-387-P	Low Estimate	Best Estimate	Mean Estimate	High Estimate	Low Estimate	Best Estimate	Mean Estimate	High Estimate	
Gigantor	1707	6437	9807	21860	1024	4506	6865	17488	
Gidorah	1532	4145	5184	10172	919	2902	3629	8138	
Minya	1449	3684	4560	8763	869	2579	3192	7010	High
Hedorah	432	1286	1680	3442	259	900	1176	2754	High
Frankenstein	456	1332	1745	3572	274	932	1222	2858	High
Buzzsaw	452	1191	1510	2972	271	834	1057	2378	High
Megatron	552	1330	1608	3021	331	931	1126	2417	High
Skelator	372	1027	1321	2634	223	719	925	2107	High
Thunderwing	436	1099	1314	2522	262	769	920	2018	High
Ironhide	569	1245	1422	2538	341	872	995	2030	High
Godzilla	409	1121	1363	2679	245	785	954	2143	Moderate
WA-323-P WA-330-P	Low Estimate	Best Estimate	Mean Estimate	High Estimate	Low Estimate	Best Estimate	Mean Estimate	High Estimate	High
Winchester	590	1596	2131	4243	354	1117	1492	3394	
	Prospective Condensate Resources (mmbbls)				14	49	67	156	
WA-322-P WA-329-P	Low Estimate	Best Estimate	Mean Estimate	High Estimate	Low Estimate	Best Estimate	Mean Estimate	High Estimate	High
Tomcat	254	840	1227	2612	152	588	859	2090	
	Prospective Condensate Resources (mmbbls)				5	29	43	146	
Blackbird	815	1490	1568	2711	489	1043	1098	2169	High
Hornet	499	708	728	989	299	496	510	791	High

*See Appendix C for Risk Category Criteria

Undiscovered Gas Initially in Place and Prospective Resources for Evaluated Leads and Prospects
(Source: Table 1 –RPS Report)

POSSIBLE FUTURE ACTIVITIES

Octanex may subsequently seek to acquire additional interests from the Albers Group. If at any time this is proposed, Octanex will convene a meeting of its members to seek approval of members to any such acquisitions. No interests would be acquired without approval of members at a meeting convened in accordance with the Act, all relevant ASIC Regulatory Guides and all applicable Listing Rules. The notice of meeting required to be sent to members would contain all requisite experts reports required for that purpose any the vendors of any such interests (and their associates within the meaning of the Act) would be precluded from voting at any such meeting on any resolution to approve any such acquisitions.

GENERAL MATTERS

All Applicants should read this entire Prospectus and take particular notice of the financial position of Octanex, its joint venture arrangements, proposed exploration and development programmes, relevant technical information and the risks that are all set out in the Sections that follow. All of these factors will affect the future operations and activities of the Group. As a potential Applicant you should carefully consider these factors in the light of your personal circumstances (including your financial capacity and your investment and risk profile) and, if necessary, seek professional advice

from your accountant, stockbroker, lawyer, licensed financial adviser or other professional adviser before deciding to invest in the Shares offered by this Prospectus. Through the Group's projects and their management, it has always been and remains the objective of Octanex to provide Members with access to the potential for a just reward in return for the high level of financial risk that attaches to oil and gas exploration. While the Board will always strive to reduce and manage risk, a high level of risk is inherent in many aspects of the Group's activities.

The actions in managing risk include the careful selection of acreage, conservative bidding, significant initial positions, highly cost competitive exploration, alliancing, farming out obligations and a propensity to deal interests in order to reduce or spread risk.

The Company's present business and projects are described in Section 6, while Sections 8 and 9 contain the Independent Expert's Reports from **RPS Energy Pty Ltd** ("RPS") as Consulting Geologist, (on the prospectivity of the Permits presently held) and from **Corrs Chambers Westgarth** ("Corrs") as Solicitors (reporting on title and native title only) respectively. Summary details of the Company's financial position are set out Section 5. Set out in Section 10 is the Independent Accountant's Report from BDO Kendalls Securities (NSW-VIC) Pty Ltd ("BDO Securities").

The Company is managed by the Directors and the Company Secretary, with the support of senior management and outside consultants. See Section 7 for details with regard to the qualifications and experience of these persons.

The Company carries on high risk activities, with details of risks set out in Section 11. General matters, including Director's interests and material agreements are set out in Section 12.

THE OFFER

The Offer seeks to raise \$300,000 by the issue of up to 1,000,000 Shares at an issue price of \$0.30 per Share with the funds raised being primarily applied to cover the costs of the issue and the costs of the Company's application for listing on ASX. The balance of funds will form part of Octanex's general working capital and be applied for working capital requirements. The sole purpose of this Issue and this Prospectus is to satisfy condition 3 to Listing Rule 1.1 of the ASX Listing Rules.

STRATEGY

Octanex's focus and purpose is to explore for oil and gas, primarily within Australia and its offshore waters and to a lesser extent internationally. Its present focus is on exploration and development of its existing tenement interests and the acquisition of additional interests which its Board considers to have significant exploration potential. Octanex may acquire interests in Permits by original application, farm-in, purchase or by acquisition of interests in other entities which carry on the business of exploration for, development of or production of oil and gas. Where applicable and where considered advantageous by its Board, it may become involved (directly or indirectly) in any downstream activities with a primary focus on Australia. Such interests may be acquired by purchase, farm in or by acquisition of interests in corporate structures. Funding for exploration and any development activities will be sought by farm-out, sale (or partial sale) of interests in Permits, by equity issues and by debt or project finance, as considered applicable from time to time.

EXPERIENCED BOARD

The Board has:

- experience in the oil and gas and resource industries.
- a proven track record of creating value for shareholders.
- a commitment to standards of corporate governance.

In due course the Board will be restructured with additional suitably qualified directors being appointed. At this stage there are no proposed directors of Octanex.

GROUP STRUCTURE

The Octanex Group consists of the parent entity, Octanex, and its wholly-owned subsidiaries, Octanex Operations Pty Ltd, Exmouth Exploration Pty Ltd ("Exmouth"), Strata Resources Pty Ltd (formerly Strata Resources N.L. ("Strata"), Octanex NZ Limited and United Oil & Gas Pty Ltd ("United"). United is owned as to 50% by each of Octanex and Strata.

4 OFFER AND KEY DATES

Before making a decision to invest or subscribe for securities in the Company, each Applicant should read this Prospectus in full, having particular regard to risk factors, their own investment parameters and, as necessary, seek independent professional advice from appropriate advisers. An investment in the Company should be considered as speculative.

Potential investors may obtain an electronic copy of this Prospectus from the Company's website www.octanex.com.au

The Company does not accept any liability or responsibility for any loss or damage incurred by any person as a result of not being able to provide any such person a copy of the Prospectus on request or otherwise. It is the responsibility of each person seeking to apply for Shares to ensure that they receive or obtain a copy of the Prospectus and lodge a valid Application Form prior to the Closing Date.

THE OFFER

This Prospectus invites subscriptions for 1,000,000 Shares at an Issue Price of A\$0.30 per Share, payable in full on Application, to raise up to A\$300,000. The Issue is not underwritten. See below.

All Shares issued pursuant to this Prospectus will rank equally in all respects with each other and the shares on issue at the date on which Shares are issued and allotted pursuant to the Issue. Each Share entitles the holder to one vote on a poll at the general meetings of the Company.

The Issue is conditional on ASX agreeing to admit the Company to its Official List. See below.

OPENING AND CLOSING OF THE OFFER

The Offer will open at 9:00am (AEST) on 21 September 2009 ("Opening Date") and, subject to the right of the Directors to extend the Issue or close it at an earlier date, it will close at 5:00pm (AEST) on 11 October 2009 ("Closing Date"). Subject to the requirements of the Corporations Act 2001, the Directors unconditionally reserve the right to close the Offer early or to extend the Closing Date.

PAYMENT FOR SHARES

The Application Money for the Shares the subject of the Issue are payable in full on Application. Cheques must be made out in Australian currency. Cheques in Australian currency forwarded to the Company at its Registered Office or to the address of the Share Registry (both provided in the Corporate Directory) must be made payable to **"Octanex N L Subscription Account"** and crossed **"Not Negotiable"**.

Application for Shares can only be made by completing an Application Form in accordance with the instructions thereon. Applications must be for not less than 7,000 Shares having an aggregate issue price of A\$2,100 and thereafter applications for Shares must be in multiples of 1,000 Shares (A\$300).

Application Forms must be completed as shown on the Application Form and forwarded with the Subscription Moneys to Link Market Services Limited at the address set out in the Application Form or otherwise be lodged with the Company Secretary at level 21, 500 Collins Street, Melbourne 3000, Victoria.

If you, as an Applicant have any queries about terms of the Offer or how to apply for Shares you may contact the Company or the Company's Share Registrar at the address set out in the Corporate Directory at the front of this Prospectus or otherwise you should contact your stockbroker, accountant, lawyer or other financial advisor.

SUITABILITY OF INVESTMENT: SPECULATIVE NATURE OF OFFER

The Company is not able to advise you on the suitability or otherwise of an investment in the Company, and for such advice you must contact your own independent professional advisers.

Before deciding to invest in the Company, you are strongly recommended to read this document carefully and in its entirety so you are in a position to make an informed investment decision: giving particular attention to the Company's business and projects as described in Section 6, the Independent

Experts' Reports contained in Sections 8, 9 and 10 and the risk factors described in Section 11. You should understand that exploration for oil and gas is both speculative and subject to a wide range of risks and that, unless the Company makes a commercial discovery, you may lose the whole or part of the value of your investment

You should consider the above matters in the light of your personal circumstances (including financial and taxation affairs), your risk profile and your investment parameters. You should, as necessary, seek professional advice from your accountant, lawyer or other professional adviser before deciding whether to apply for Shares.

ACCEPTANCE OF APPLICATIONS FOR SHARES:

If an Application Form is not completed properly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The decision of the Company as to whether to treat an Application as valid or how to construe it will be final.

The Directors may complete any blanks or spaces left in any Application Form and each Applicant, by lodging the Application, appoints the Directors as its attorneys in this regard and authorises all such amendments. The Directors' decision, whether to treat the Application as valid and how to construe, amend or complete the Application Form, is final. However, no Applicant will be treated as having applied for more Shares than can be subscribed for by the amount of the accompanying cheque for the Application Moneys.

A completed and lodged Application Form, together with a cheque for the Application Money, constitutes a binding and irrevocable Application for the number of Shares specified in the Application Form or any lesser number allotted by the Company.

It is the responsibility of Applicants to determine their allocation of Shares prior to trading those Shares. Any Applicants who sell Shares before they receive their Transaction Confirmation Statements will do so at their own risk.

ALLOTMENT OF SHARES

Subject to ASX granting approval for the Company to be admitted to the Official List, the Directors will proceed to allotment of the Shares as soon as possible after the Closing Date. The Directors reserve the right to reject any Application and /or to allot a lesser number of Shares than applied for. If the number of Shares allotted is less than the number applied for, the surplus Application Money will be refunded to the Applicant within 14 days of the Allotment Date. Interest will not be paid on any refunded Application Money.

TAXATION, STAMP DUTY AND TAX FILE NUMBERS

Applicants should seek their own independent advice in relation to taxation and stamp duty matters generally and as to the operation of taxation laws in Australia. The Company is unable to give advice on taxation matters generally, as each Applicant's position will relate to their own specific circumstances. Applicants should satisfy themselves of possible taxation consequences of purchases and sales of securities by consulting their own professional tax advisers. It is not necessary for Applicants to quote their tax file number on any Application

NO MINIMUM SUBSCRIPTION

While the minimum application amount for each Application is 7,000 Shares, there is no minimum subscription amount for the Issue.

UNDERWRITING

The Offer is not underwritten

COMMISSION AND MANAGEMENT FEES

The Company will pay commission of 5% on all funds raised pursuant to Applications bearing any Market Participant's stamp which Applications are accepted by the Company. No agreement has been entered with any Market Participant.

APPLICATIONS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an Offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company has not taken any action to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia.

It is the responsibility of non-Australian residents to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all approvals have been obtained. Applicants proposing to act as nominees should seek independent advice as to how they should proceed.

COSTS AND EXPENSES OF THE ISSUE

The costs and expenses of the Issue are estimated as outlined below. The proceeds of the Issue will primarily be used to pay the costs of the Issue.

Expenditure Item	Amount
	\$
Printing	40,000
Independent Experts' Reports	97,500
Share Registry, postage and sundry	15,000
ASX Listing Fees	64,064
Commission (assuming the Issue is fully subscribed and commission paid on the full amount of the Issue)	12,500
Total	229,064

ELECTRONIC PROSPECTUS

This Prospectus may be viewed and downloaded online at the website www.octanex.com.au. Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the attached Application Forms. If you have not then please contact the Company by email, telephone, fax or post via the contact details for the Registered Office as provided in the Corporate Directory. You will be forwarded, free of charge, either a paper copy or a further electronic copy of the Prospectus, whichever you request.

Notwithstanding that you may receive this Prospectus electronically; there is no facility for Applications to be accepted electronically.

The Application Forms in this Prospectus must not be circulated or handed on to prospective investors unless accompanied by a complete and unaltered copy of this Prospectus and any supplementary prospectus which may hereafter be issued.

The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

The Company reserves the right to not accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form they were not provided with the Prospectus or any relevant supplementary prospectus or replacement prospectus or

any of these documents were incomplete or altered. In any such case the Application Money received will be dealt with in accordance with Section 722 of the Act.

While it is unlikely that the electronic copy of the Prospectus will be tampered with or altered, the Company cannot give any absolute assurance that that will be the case and any Applicant with any doubt concerning the validity or integrity of an electronic copy of the Prospectus (or any supplementary or replacement prospectus) should immediately request a paper copy of the Prospectus directly from the Company.

APPLICATION FOR LISTING

The Company will apply to ASX Limited ("ASX") within 7 days of the date of this Prospectus for admission to the Official List and for Official Quotation of its securities on ASX.

The fact that ASX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities of the Company.

ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Prospectus.

It is expected that trading of the Company's securities on the Stock Market conducted by ASX will commence after approval for admission to the Official List of ASX is granted and all conditions (if any) applicable thereto have been satisfied. It is anticipated that this will be within 3 Business Days after the despatch of Holding Statements. The timetable in Section 2 above is based on ASX approving the Company's application for listing by 16 October 2009. Any change to that assumed date will affect the date of despatch of Holding Statements and commencement of trading on ASX.

LISTING ON ASX AND CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ("ASTC"), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules of ASX ("Listing Rules") and Shares Clearing House Business Rules.

The Company operates an electronic issuer-sponsored sub-register and electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of shares.

The Company does not issue certificates to Shareholders. Applicants who are allotted securities under this Prospectus will be provided with Transaction Confirmation Statements which set out the number of Shares allotted to the Applicant. For Applicants who elect to hold their Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the Applicant under this Prospectus.

At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide Applicants with a holding statement that confirms the number of Shares allotted to each Applicant under this Prospectus and any transactions during that month. Those holding statements will also provide Applicants with their Holder Identification Number and give details of the Sponsoring Broker. If you are registered on the Issuer Sponsored sub-register, your Transaction Confirmation Statements will be despatched by the Share Registry and will contain the number of Shares allotted to you under the Prospectus, together with your Securityholder Reference Number.

A CHESS Holding Statement or Issuer Sponsored Holding Statement (either a "holding statement") will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a holding statement at any other time, however, a charge may be made by the Share Registry for additional statements.

RESTRICTED

Following discussions with ASX it is expected that ASX will admit the Company to its Official List without ASX classifying any of the Company's securities as restricted securities and without imposing escrow restrictions on any of the Company's securities.

CAPITAL STRUCTURE

CAPITAL STRUCTURE ON COMPLETION OF THE ISSUE: ASSUMING FULL SUBSCRIPTION		
AMOUNT RAISED	\$300,000	
OFFER PRICE PER SHARE	\$0.30	
DETAILS OF SECURITIES	SHARES	OPTIONS
Number of existing shares and options (immediately prior to the allotment of the Shares under the Offer *	176,428,104	36,651,372
No of Shares being offered under this Prospectus	1,000,000	-
Total number of shares and options on issue immediately after allotment of securities under the Offer	177,428,104	36,651,372
Indicative market capitalisation on quotation based on market price per share of \$0.20	\$35,485,620	

* includes 32,901,372 options listed on NSX under the NSX Code OCTOL and the 3,750,000 executive options referred to in clause 3.4 in Section 12 below.

RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OPTIONS

The Company's securities are presently listed on NSX trading under the NSX Codes OCT (for the shares) and OCTOL (for the options). The rights and liabilities attaching to the shares and the terms and conditions of the Options presently listed on NSX under the NSX Code OCTOL are detailed in clauses 2.1 and 2.2 of Section 12 respectively. The Shares are fully paid ordinary shares which will rank equally with all other shares on issue from the Allotment Date and are the same class of shares as as those listed on NSX.

PURPOSE OF THE ISSUE

The purpose of the issue is to qualify the Company for admission to the Official List of ASX. Under the Condition 3 of Listing Rule 1.1, unless ASX otherwise determines, a Company must issue and lodge a prospectus with ASIC as a condition of being admitted to the Official List of ASX. This is that prospectus.

In the opinion of the Directors the Company presently qualifies for admission to the Official List of ASX in that, in their opinion:

- Octanex's structure and operations are appropriate for an ASX listed entity.
- Octanex's constitution complies with ASX Listing Rules.
- Octanex satisfies the spread requirements of ASX in that it has 526 members each holding a parcel of ordinary Shares with a market value of at least \$2,000 based on a \$0.20 share price being the issue price at which Octanex issued shares under an Offer Information Statement issued on the 10 June 2010 and being less than the issue price of Shares under this Prospectus. In addition, members who are not related parties of Octanex hold not less than 25% of the total number of ordinary shares on issue. Octanex satisfies both the profit test in rule ASX Listing Rule 1.2 and the assets test in rule ASX Listing Rule 1.3.
- the exercise price for each option to acquire an ordinary share in the capital of Octanex is not less than \$0.20 (20 cents) in cash.
- The Company will, on making application for admission to the Official List, nominate Mr J Tuohy as the Company's representative for communications with ASX
- the Company has appointed an audit committee.

USE AND APPLICATION OF FUNDS

The bulk of the funds raised will be used to meet the costs of the Issue.

Octanex holds a series of permit interests. These are described in Section 6 and in the report by RPS in Section 8. Details of expenditure commitments in relation to each of the permit interests held by the Octanex Group are set out in detail in Section 6 in relation to each permit interest. Details of the expenditure obligations in relation to each permit in which Octanex has an interest are set out in detail in the report by Corrs which is contained in Section 9. The schedule to Corrs' Title and Native Title Report includes commitments which have been farmed out by Octanex to third parties such as OMV and ENI.

Octanex has a clear business plan centred around the carrying out of exploration on the various permits in which it has interests. Octanex's business commitments related thereto are directly tied to the work obligations in those permits. The exact amounts which will be spent by Octanex in the foreseeable future are subject to review on a continuing basis by the Board depending on, among other things, exploration results, farmouts and/or sales of interests. Priorities ascribed by the Board to exploration in permits which will change from time to time dependent on those results.

Therefore, in reading Section 6, which describes likely expenditure in satisfaction of permit work obligations, these facts need to be had regard to. Applicants should understand that actual use of funds by Octanex may differ from the expenditure estimates for the work obligations detailed in the report by Corrs. It should be noted that Corrs' Title and Native Title Report summarises permit obligations over the term of each permit, regardless of whether actual obligations are incurred or how such obligations are satisfied. It should also be recognised by Applicants that the expenditure figures in Corrs' report are solely estimates made at the time of application for permits. The underlying obligation under the terms of grant of any permit relates to meeting work obligations, not meeting preset expenditure requirements.

The underlying philosophy of the Octanex Group is to seek to farm out interests in permits held by it, with third parties incurring the significant costs of exploration: particularly those costs associated with drilling.

What is important is that Applicants should note that Octanex does not intend to enter any permit year in which a drilling obligation occurs unless:

- Octanex has fully assessed the permit and has located a prospect where Octanex's assessment of the prospect of drilling success is sufficiently high to merit the expenditure being made; and,
- Octanex has sufficient funds to meet any such obligation without adversely affecting future operations committed to by it.

The Directors will continually review the exploration strategy as results are obtained or events transpire, and will review projects and allocate funds with the aim of maximising shareholder value.

EXPENDITURES IN 2010 AND SUBSEQUENT YEARS

The Directors are satisfied that following completion of the Issue and by the application of existing funds, Octanex will have sufficient working capital to meet its stated objectives for a period of 2 years and be able to meet its statutory and all contracted expenditure obligations for the Permits during that period.

Expenditure in periods subsequent to 2010 will be partially dependent on the results of prior exploration programs and cannot be planned with any high level of certainty. Generally, the level of exploration expenditure will be influenced by available working capital.

When Octanex requires further funds for its programs its intention is that the additional funds would be raised in a manner deemed most expedient by the Board of Directors at the time, taking into account working capital requirements, exploration results, budgets, sharemarket conditions, capital raising opportunities and the interest of the industry in co-participation in the Company's programs. This means that such funds would be raised by any one or a combination of the following: placement of shares to excluded offerees, pro-rata issue to shareholders, the exercise of outstanding options and/or a further issue of shares to the public. Should these methods not be considered to be viable or in the best interests of shareholders, then it would be the Company's intention to meet its obligations by either partial sale of the Company's interests or farmout. Should funds be required for appraisal or

development purposes, the Company would look to project loan finance in addition to the fund raising methods outlined above.

RISK FACTORS

It is strongly recommended that Applicants read this Prospectus in full and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. They should be aware that there are significant risks associated with investment in the Company.

There are general risks, as well as specific risks which relate directly to the Company's business, which risks are beyond the control of the Company and its Directors because of the nature of the Company's business.

Applicants should realise that any company involved in exploration for oil and gas is subject to a wide range of risks, many of which may not be foreseeable.

Some of the risk factors are set out in Section 11 and are also referred to in Sections 6 to 9 both inclusive, as well as generally within this Prospectus.

5 SUMMARY AND PRO FORMA FINANCIAL INFORMATION

This Section contains the following historical financial information for the Octanex Group ("Financial Information") extracted from audited consolidated financial statements for the years ended 30 June 2008 and 30 June 2009: namely,

- consolidated income statements of the Octanex Group for the years ended 30 June 2008 and 30 June 2009 ("Consolidated Income Statements");
- consolidated balance sheets of the Octanex Group as at 30 June 2008 and 30 June 2009 ("Consolidated Balance Sheets"); and
- notes thereto.

This Section also contains the following pro forma financial information for the Octanex Group also prepared on a consolidated basis ("Pro Forma Financial Information"): namely,

- a pro forma income statement of the Octanex Group for the year ended 30 June 2009 ("Pro Forma Consolidated Income Statement")
- a pro forma balance sheet of the Octanex Group as at 30 June 2009 ("Pro Forma Consolidated Balance Sheet"); and
- notes thereto.

BASIS OF PREPARATION

Financial Information

The consolidated financial statements of the Octanex Group for the years ended 30 June 2008 and 30 June 2009 were audited by the Company's external auditor, BDO Kendalls Audit and Assurance (NSW-VIC) Pty Ltd ("BDO Audit and Assurance"), in accordance with Australian Auditing Standards. The audit opinion and review conclusions issued to the Members relating to those consolidated financial statements were unqualified.

Full copies of those consolidated financial statements are available for viewing and download from the NSX and the Company's website.

Pro Forma Financial Information

The Pro Forma Financial Information is based on the Financial Information and the following material adjustments made on a pro forma basis:

- an increase in equity resulting from the Offer;
- an increase in equity resulting from the issue and allotment of shares under the Offer Information Statement dated 10 June 2009 as lodged with ASIC ("OIS Issue") which closed on 8 July 2009;
- an increase in cash resulting from both the OIS Issue and the Issue;
- the costs of the OIS Issue and the Issue;
- the effect on "Other financial assets" resulting from acquisition of additional shares in Cue Energy Resources Limited under an entitlement issue: which acquisition occurred in July and August; and
- the movement in the fair value of investments that has occurred between 30 June 2009 and the close of trade on 8 September 2009.

Both the Financial Information and the Pro Forma Financial Information are presented in an abbreviated form and do not contain all the disclosures that are usually provided in financial reports prepared in accordance with the Act. In particular, that information does not include the notes to and forming part of the audited financial statements of the Company or the Octanex Group.

The accounting policies used to prepare the Pro Forma Financial Information are the same as the accounting policies used in preparation of the audited financial statements of the Octanex Group for

the year ended 30 June 2009. As noted above, full copies of these consolidated financial statements are available for viewing and download from the NSX and from the Company's website.

Consolidated Income Statements and Pro Forma Consolidated Income Statement

Set out below are the Consolidated Income Statements for Octanex Group for the years ended 30 June 2008 and 30 June 2009 and a Pro Forma Consolidated Income Statement for the Octanex Group for the year ended 30 June 2009. The Pro Forma Consolidated Income Statement is prepared on the bases described in the paragraph above and on the basis this Issue is fully subscribed.

Consolidated Income Statements and Pro Forma Consolidated Income Statement for Octanex Group

	Audited (000's)	Audited (000's)	Pro Forma (000's)
For the year ended 30 June	2008	2009	2009
INCOME			
Interest received on cash balances	867	1,115	1,115
Net foreign exchange gain	-	357	357
Gain in change on estimated payable	-	1,703	1,703
Profit on sale of exploration tenement	22,846	-	-
Profit on sale of available for sale investments	2,882	-	-
Total income	26,595	3,175	3,175
EXPENSES			
Administration	197	210	210
Audit fees	29	97	97
Brokerage	53	11	11
Consulting	37	168	168
Directors' remuneration	87	65	65
Exploration	4	12	12
Legal Fees	-	32	32
Reporting, registry and stock exchange	28	63	63
Relocation costs	-	18	18
Office expenses	51	40	40
Other expenses	28	50	50
Foreign exchange losses	159	-	-
Share based payments: fair value of		-	-
- phantom shares	221	65	65
- options at grant date	102	121	121
Gain of forward exchange contract	(55)	-	-
Impairment loss on available for sale investments	-	4,197	4,308
Total expenses	941	5,149	5,260
Profit (loss) before tax	25,655	(1,974)	(2,085)
Income tax benefit (expense)	(7,790)	1,144	1,177
Profit (loss) after tax	17,866	(830)	(908)

Pro forma adjustments underlying the Pro Forma Consolidated Income Statement

Movement in the fair value of investments

After initial recognition, available-for-sale investments are measured at fair value with gains or losses recognised as a separate component of equity in the asset revaluation reserve. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment) the full amount of that decline in value, including any amount previously charged to equity, is recognised in the income statement.

The Pro forma Consolidated Income Statement reflects a further decline to the date of this Prospectus in the fair value of two of the investments which had been impaired at 30 June 2009. This adjustment increases the Impairment loss reflected above from \$4,197,000 to \$4,308,000: an additional adjustment of \$111,000 (rounded).

Increase in Income Tax Benefit

The Income Tax benefit of \$1,114,000 has been increased by \$34,000 (rounded) to \$1,177,000 as a result of the increased Impairment loss of \$111,000.

Consolidated Balance Sheets and Pro Forma Consolidated Balance Sheet

Set out below are the Consolidated Balance Sheets as at 30 June 2008 and 30 June 2009 and the Pro Forma Consolidated Balance Sheet as at 30 June 2009. The Pro Forma Consolidated Balance Sheet is prepared on the basis described above and on the basis this Issue is fully subscribed.

Consolidated Balance Sheets and Pro Forma Consolidated Balance Sheet

	Audited (000's) 2008	Audited (000's) 2009	Pro Forma (000's) 2009
As at 30 June	2008	2009	2009
CURRENT ASSETS			
Cash and cash equivalents	23,004	31,168	30,148
Trade and other receivables	305	74	74
Forward exchange contract	55	-	-
TOTAL CURRENT ASSETS	23,364	31,242	30,222
NON-CURRENT ASSETS			
Other financial assets	13,101	8,713	14,905
Exploration and evaluation assets	2,323	47,106	47,106
TOTAL NON-CURRENT ASSETS	15,424	55,818	62,011
TOTAL ASSETS	38,789	87,061	92,233
CURRENT LIABILITIES			
Trade and other payables	760	1,484	484
Current tax liabilities	6,162	-	-
TOTAL CURRENT LIABILITIES	6,922	1,484	484
NON-CURRENT LIABILITIES			
Payables	-	3,981	3,981
Provision for share based payment	221	286	286
Deferred tax liabilities	3,846	13,939	15,401
TOTAL NON-CURRENT LIABILITIES	4,067	18,206	19,668
TOTAL LIABILITIES	10,989	19,690	20,152
NET ASSETS	27,800	67,371	72,081
EQUITY			
Contributed equity	4,220	46,731	47,871
Reserves	4,211	2,101	5,750
Retained earnings	19,369	18,539	18,460
TOTAL EQUITY	27,800	67,371	72,081

Pro forma adjustments underlying the Pro Forma Consolidated Balance Sheet

Net cash raised by Listing

Under the Issue, the Company is seeking to raise \$300,000. The expected costs of the Issue are presented in Section 5 and total \$229,000 (rounded).

Costs associated with the raising of capital are debited against equity. The net effect of these adjustments is an increase in Cash and Contributed equity of \$71,000 (rounded).

Shares allotted in July 2009 pursuant to the OIS Issue

Cash of \$1,033,498 was received during the month of June 2009 from sale and from the issue of ordinary shares offered under the OIS Issue. On 20 July 2009 the allotment of the 5,000,000 ordinary shares and accompanying 5,000,000 free 31 December 2010 options was completed. The

OIS Issue raised \$1,000,000. The additional \$33,498 results from a number of transactions not considered material and is not reflected or adjusted in the Pro Forma Consolidated Balance Sheet.

At 30 June 2009 a liability was recorded as part of the Trade and other payables balance for the \$1,000,000 raised under the OIS Issue because the relevant shares had not been issued under the OIS as at 30 June 2009.

An adjustment has been made in the Pro Forma Consolidated Balance Sheet to increase Contributed equity and reduce the Trade and other payables balance by \$1,000,000.

Additional shares allocated in Cue Energy Resources Limited (“Cue”)

On 23 July 2009 the Company was allocated 5,044,000 Cue ordinary shares from an entitlement issue for a cost of \$756,600. On 6 August 2009 there was a further allocation under this entitlement issue of another 2,232,028 ordinary shares in Cue for a cost of \$334,804. An adjustment has been made to increase the carrying amount of Other financial assets and decrease the Cash and cash equivalents balance by \$1,091,000 (rounded).

Movement in fair value of available-for-sale investments

There have been significant movements in the market value of the Octanex Group's investments in listed equities that have occurred from 30 June 2009 to the date of this Prospectus. After initial recognition, available-for-sale investments are measured at fair value with gains or losses recognised as a separate component of equity (asset revaluation reserve).

The net movement in the market value of the Company's available-for-sale investments that have been adjusted to the Asset Revaluation Reserve is \$5,212,881. This increase is directly linked to an increase in Deferred tax liabilities noted below.

Tax Effect of Pro forma transactions

The provision for Deferred tax liabilities has been adjusted to reflect an increased deferred tax provision resulting from the differences in the carrying value of Other financial assets.

PROFITABILITY OF OCTANEX GROUP

The Octanex Group has been profitable for each of the past 5 years, other than for the year ended 30 June 2009 when it incurred an audited after tax loss of \$830,239. That loss resulted from the requirement under IFRS that any impairment of any available for sale asset be reflected in the Income Statement. This requirement resulted in various of Octanex Group's investments in listed equities being impaired by an amount of \$4,196,551.

CHANGES IN FINANCIAL POSITION SINCE 30 JUNE 2009.

There have been no material changes in the financial position of the Octanex Group since 30 June 2009 save as set out above in the adjustments underlying the Pro Forma Consolidated Balance Sheet. Since 30 June 2009 the Octanex Group has continued to operate on a profitable basis. The Octanex Group's ongoing profitability will depend on a variety of factors and events which have not yet been determined upon: including the treatment of exploration expenditure and the results of exploration generally.

DIVIDEND HISTORY

Octanex has not paid any dividends and does not expect to pay dividends in the foreseeable future. It is intended that the Octanex Group's cash resources will be retained to meet exploration expenses or otherwise invested in strategic assets or corporate acquisitions.

6 THE COMPANY: ITS BUSINESS AND PROJECTS

Octanex, by itself and through its wholly-owned subsidiaries, holds working interests in 10 petroleum exploration permits and residual and royalty interests in 3 such permits, all situated in the offshore basins of Australia and 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.

The policy underlying the management of the Octanex Group permits, investments and interests is a cohesive policy which, insofar as is practical and both legally and commercially expedient, does not differentiate between whether they are owned by Octanex directly, or indirectly through one or more of its wholly-owned subsidiaries. This policy is reflected in this Prospectus where distinctions as to ownership between Octanex Group member companies are disregarded when describing permits or interests in them.

Five of the permits in which interests are held by the Octanex Group are located in the Exmouth Sub-basin (WA-322-P, WA-329-P, WA-384-P, WA-385-P and WA-394-P), with a further four permits located on the Exmouth Plateau (WA-362-P, WA-363-P, WA-386-P and WA-387-P). Two of the permits are located in the Dampier Sub-basin (WA-323-P and WA-330-P), while the two remaining permits (EPP 34 and Vic/P61) are located in the Otway Basin, offshore of South Australia and Victoria respectively.

Full details of Octanex Group's permit interests are contained in the reports by RPS in Section 8 and by Corrs in Sections 9 and Applicants are referred thereto. This Section sets out a brief overview of those permit interests and Octanex's objectives in the near term.

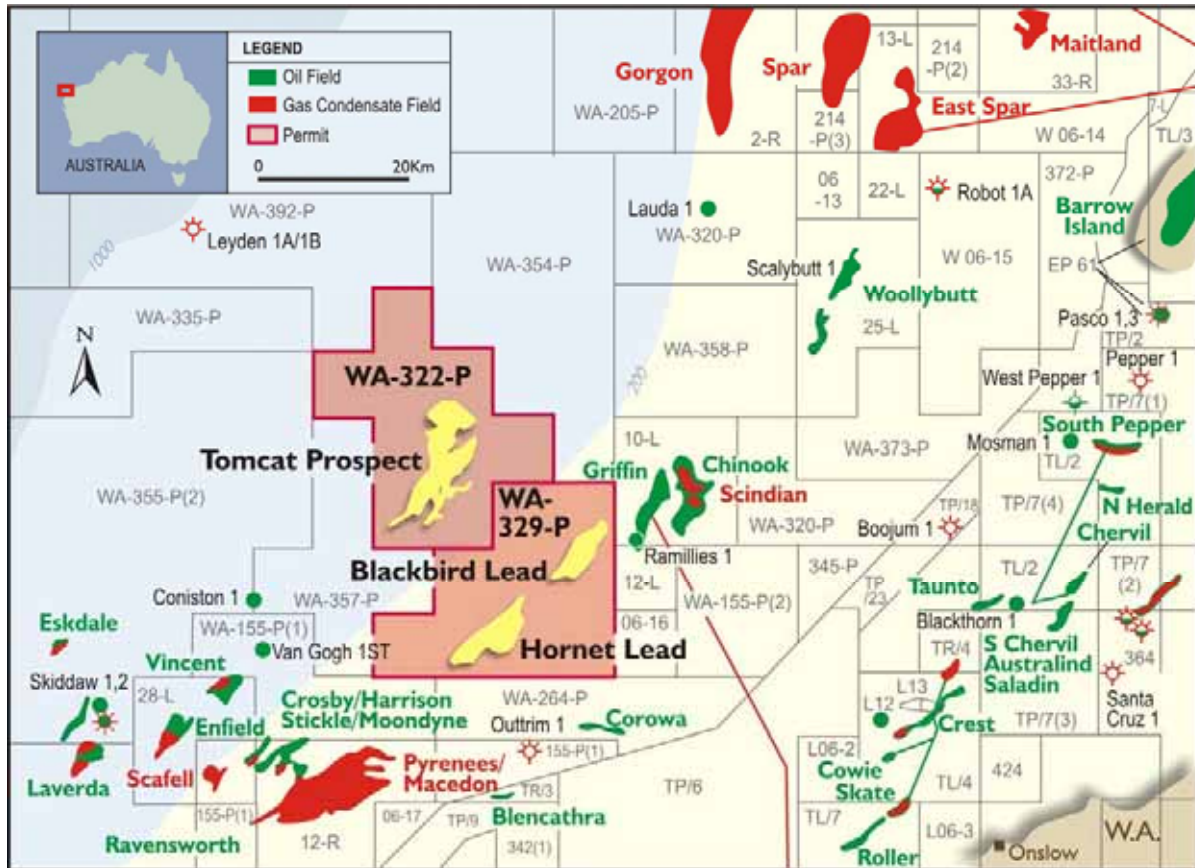
Octanex's near term objectives are to:

- Complete the year-6 permit work obligations of both WA-322-P and WA-329-P that entail geotechnical studies and then evaluate the data obtained in the permits to enable a decision as to whether to seek a renewal for a further 5 year term in each case.
- Complete the processing of the new OBC 3D seismic survey to identify suitable drilling targets centred on the Winchester Prospect. The strategic objective is to farmout an interest in each permit and for the Octanex Group to have no exposure to drilling costs.
- Should the Farminees (OMV Australia Limited ("OMV") and ENI Australia Limited ("ENI")) to the Exmouth Plateau permits WA-362-P, WA-363-P, WA-386-P and WA-387-P reach a decision to drill in one or more of these permits, decide whether to exit the relevant permit interests for the previously agreed cash sum in each case or be carried through the cost of the relevant wells. See below for details of those contracts.
- To the extent to which Octanex Group has a right to access data, monitor the progress of the exploration and evaluation work being carried out by Shell Development (Australia) Pty Ltd ("Shell") in the WA-384-P, WA-385-P and WA-394-P permits, where the Octanex Group has no exposure to ongoing costs but has residual rights to receive payments on the occurrence of certain events and retains overriding royalty rights. See below for details of those payments and that contract.
- In the EPP 34 permit, complete the interpretation of the Trocopa 2D seismic survey and the reprocessed seismic data in the permit prior to a decision on whether to enter Year 5 of the permit which has a well obligation. Octanex will only enter permit year 5 if the well obligation is farmed out and there is no exposure to the related drilling costs.
- Continue negotiations with the Designated Authority with a view to relinquishing any interest in the Vic/P61 permit, as the work obligations have not been able to be progressed due to the inability to gain environmental-based approvals to complete the exploration programme.

The following information is provided in relation to specific permits and interests.

WA-322-P and WA-329-P, Exmouth Sub-basin

The WA-322-P and WA-329-P permits are situated in the Exmouth Sub-basin as displayed in the location and prospects map below. The Octanex Group holds a 100% interest in both permits and they are in year-6 of their permit terms. These permits were acquired by application under the *Petroleum (Submerged Lands) Act 1967* (now the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*). The WA-322-P and WA-329-P permits were granted on 22 March and 5 September 2002 respectively and are both for a period of six years. No consideration was paid to any third party for the acquisition of any interest in either permit.



Permit and Prospects Map for WA-322-P and WA-329-P

The work programmes for the extended year 5 were the same for each of WA-322-P and WA-329-P and involved the acquisition of 3D seismic data relevant to the respective areas and furtherance or completion of geotechnical studies. Those year-5 work programmes are complete.

The year-6 work programme calls for geotechnical studies in each permit and an evaluation of the data obtained in the permits with a view to seeking a renewal for a further 5 year term in each case.

The cost of the year 6 work programme in each of each of WA-322-P and WA-329-P is estimated at \$150,000 and has been committed to by Octanex.

WA-322-P

The Octanex Group holds a substantial amount of 3D seismic data over WA-322-P, including approximately 640 km² of 3D acquired as part of the HCA04A Seismic Survey. The Octanex Group is in the process of interpreting and reassessing prospectivity in WA-322-P, with an emphasis on the Tomcat Prospect, a Lower Barrow oil play. Details of the Tomcat Prospect as presently known are set out in the RPS Report. Applicants should note that the results of the year 6 work programme in WA-322-P may modify the present assessment of the permit: as presented in detail in the RPS Report. Briefly, RPS' present assessment is that, due to its depth of burial, the Tomcat Prospect likely to be a gas and possible condensate scenario.

The summary of the calculations by RPS of each of prospective gas initially in place and recoverable gas and condensate are shown in Table 1 and Table 2 below, as extracted from the RPS Report.

	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Undiscovered Gas Initially in Place (Bcf)	254	840	1227	2612

Table 2 - Undiscovered Gas Initially In Place in the Tomcat Prospect (Source: RPS)

	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Prospective Gas Resources (Bcf)	152	588	859	2090
Prospective Condensate Resources (mmbbls)	5	29	43	146

Table 3 - Prospective Recoverable Gas and Condensate in the Tomcat Prospect (Source: RPS)

The RPS Report should be read in conjunction with this extract to understand the context in which RPS has arrived at its conclusions and to fully comprehend the bases on which those conclusions are formed.

WA-329-P

The Octanex Group also holds substantial 3D seismic data over WA-329-P, with coverage over approximately 95% of the permit. This data includes 107 km² acquired as part of the HCA04A Seismic Survey, as well as the reprocessed Swell-Baylis 3D Seismic Survey dataset of some 800 km².

Octanex is in the process of interpreting and reassessing prospectivity in WA-329-P, with a number of Triassic features being followed up. The main prospects, Blackbird and Hornet, are displayed in the location map above and in detail in the RPS Report.

There are two prospects in WA-329-P, known presently as Hornet and Blackbird: previously known as the Swell and Baylis respectively. Both are gas/condensate targets, strategically located offshore from Onslow, the site of two proposed LNG processing plants involving each of BHP and Chevron.

The Blackbird Prospect is interpreted as a 40 km² faulted Triassic closure, having a maximum closure height of 350m and with the top of the closure at 3,985m sub-seabed in a water depth of 165m

The Hornet Prospect is interpreted as a 28 km² faulted Triassic closure, having a maximum closure height of 750m and with the top of the closure at 4,285m sub-seabed in a water depth of 165m.

RPS has concluded in their report that the volumetric estimates of undiscovered gas initially in place and prospective resources for the two prospects are as presented in Table 3 and Table 4 below, as extracted from the RPS Report

	Undiscovered Gas Initially in Place (Bcf)			
Prospect / Lead	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Blackbird	815	1490	1568	2711
Hornet	499	708	728	989

Table 4 - Undiscovered Gas Initially in Place Blackbird and Hornet (Source: RPS)

	Prospective Gas Resource (Bcf)			
Prospect / Lead	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Blackbird	489	1043	1098	2169
Hornet	299	496	510	791

Table 5 - Prospective Gas Resources for Blackbird and Hornet (Source: RPS)

Again the full RPS Report should be read in conjunction with this extract to understand the context in which RPS has arrived at its conclusions and to fully comprehend the bases on which those conclusions are based.

WA-323-P and WA-330-P, Dampier Sub-basin

The WA-323-P and WA-330-P permits comprise the Dampier Project and are displayed in the location map below. The Octanex Group holds a 100% interest in both permits and they are in year-5 of their permit terms. These permits were acquired by application under the *Petroleum (Submerged Lands) Act 1967* (now the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*). The WA-323-P and WA-330-P permits were granted on 22 March and 5 September 2002 respectively and are both for a period of six years. No consideration was paid to any third party for the acquisition of any interest in either permit.

The primary prospect within the permits is the Winchester Prospect which straddles the WA-323-P and WA-330-P permit boundaries.

The year-5 work programme for both permits was completed by the acquisition of the Winchester Ocean Bottom Cable ("OBC") 3D seismic survey. Budgeted expenditure for expenditure on interpretation of the results of the OCB survey is \$650,000.

In meeting the year-5 work programme commitment to acquire new seismic data, the Octanex Group entered into a US\$9.75 million agreement with Geokinetics (Australasia) Pty Ltd and acquired the OBC 3D seismic survey within both permits and over the Winchester Prospect. 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 surveyed area will provide further but less intensive seismic data. Sophisticated processing of the Winchester OBC 3D seismic data followed the acquisition and this work is ongoing at the date of this Prospectus.

RPS have, from the work carried out to date, made a probabilistic calculation of volumetrics for the Winchester structure as follows in Table 5 and Table 6 below, as extracted from the RPS Report.

	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Undiscovered Gas Initially in Place (Bcf)	590	1596	2131	4243

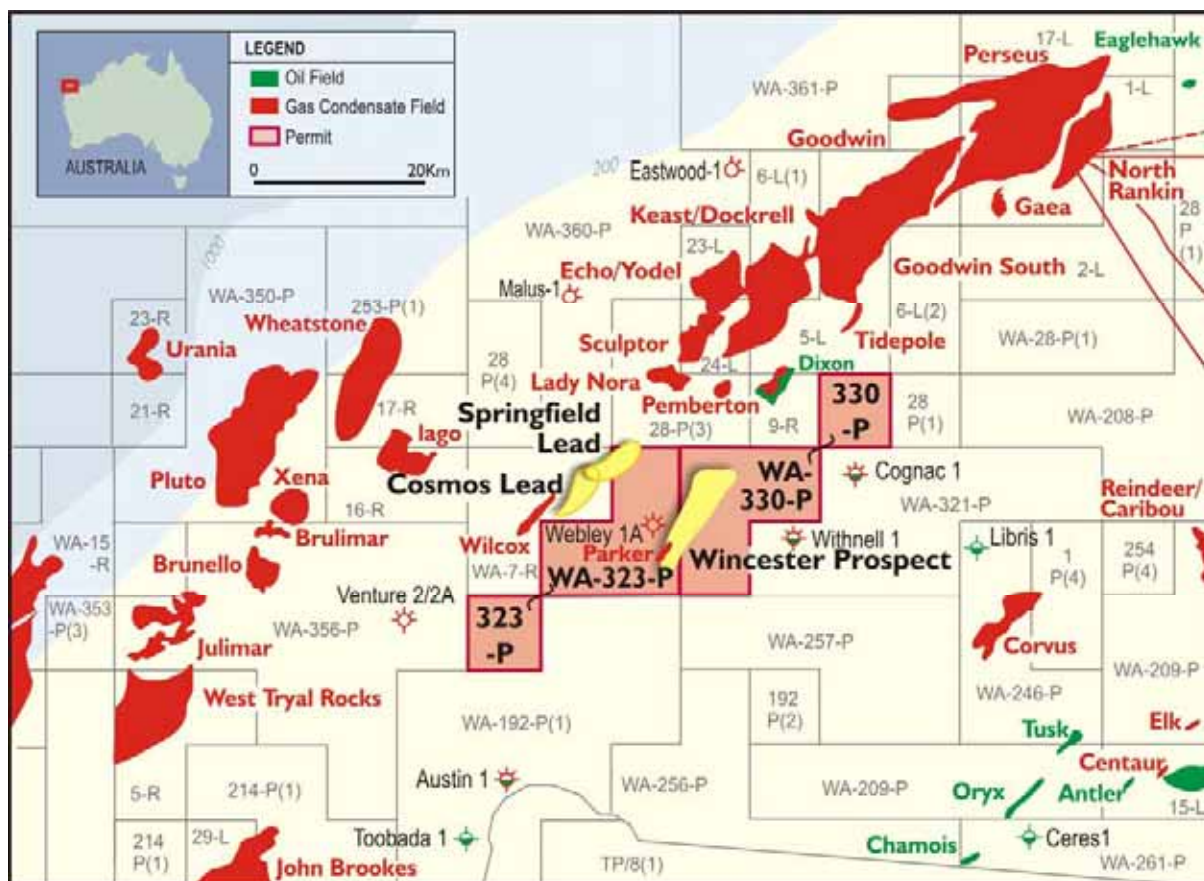
Table 6 - Undiscovered Gas Initially in Place of the Winchester Prospect (Source: RPS)

	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Prospective Gas Resources(Bcf)	354	1117	1492	3394
Prospective Condensate Resources (mmbbls)	14	49	67	156

Table 7 - Prospective Resources of the Winchester Prospect (Source: RPS)

Again the RPS Report should be read in conjunction with this extract to understand the context in which RPS has arrived at its conclusions and to fully comprehend the bases on which those conclusions are formed.

The year-6 work programme for each permit has been varied to require Geotechnical Studies at an estimated cost of \$150,000 in each permit.



The proximity to WA-323-P and WA-330-P of existing infrastructure and likely future infrastructure extensions, as well as new infrastructure, bodes well for any discovery that may be made, whether it be oil or gas. Significant future demand for gas to supply both domestic demand and the proposed Wheatstone and Pluto LNG developments are anticipated. Therefore, 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.

WA-362-P, WA-363-P, WA-386-P and WA-387-P, Exmouth Plateau

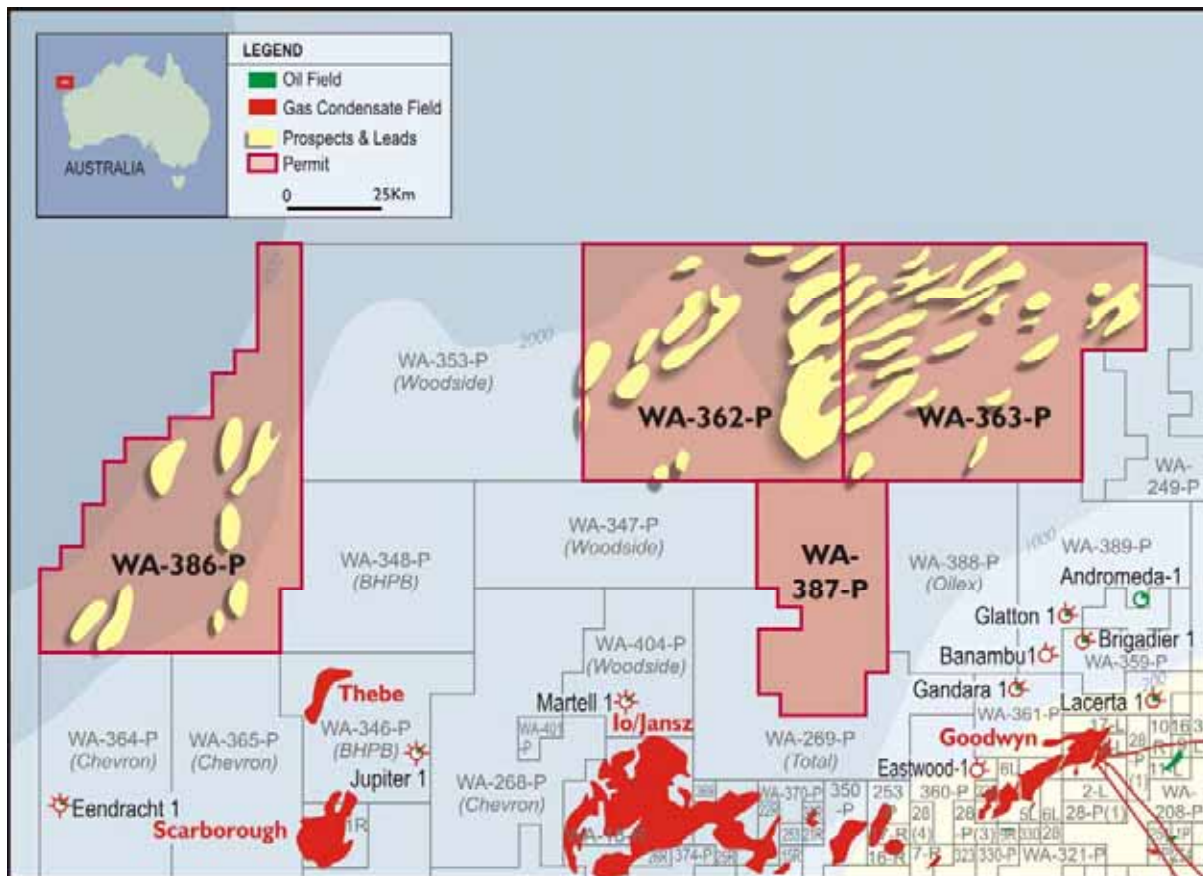
The WA-362-P, WA-363-P, WA-386-P and WA-387-P permits are situated on the Exmouth Plateau and are displayed in the location map below. The Octanex Group initially held a 100% interest in each permit and they are in year-5 (WA-362-P and WA-363-P) and year-4 (WA-386-P and WA-387-P) of their permit terms. These permits were acquired by application under the *Petroleum (Submerged Lands) Act 1967* (now the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*). The WA-362-P and WA-363-P permits were granted on 22 June 2005 while the WA-386-P and WA-387-P permits were granted on 21 August 2006, all for a period of six years.

As detailed below, OMV and ENI farmed into a 60% interest in the four permits and the Octanex Group now holds a 40% interest in each one.

The Operator of the permits is OMV and the 40% participating interest in WA-362-P and WA-363-P is held by Octanex and Strata (14% each) and Exmouth (12%), while Exmouth holds the 40% in each of WA-386-P and WA-387-P.

The work programmes for year-4 and year-5 in all four permits are the same and entail seismic interpretation and geotechnical studies in the respective years. The year-6 work programme calls for an exploration well to be drilled in each permit. Should all of this work be carried out in each permit, the Octanex Group is carried through all of the costs of these work programmes in all four permits.

Should OMV and ENI elect not to complete the work programme in one or more of the permits, the Octanex Group is not exposed to the costs of completing that work programme(s) unless it takes back the relevant interest(s) from OMV and ENI and consequently commits to that work programme(s).



Permit and Prospects Map for WA-362-P, WA-363-P, WA-386-P and WA-387-P

The four permits, which cover an aggregate area of approximately 37,795 km², are on the northern margin of the Exmouth Plateau, 300 to 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.

In August 2007, three Octanex Group companies entered into four separate Joint Ventures with OMV and ENI, one relating to each of WA-362-P, WA-363-P, WA-386-P and WA-387-P. As a consequence, the Octanex Group holds an aggregate 40% interest in all of these permits and OMV and ENI each hold a 30% interest.

As part of the farmin arrangements whereby OMV and ENI acquired their interests various present Octanex Group companies agreed to assign a 60% interest in each permit for a monetary amount while retaining a 40% interest. For their part, OMV and ENI agreed to acquire and process sufficient 2D seismic data in each permit that would meet all the current and future seismic work obligations for all four permits. From the outset, OMV and ENI indicated their intention to comprehensively explore these four Exmouth Plateau permits and, to that end, they have acquired approximately 7,407 km of new 2D seismic data, known as the Klimt 2D Seismic Survey. This data is currently being interpreted by OMV.

The next decision point for OMV and ENI is that by 1 January 2010 they must commit to the drilling of a well in any one of the permits or re-assign their entire 60% interest in all four permits back to the Octanex Group.

Under the terms of the farmin agreement, OMV and ENI also have the right to earn a further 20% interest in each permit from the Octanex Group companies by electing to commit to a well in a permit and agreeing to meet all the costs of the first two wells that they may elect to drill in that permit. This would leave the Octanex Group with a residual 20% interest in each permit where such a commitment has been made.

The final leg of the farmin arrangements provides that, if the Octanex Group does not wish to participate in the first well (i.e. by being carried through its share of drilling costs) that OMV and ENI may elect to drill at their discretion on any one of the four permits, the Octanex Group has a right, exercisable within

60 days of receiving a formal notice from OMV and ENI of their intention to drill a well, to elect to assign the 40% interest in the relevant permit to OMV and ENI for US\$16,000,000. This option is available to the Octanex Group in each of the four permits.

RPS report that they have evaluated eleven leads within permits WA-362-P, WA-363-P and WA-386-P: The majority of the mapped structural closures are potentially substantial, with giant gas fields possible.

The results of the RPS volumetric analysis and geological risking are shown in Table 7 and Table 8 below as extracted from the RPS Report.

Undiscovered Gas Initially In Place (Bcf)				
Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Gigantor	1707	6437	9807	21860
Ghidorah	1532	4145	5184	10172
Minya	1449	3684	4560	8763
Hedorah	432	1286	1680	3442
Frankenstein	456	1332	1745	3572
Buzzsaw	452	1191	1510	2972
Megatron	552	1330	1608	3021
Skelator	372	1027	1321	2634
Thunderwing	436	1099	1314	2522
Ironhide	569	1245	1422	2538
Godzilla	409	1121	1363	2679

Table 8 - Undiscovered Gas Initially In Place (Source: RPS)

Prospective Gas Resources (Bcf)					
Prospect	Low Estimate	Best Estimate	Mean estimate	High Estimate	Risk Category
Gigantor	1024	4506	6865	17488	High to Moderate
Ghidorah	919	2902	3629	8138	High
Minya	869	2579	3192	7010	High
Hedorah	259	900	1176	2754	High
Frankenstein	274	932	1222	2858	High
Buzzsaw	271	834	1057	2378	High
Megatron	331	931	1126	2417	High
Skelator	223	719	925	2107	High
Thunderwing	262	769	920	2018	High
Ironhide	341	872	995	2030	High
Godzilla	245	785	954	2143	Moderate

Table 9 - Prospective Resources and Risks (Source: RPS)

Again, the full RPS Report should be read in conjunction with this extract to understand the context in which RPS has arrived at its conclusions and to fully comprehend the bases on which those conclusions are formed.

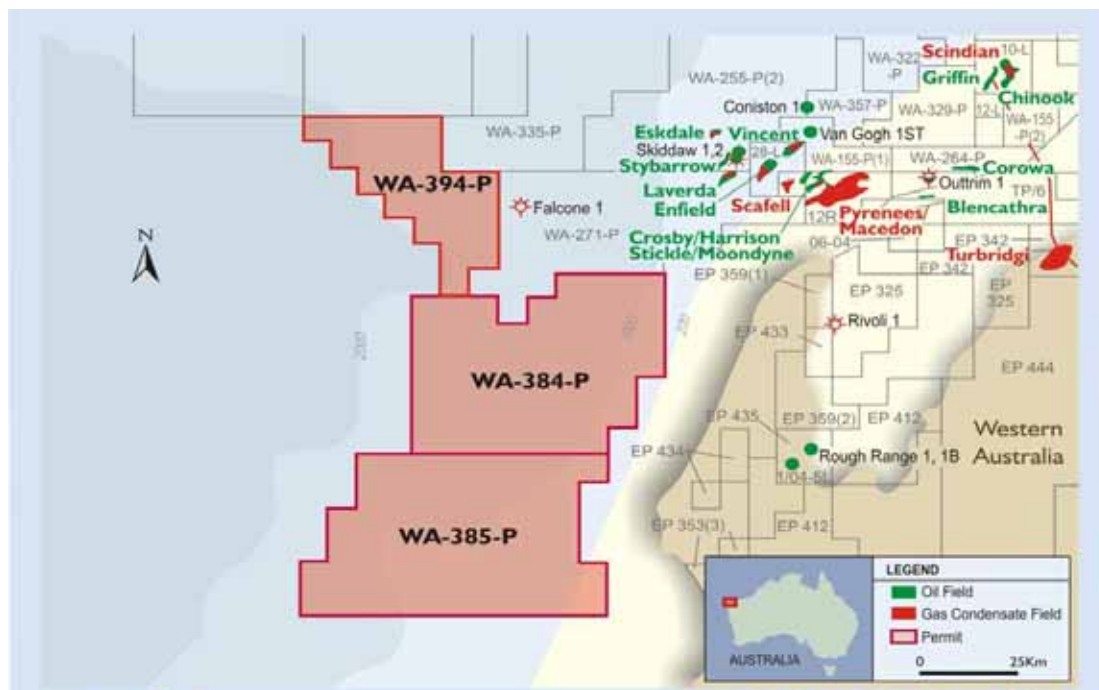
WA-384-P, WA-385-P and WA-394-P, Southern Exmouth Sub-basin

The WA-384-P, WA-385-P and WA-394-P permits are situated in the southern Exmouth Sub-basin and are displayed in the location map below. The Octanex Group initially held a 100% interest in each permit and they are in year-4 (WA-384-P and WA-385-P) and year-3 (WA-394) of their permit terms. These permits were acquired by application under the *Petroleum (Submerged Lands) Act 1967* (now the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*). The WA-384-P and WA-385-P permits were granted on 21 August 2006 while the WA-394-P permit was granted on 21 February 2007, all for a

period of six years. No consideration was paid to any third party for the acquisition of any interest in any of the three permits.

As more fully detailed below, Shell acquired the 100% participating interest in all three permits from the Octanex Group. As a result, the Octanex Group retains no participating interests or exposure to costs of the work programmes in any of the three permits but has residual and overriding royalty rights in each one.

Should Shell elect not to commit to a well in one or more of the permits, the Octanex Group is not exposed to the costs of completing that work programme(s) unless it takes back the relevant interest(s) from Shell and consequently commits to that work programme(s).



Permit Map for WA-384-P, WA-385-P and WA-394-P

In February 2008, Octanex Group companies entered into agreements with Shell Development (Australia) Pty Ltd ("Shell") for the disposition to Shell of a 100% working interest in the permits but retained certain rights. As part of the sale arrangements, and in order to meet the work programme obligations of the permits, Shell was required to acquire new seismic data in each one of them. This has been done and 3,440 kms of new 2D seismic data was acquired by the Guacamole Survey.

On-going obligations of Shell are that:

- Shell has agreed it must either commit to a well before the start of year-5 of the permit (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 the 100% interest for nil consideration for any permit where no well commitment is made.
- Shell has agreed to make two tranches of Discovery Payments (as described below) to the Octanex Group for any Discovery (as defined in the agreement) made in a permit but limited to a maximum of three Discovery Payments per permit. Within six months of having made a Discovery Shell must either:
 - Pay US\$5,000,000 to the Octanex Group; or
 - Reassign to the Octanex Group a 100% interest in the permit in which the Discovery was made.
- Following an initial Discovery Payment as described above, if Shell:
 - (a) spuds an appraisal well in respect of the Discovery; or

(b) applies for a production licence or retention lease in respect of any Discovery;

then Shell must pay a further US\$5,000,000 to the Octanex Group.

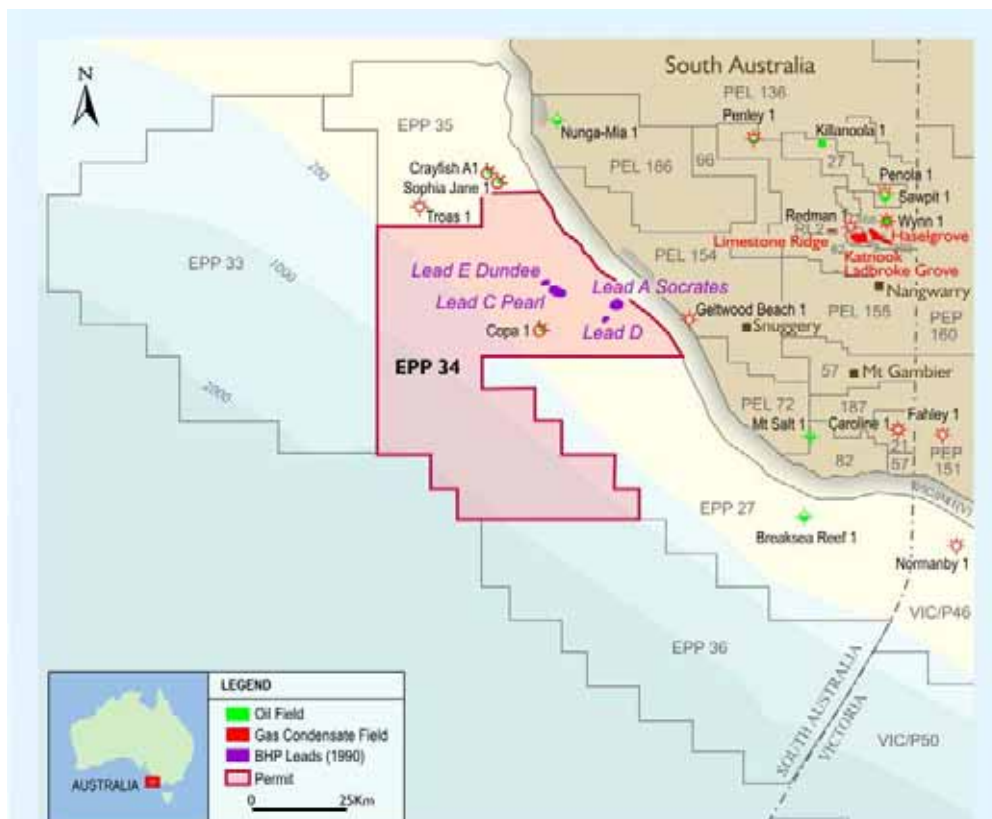
- Shell has also granted the Octanex Group a 1% Overriding Royalty (as defined in the agreement) payable on the basis of the gross assessable petroleum receipts recovered from a permit.
- If at any time Shell wishes to exit from any of the three permits, a 100% interest in the relevant permit must be offered back to the Octanex Group.

Shell is the current operator of these blocks and, while Octanex holds residual interests it does not hold a working equity interest, and as such Octanex has no input or influence on the technical activities of Shell and is currently not entitled to any data from Shell.

As a consequence Octanex is not in a position to provide any geological or other data to enable the prospectivity of these permits to be determined. Any information which Octanex has is historical in nature, and given work likely carried out by shell, would be of limited value to Applicants and may be misleading. While the Octanex Group 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 described above.

EPP 34, Otway Basin

The EPP 34 permit is situated in the Otway Basin and displayed in the location map below. The Octanex Group holds a 30% interest in the permit which is in year-4 of the permit term. The permit was acquired by application under the *Petroleum (Submerged Lands) Act 1967* (now the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*). The EPP 34 permit was granted on 22 March 2004 for a period of six years. No consideration was paid to any third party for the acquisition of any interest in the permit. The Joint Venture that operates the EPP 34 permit consists of the following parties with their respective Participating Interests shown in brackets after their name: Octanex Group (30%), MOG (20%), Exoil Limited ("EXX")(15%), National Energy Pty Ltd ("National Energy") (15%), Gascorp Australia Pty Ltd ("Gascorp") (10%) and National Gas Australia Pty Ltd ("National Gas") (10%). MOG is listed on ASX and EXX is listed on NSX. National Energy, Gascorp and National Gas each form part of the Albers Group: associated with Mr E.G Albers.



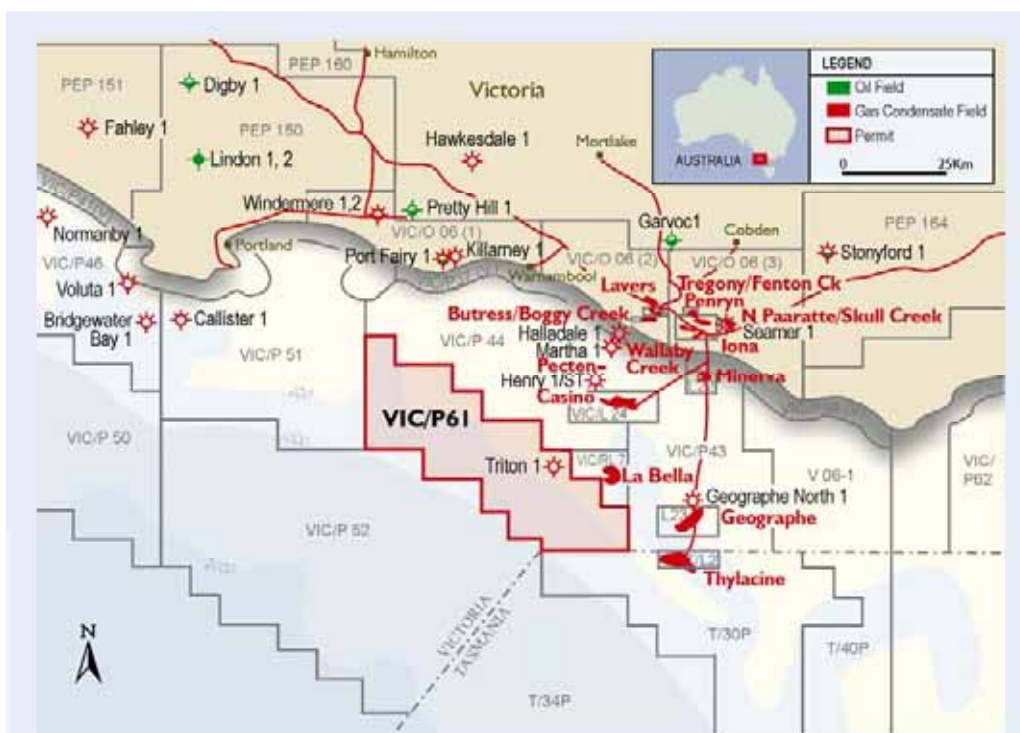
Permit and Prospects Map for EPP34

The Operator of the permit is Exoil Limited. The work programme for year-4 of the permit involves seismic interpretation, mapping and furtherance or completion of geotechnical studies and budgeted expenditure for this work is \$250,000. The year-5 work programme is to drill an exploration well and then integrate the results into an evaluation of the area and then re-assess the permit's prospectivity in year-6 with a view to a renewal of the permit for a further 5 year term. The estimated cost of the year 5 work program: to drill a well, is shown in the table of estimated expenditure on work obligations in the Corrs' Title and Native Title Report, as \$15,000,000. However, Applicants should note that the Octanex Group's current plan is that it will only enter year-5 of the permit if the well obligation is farmed out and there is no exposure to the related drilling costs.

In Q2 of 2008, a 1,100 km seismic grid of new 2D data was acquired in EPP 34 as the Trocopa 2D Seismic Survey. Processing of this data, in conjunction with reprocessing of more than 1,500 km of old data, is continuing. Interpretation of the seismic data has focused on the northern shelfal section of the block, targeting the Early Cretaceous Pretty Hill Sandstone. Applicants are referred to the RPS Report generally as it relates to EPP34. Pending completion of the review of the Trocopa 2D Seismic Survey it is not possible to determine the prospectivity of the permit.

Vic/P61, Otway Basin

The Vic/P61 permit is situated in the Otway Basin and displayed in the location map below. Vic/P61 is in the offshore Otway Basin some 50 to 60 kilometres south-west of Port Campbell. The Operator of the permit is Exoil Limited. The original applicants acquired the permit by application under the *Petroleum (Submerged Lands) Act 1967* (now the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*). The Vic/P61 permit was granted on 8 February 2005 for a period of six years. The Joint Venture that operates the Vic/P61 permit comprises consists of the following parties with their respective Participating Interests shown in brackets after their name: Exoil Limited (50% reducing to 30% by farmout), Gascorp Australia Pty Ltd (50% reducing to 30% by farmout), Octanex Group (earning 20% by farmin: see below) and Moby Oil & Gas Limited (earning 20% by farmin). Octanex Group conditionally agreed to earn a 20% interest in Vic/P61 in return for re-imbursement of a 20% share of past costs actually incurred and by paying a 20% share of ongoing costs as incurred. No other vendor consideration is payable.



Permit Map for VIC/P61

The permit is in year-2 of the permit term. The work programme for year-2 of the permit involves carrying out a 450 km² 3D seismic survey which has been delayed indefinitely pending resolution of environmental based requirements. Subsequent to those delays the Joint Venture undertook a critical evaluation of future operations which has resulted in discussions being held with the authorities with a view to relinquishing the permit.

7 DIRECTORS AND MANAGEMENT

GENERAL

The Company is presently primarily managed by its Directors and the Company Secretary, whose details are as set out below.

DIRECTORS AND COMPANY SECRETARY

The current directors and company secretary are:

Mr E Geoffrey Albers LLB
(Executive Chairman)

Director since 12 November 1996

Mr Albers has over 30 years experience as a director and administrator in corporate law, petroleum exploration and resource sector investment. He is a law graduate of the University of Melbourne and, after being admitted in 1969 as a Solicitor of the Supreme Court of Victoria, held a corporate practicing certificate in Victoria until 2001.

In 1978 Mr Albers first became involved in oil exploration. At that time companies associated with him applied for and were awarded exploration permits in the offshore Bass Basin. Exploration in one of these permits, T/14P, led directly to the discovery of the Yolla Gas/Condensate Field which is now being produced by Origen Energy Limited and others.

In the early 1980's Mr Albers formed Cue Energy Resources Limited ("Cue Energy") (ASX Code: CUE) and Southern Petroleum N. L. ("Southern Petroleum") in New Zealand. Cue Energy has a significant interest in the Maari oilfield development, the unitised S E Gobe oilfield and the Oyong oil and gas development in offshore Indonesia. Mr Albers was until recently a director of Cue Energy and remains a substantial shareholder in Cue Energy. See Cue Energy's website www.cuenrg.com.au

Mr Albers was a founder of MEO Australia Limited (ASX Code: MEO) and is a former director and shareholder of that company. MEO is now pursuing the development of a \$2 billion gas processing plant on Tassie Shoal in the Timor Sea, 300kms north-west of Darwin. See the MEO website www.meoaustralia.com.au.

Mr Albers founded Bass Strait Oil Company Ltd ("Bass") (ASX Code: BAS) which has developed a portfolio of interests in the offshore Gippsland Basin and is a niche explorer in that basin. Mr Albers was, until recently, a director of Bass and remains a substantial shareholder in, Bass. See the Bass website www.bassoil.com.au

In 2004 Mr Albers was instrumental in the formation of Moby Oil & Gas Ltd ("Moby") (ASX Code: MOG) which has extensive interests in various permits in Offshore Australia. Mr Albers is a director of, and substantial shareholder in, Moby. See Moby's website www.moby.com.au

Mr Albers has significant interests in Exoil Limited ("Exoil") (NSX Code: EXX). Exoil has a diverse portfolio of offshore interests in Offshore Australia Basins, including the Gippsland, Bass, Otway, Dampier and Browse Basins. Mr Albers is a director of, and substantial shareholder in, Exoil. See Exoil's website www.exoil.net

In addition Mr Albers has interests in a number of unlisted public and private companies active in exploration for oil and gas in Australian offshore waters.

Mr James M D Willis LL.M(Hons), Dip Acc
(Executive Director)

Until his resignation from the practice in 2007, Mr Willis had been a partner in the leading New Zealand law firm of Bell Gully for 25 years. His practice speciality was in the upstream oil and gas area, particularly relating to issues concerning gas contracting and the development of oil and gas reserves, joint ventures and upstream petroleum related acquisitions. He has acted for the leading participants in the upstream petroleum industry in New Zealand.

In 2007 Mr Willis relocated to Australia to take up a management role with the group of companies controlled by Mr Albers and his associates and is now a fulltime executive director of companies in that group.

Mr Willis is Chairman of NSX-listed Exoil Limited and was a director of ASX-listed MEO Australia Limited until July 2008, a position he had held for 10 years during a crucial period of its growth. With Mr Albers he was co-founder and later a director of Southern Petroleum, a successful New Zealand explorer that is now wholly-owned by Shell.

**Mr Graeme A Menzies LLB
(Non-Executive Director)**

Mr Menzies is a solicitor practising in the area of commercial and company law. He graduated from Melbourne University in 1971 and qualified for admission to the degree of Master of Laws in 1975. He was admitted to practice in 1972. Since 1987 he has carried on practice as a sole practitioner under the name of Menzies & Partners.

In the course of his legal practice, Mr Menzies has been involved in a wide range of activities including takeovers, litigation in respect thereof, numerous capital raisings and corporate reconstructions. He has been involved in the listing or relisting of a large number of public companies both industrial and mining.

Mr Menzies is a director of each of Moby, Octanex and Exoil. Additionally, Mr Menzies is a director of Papyrus Australia Limited (ASX Code: PPY) as well as being a director of a number of other private and unlisted public companies.

Mr Menzies has generally acted as a non-executive director of exploration companies or technology companies.

Mr Menzies has a significant skill base which is of considerable value to the Company in carrying out its activities.

**Mr J G (Jack) Tuohy BCA, CA
(Company Secretary)**

For all but two years since 1986, Mr Tuohy has acted as Company Secretary to public listed companies in New Zealand. The first half of that period he spent in the oil and gas sector, initially administering three oil and gas exploration companies in which Messrs Albers and Willis were directors and which they had originally taken to listing. He then acted for only one of them, Southern Petroleum, when it became a successful production company.

Following the privatisation of Southern Petroleum, Mr Tuohy acted in a forensic accounting capacity in a multi party legal action, then returning to a public company secretarial position in the motor vehicle industry where he spent 10 years.

In these positions Mr Tuohy has been involved in the various aspects of public and private company administration, especially as this relates to the oil and gas exploration sector and to public listed company activities, obligations and requirements. In 2008 he relocated to Australia and acts as Company Secretary for a number of listed and unlisted public companies: including Moby, Octanex and Exoil. He is a director of Bass and of other unlisted public companies

Mr Tuohy is a chartered accountant in New Zealand.

MANAGEMENT

**Mr Robert J Wright B Bus, CPA
(Chief Financial Officer)**

Mr Robert Wright is a senior financial professional with over 20 years commercial experience in the resource, energy and manufacturing industries he has gained at various companies and locations, including 14 years at BHP. He is Chief Financial Officer for several listed exploration companies and is a member of CPA Australia.

**Dr Simon Sturrock B.Sc.(Hons), Ph.D
Consultant Geophysicist / Exploration Manager**

The Company's leading technical consultant is Strat Trap Pty Ltd, a successful geological interpretation consultancy based in Perth and whose principal technician and director is Dr Simon Sturrock.

Dr Sturrock is a seismic interpreter and sequence stratigrapher with 26 years international and Australasian exploration and development experience, including 11 years with British Petroleum and six years as

Exploration Manager of Octanex. He possesses a unique and powerful skills combination for stratigraphic prediction and has a proven track record in accurately predicting reservoir and seal distribution that has substantially reduced costs and assisted in the discovery of significant hydrocarbons. Dr Sturrock has an extensive knowledge of practical sequence stratigraphy and he is highly experienced in applying these skills to field appraisal and development, exploration prospect and play fairway evaluation and risk analysis.

Dr Sturrock is a member of the Petroleum Exploration Society of Australia, the American Association of Petroleum Geologists, the Petroleum Exploration Society of Great Britain, the Australian Society of Exploration Geophysicists and the Formation Evaluation Society of Australia, as well as being a Fellow of the Geological Society of London. He has also carried out post-doctoral research at the British Museum that was funded by British Petroleum.

He is skilled in the interpretation and integration of 2D and 3D seismic, electric logs, cores, sedimentological and stratigraphic data into predictive depositional models for improved risk analysis. Dr Sturrock is also an accomplished sequence stratigrapher, with a thorough experience in clastics and carbonates and an extensive knowledge of reservoir distribution and quality in submarine fans. He is accomplished in high-resolution sequence stratigraphy and facies delineation for stochastic reservoir modelling and a proficient user of personal computers and workstations (Stratimagic; GeoLog, Geoquest; Charisma, IESX, SeisClass, Strat Log, Well Pix, Landmark; Seisworks & Stratworks & Petrosys mapping). He is skilled in teamwork and multi-disciplinary project co-ordination and accomplished in making technical presentations to senior management and joint venturers. In addition, he has taught sequence stratigraphy courses to oil companies and university M.Sc classes.

Applicants are also referred to clauses 3.4 to 3.9 of Section 12 below dealing with Directors' interests generally.



Octanex N.L. Independent Geologist's Report

Prepared for Octanex N.L.



Date: September 17, 2009

RPS Energy Pty Ltd
Level 3, 41-43 Ord St., West Perth
WA 6005, Australia
T +61 (8) 9211 1111 F +61 (8) 9211 1122

Octanex N.L. Independent Geologist's Report

Prepared for Octanex N.L.

DISCLAIMER

The opinions and interpretations presented in this report represent our best technical interpretation of the data made available to us. However, due to the uncertainty inherent in the estimation of all sub-surface parameters, we cannot, and do not guarantee the accuracy or correctness of any interpretation and we shall not, except in the case of gross or wilful negligence on our part, be liable or responsible for any loss, cost damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees.

Except for the provision of professional services on a fee basis, RPS Energy Pty Ltd does not have a commercial arrangement with any other person or company involved in the interests that are the subject of this report.

COPYRIGHT

© RPS Energy

The material presented in this report is confidential. This report has been prepared for the exclusive use of Octanex N.L. and shall not be distributed or made available to any other company or person without the knowledge and written consent of Octanex N.L. or RPS Energy Pty Ltd.

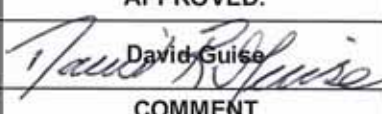
		REPORT TITLE: Octanex N.L. Independent Geologist's Report	
DATE		PROJECT REFERENCE: ACI02684	
	PREPARED:	CHECKED:	APPROVED:
NAME	Brian Diamond Ian Newlands	Ian Carter	 David Guise
SENT	EDITION	DESCRIPTION	COMMENT
17/09/2009	Rev_5.doc	Final	For Issue to Client

Table of Contents

TABLE OF CONTENTS	I
LIST OF FIGURES	II
LIST OF TABLES	III
1. EXECUTIVE SUMMARY	1
2. INTRODUCTION	3
3. CARNARVON BASIN	4
3.1 Introduction and Setting	4
3.2 Exploration History	5
3.3 North Carnarvon Basin Geology	6
3.3.1 Pre-Rift	8
3.3.2 Syn Rift	8
3.3.3 Post Rift	9
3.3.4 Source and Charge	10
4. WA-362-P, WA-363-P, WA-386-P AND WA-387-P (EXMOUTH PLATEAU)	11
5. WA-323-P AND WA-330-P (DAMPIER SUB BASIN)	21
5.1.1 Winchester Prospect	21
5.1.2 Other leads	23
6. WA-322-P AND WA-329-P (EXMOUTH SUB BASIN)	28
6.1 WA-322-P	28
6.1.1 Tomcat	28
6.2 WA-329-P	33
6.2.1 Hornet and Blackbird	33
7. WA-384-P, WA-385-P AND WA-394-P (SOUTHERN EXMOUTH BASIN)	38
8. OTWAY BASIN	39
8.1 Introduction	39
8.2 Exploration History	39
8.3 Otway Basin Geology	40
8.3.1 Plate Tectonic Evolution and Structural Setting	40
8.3.2 Stratigraphy (Reservoirs and Seals)	40
8.3.3 Source and Charge	43
9. EPP34 (WESTERN OTWAY BASIN)	44
10. VIC/P61 (OTWAY BASIN)	45
11. DECLARATIONS	46
11.1 Independence and Qualifications	46
11.2 Basis of Opinion	46
12. REFERENCES	47
13. APPENDIX A: GLOSSARY OF TERMS AND ABBREVIATIONS	49

14. APPENDIX B – VOLUMETRIC INPUTS AND RESULTS	52
15. APPENDIX C: RPS GUIDELINES FOR EXPLORATION AND APPRAISAL RISK.....	57

List of Figures

Figure 1 – Octanex Carnarvon Basin Blocks Location Map (Source: RPS)	3
Figure 2 - Structural Setting of the Carnarvon Basin (Source: Geoscience Australia)	4
Figure 3 - Schematic Sections location shown in Figure 2 through the Exmouth and Dampier Sub-basins (<i>Modified from Longley et al, 2002</i>)	5
Figure 4 - Generalised Stratigraphic Column of the Carnarvon Basin (<i>Modified from Geoscience Australia, 2008</i>)	7
Figure 5 - Location of Prospects on the Permit Areas WA-362-P, WA-363-P, WA-386-P and WA-387-P (Source: Octanex)	11
Figure 6 - Klimt 2D Survey - WA-362-P, WA-363-P, WA-386-P and WA-387-P (Source: Octanex)....	13
Figure 7 - Seismic Line OM08-28 NW-SE through Permits WA-362-P and WA-363-P (Source: OMV)	14
Figure 8 - Prospects Identified in WA-363-P (Source: OMV).....	14
Figure 9 - Prospects Identified in WA-362-P (Source: OMV).....	15
Figure 10 - Prospects identified in WA-386-P (Source: OMV).....	16
Figure 11 - Seismic Line OM08-32 through Godzilla, Minya and the Gigantor Prospects (Source: OMV)	17
Figure 12 - Seismic Line OM08-40 through the Ghidorah Prospect (Source: OMV).....	17
Figure 13 - Drainage and Migration Paths for Prospects in WA-362-P and WA-363-P (Source: OMV).....	18
Figure 14 - Seal Risk Map (Source: OMV).....	19
Figure 15 - Reservoir Risk Map (Source: OMV).....	20
Figure 16 - WA-323-P and WA-330-P in the Dampier Sub-basin (Source: Octanex).....	21
Figure 17 - WA-323-P and WA-330-P Prospect and Lead map	23
Figure 18 - Top Triassic TWT structure Map WA-323-P & WA-330-P (Source Octanex, Modified RPS)	24
Figure 19 - Parker-1 Strong Gas Show (untested) Compared with Wilcox-1 Gas Discovery (Source: Octanex).....	24
Figure 20 - Composite Seismic Line through the Winchester Prospect (Source: RPS, Interpretation: Octanex).....	25
Figure 21 - Winchester OBC 3D Seismic Outline (Source: Octanex).....	26
Figure 22 - Volumetric Areas from the Top Mungaroo Formation Time Map (Source: RPS, Interpretation by Octanex).....	26
Figure 23 - Seismic Line through the Cosmos and Springfield Leads (Source: RPS, Interpretation by Octanex).....	27
Figure 24 - WA-322-P and WA-329-P, Exmouth Sub-basin	28
Figure 25 - Tomcat Prospect 600 and 705 Reservoirs Depth and Amplitude Maps.....	30
Figure 26 - Tomcat Prospect Top 600 Surface Depth Structure Map (Source: Octanex)	31
Figure 27 - Tomcat Prospect 3D Seismic RMS Amplitude Map between Top 600 and 705 Surfaces (Source: RPS)	31

Figure 28 - Tomcat Prospect North-South 3D Seismic Crossline 16460 Showing Top 600 (Green Horizon) and Top 705 (Blue Horizon) Surfaces (<i>Source: RPS, Interpretation from Octanex</i>).....	32
Figure 29 - Top Triassic Sandstone TWT Map Exmouth 3D (<i>Source: RPS, Modified Interpretation from Octanex</i>).....	35
Figure 30 - Hornet Inline 21000 Exmouth 3D (<i>Source: RPS, Modified Interpretation from Octanex</i>)...	36
Figure 31 - Triassic Mungaroo Formation Log Porosity Depth Trend.....	36
Figure 32 - Blackbird Arbitrary Seismic Line (<i>Source: RPS, Modified Interpretation from Octanex</i>)....	37
Figure 33 - WA-384-P, WA-385-P and WA-394-P in the Southern Exmouth Sub-basin (<i>Source: Octanex</i>).....	38
Figure 34 - Structural Setting of the Otway Basin (<i>Source: Exoil IM</i>)	39
Figure 35 - Schematic Stratigraphic Column of the Otway Basin (<i>Source: Exoil IM, Modified RPS</i>) ...	41
Figure 36 - EPP 34 in the Western Otway Basin (<i>Source: Octanex</i>).....	44
Figure 37 - VIC/P61 in the Otway Basin (<i>Source: Octanex</i>)	45

List of Tables

Table 1 - Octanex Permit Details as of September 2009 (<i>Source: RPS, Equities provided by Octanex</i>)	1
Table 2 - Undiscovered Gas Initially in Place and Prospective Resources for Evaluated Leads and Prospects (<i>Source: RPS</i>)	2
Table 3 - Undiscovered Gas Initially In Place (<i>Source: RPS</i>)	12
Table 4 - Prospective Gas Resources and Risks (<i>Source: RPS</i>)	12
Table 5 - Undiscovered Gas Initially in Place of the Winchester Lead (<i>Source: RPS</i>)	22
Table 6 - Prospective Resources of the Winchester Lead (<i>Source: RPS</i>).....	22
Table 7 – Undiscovered Gas Initially in Place in the Tomcat Prospect (<i>Source: RPS</i>)	29
Table 8 - Prospective Gas and Condensate Resources for the Tomcat Prospect (<i>Source: RPS</i>)	29
Table 9 - Undiscovered Gas Initially in Place Blackbird and Hornet (<i>Source: RPS</i>).....	34
Table 10 - Prospective Gas Resources for Blackbird and Hornet (<i>Source: RPS</i>)	34
Table 11 - 'Rules of Thumb' for Geological Risk Assessment	57
Table 12 - Distribution of Risk Categories.....	57

1. EXECUTIVE SUMMARY

RPS Energy Pty Ltd ("RPS") has been contracted to produce an independent geologist's report for *Octanex N.L.* ("Octanex") for permits located in the Carnarvon and Otway Basins, Australia, September 2009.

The geology and petroleum systems of thirteen permits are described within this report, the permit details are presented in Table 1.

All the permits are in the exploration stage. A summary of the prospective resources estimates and risks for the prospects and leads are shown in Table 2 where sufficient data is available for evaluation. The undiscovered hydrocarbon in place and prospective resource estimates has been prepared in accordance with SPE/WPC/AAPG/SPEE Resources Management System (PRMS, 2007). RPS has reviewed the data and interpretations supplied by Octanex and / or the permit operator for reasonableness and then independently estimated the hydrocarbon volumes and associated risks.

Permit	Operator	Octanex Interest	Basin	Licence Expiry Date	Total Permit Area (km ²)	Comments
WA-362-P	OMV Australia Pty Ltd	40%	Exmouth Plateau	21-06-2011	10,742	Exploration
WA-363-P	OMV Australia Pty Ltd	40%	Exmouth Plateau	21-06-2011	11,069	Exploration
WA-386-P	OMV Australia Pty Ltd	40%	Exmouth Plateau	20-08-2012	10,463	Exploration
WA-387-P	OMV Australia Pty Ltd	40%	Exmouth Plateau	20-08-2012	4,858	Exploration
WA-323-P	Octanex NL	100%	Dampier Sub-basin	21-12-2010	323	Exploration
WA-330-P	Octanex NL	100%	Dampier Sub-basin	21-12-2010	323	Exploration
WA-322-P	United Oil & Gas Pty Ltd	100%	Exmouth Sub-basin	21-03-2010	721	Exploration
WA-329-P	Octanex NL	100%	Exmouth Sub-basin	21-03-2010	720	Exploration
WA-384-P	Shell Development (Australia) P/L	0%*	Southern Exmouth Sub-basin	20-08-2012	4,204	Exploration
WA-385-P	Shell Development (Australia) P/L	0%*	Southern Exmouth Sub-basin	20-08-2012	4,504	Exploration
WA-394-P	Shell Development (Australia) P/L	0%*	Southern Exmouth Sub-basin	20-02-2013	1,911	Exploration
EPP 34	Exoil Ltd	15%	Otway	24-06-2011	4,850	Exploration
VIC/P 61	Exoil Ltd	20%**	Otway	07-02-2013	1,874	Exploration

* Octanex has the rights to discovery bonuses and an overriding royalty interest

** May earn this pursuant to farmin

Table 1 - Octanex Permit Details as of September 2009 (Source: RPS, Equities provided by Octanex)

Permits Prospect	Undiscovered Gas Initially In Place (Bcf)				Prospective Gas Resources (Bcf)				*Risk Category
WA-362-P WA-363-P WA-386-P WA-387-P	Low Estimate	Best Estimate	Mean Estimate	High Estimate	Low Estimate	Best Estimate	Mean Estimate	High Estimate	
Gigantor	1707	6437	9807	21860	1024	4506	6865	17488	High to Moderate
Gidorah	1532	4145	5184	10172	919	2902	3629	8138	High
Minya	1449	3684	4560	8763	869	2579	3192	7010	High
Hedorah	432	1286	1680	3442	259	900	1176	2754	High
Frankenstein	456	1332	1745	3572	274	932	1222	2858	High
Buzzsaw	452	1191	1510	2972	271	834	1057	2378	High
Megatron	552	1330	1608	3021	331	931	1126	2417	High
Skelator	372	1027	1321	2634	223	719	925	2107	High
Thunderwing	436	1099	1314	2522	262	769	920	2018	High
Ironhide	569	1245	1422	2538	341	872	995	2030	High
Godzilla	409	1121	1363	2679	245	785	954	2143	Moderate
WA-323-P WA-330-P	Low Estimate	Best Estimate	Mean Estimate	High Estimate	Low Estimate	Best Estimate	Mean Estimate	High Estimate	
Winchester	590	1596	2131	4243	354	1117	1492	3394	High
	Prospective Condensate Resources (mmbbls)				14	49	67	156	
WA-322-P WA-329-P	Low Estimate	Best Estimate	Mean Estimate	High Estimate	Low Estimate	Best Estimate	Mean Estimate	High Estimate	
Tomcat	254	840	1227	2612	152	588	859	2090	High
	Prospective Condensate Resources (mmbbls)				5	29	43	146	
Blackbird	815	1490	1568	2711	489	1043	1098	2169	High
Hornet	499	708	728	989	299	496	510	791	High

*See Appendix C for Risk Category Criteria

Table 2 - Undiscovered Gas Initially in Place and Prospective Resources for Evaluated Leads and Prospects (Source: RPS)

2. INTRODUCTION

Octanex has interests in thirteen exploration permits in the Carnarvon and Otway Basins of Australia, either through direct equity participation or through residual title held via override or royalty payments (Figure 1). RPS has been contracted by Octanex to produce an Independent Geologist's Report of the Petroleum prospectivity of the petroleum exploration acreage portfolio held by Octanex.

This report will document the petroleum systems of the Carnarvon and Otway Basins and the main trap and play types and prospective resources for Octanex's prospects and leads in these basins.

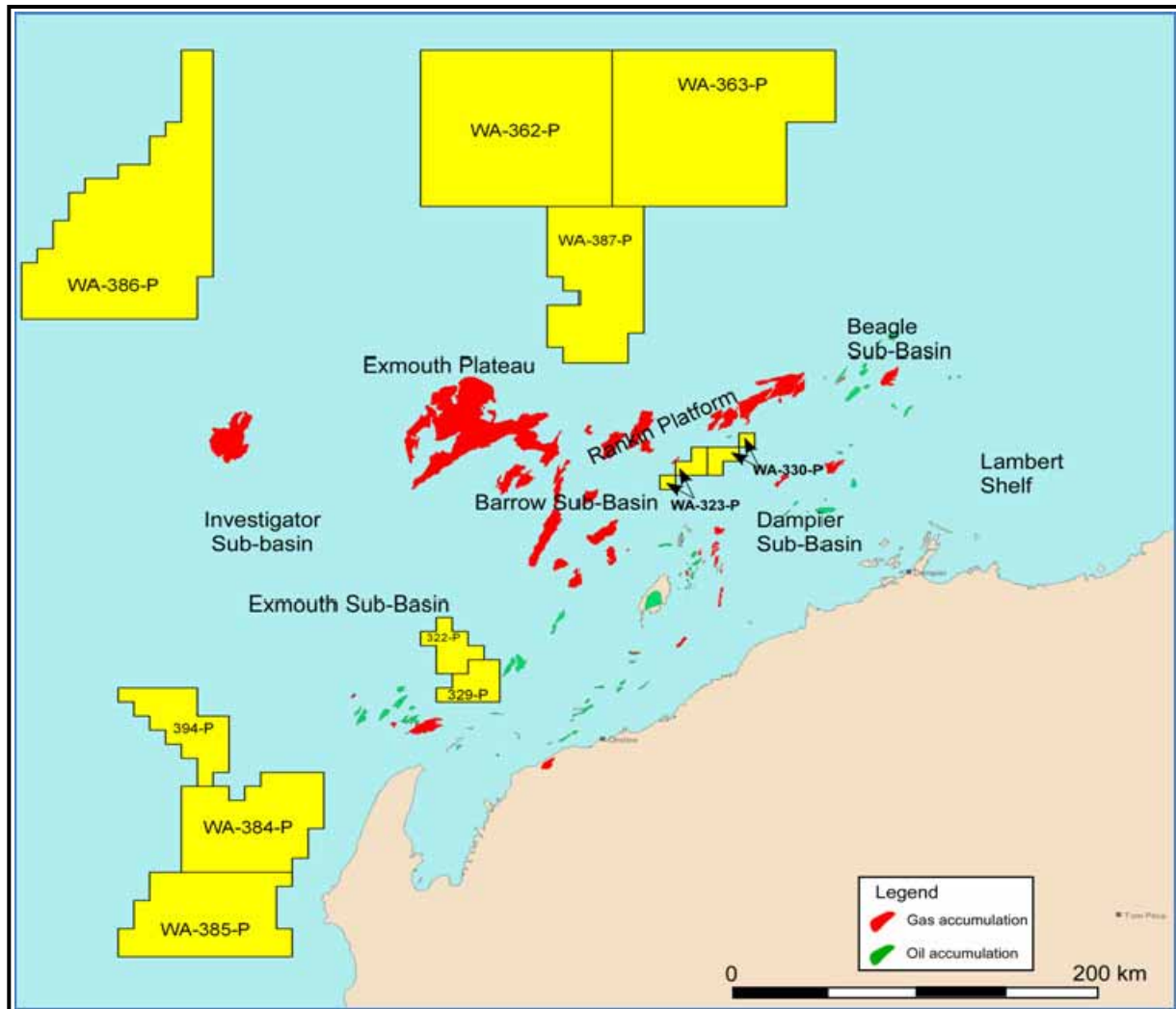


Figure 1 – Octanex Carnarvon Basin Blocks Location Map (Source: RPS)

3. CARNARVON BASIN

3.1 Introduction and Setting

The Carnarvon Basin lies in the southern part of the Westralian Super-basin and represents one of the Australia's most prolific hydrocarbon producing basins. It covers approximately 650,000 km², about 115,000 km² onshore and 535,000 km² offshore, where water depths reach up to 3,500 metres. The basin is elongated northeast-southwest, and transitions southwards into the Perth Basin and north-eastwards into the Offshore Canning and Roebuck basins. (http://www.ga.gov.au/oceans/rpg_Carnarvon.jsp).

The basin can be divided into the Northern and Southern Carnarvon Basins. The Northern Carnarvon basin is largely offshore of the northern coast of Western Australia and contains a series of major Mesozoic depocentres with up to 15 km of largely Mesozoic sedimentary rocks. The Southern Carnarvon Basin is largely onshore and contains up to 7 km of largely Palaeozoic sedimentary rocks. The Northern Carnarvon Basin encompasses the Exmouth Plateau, Wombat Plateau (on the northern part of the Exmouth Plateau), Investigator Sub-basin, Rankin Platform, Exmouth Sub-basin, Barrow Sub-basin, Dampier Sub-basin, Beagle Sub-basin, Enderby Terrace, Peedamullah Shelf and the Lambert Shelf (Figure 2). The permits discussed in this report lie in the Exmouth Plateau, Dampier sub-basin, Exmouth and Southern Exmouth. The schematic cross sections presented in Figure 3 depict examples of the present day structural setting for both Exmouth and Dampier Sub-basins.

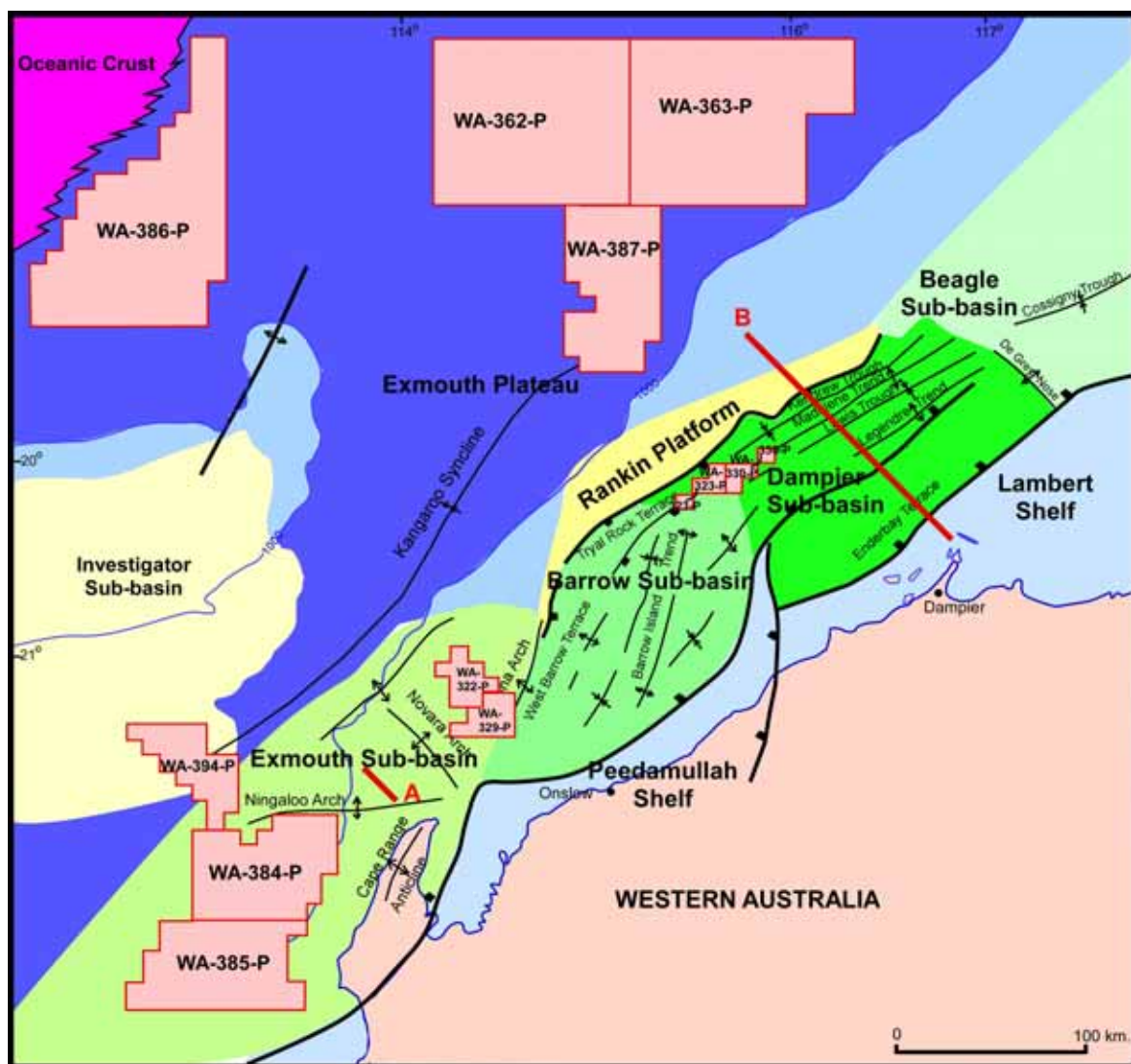


Figure 2 - Structural Setting of the Carnarvon Basin (Source: Geoscience Australia)

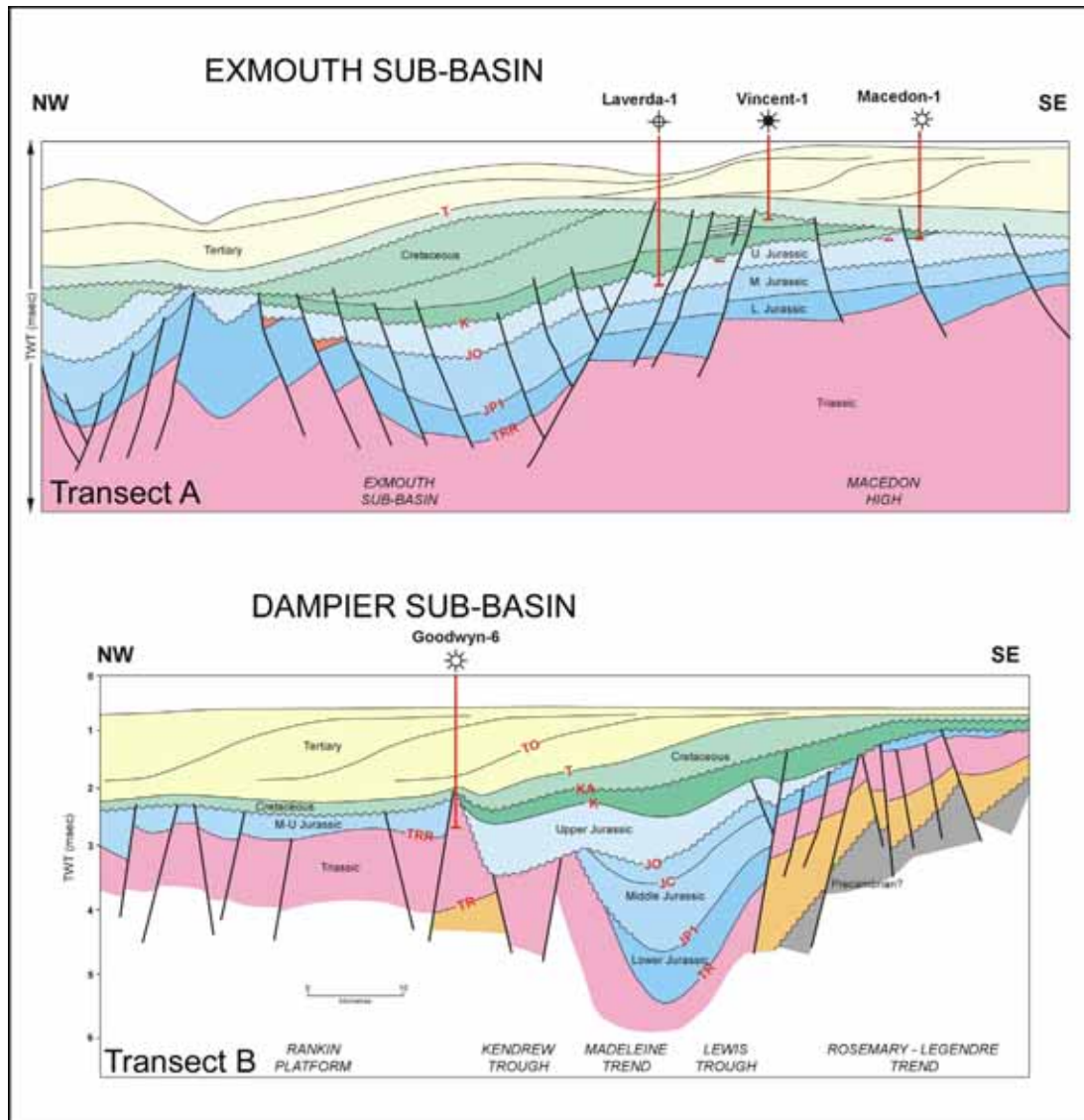


Figure 3 - Schematic Sections location shown in Figure 2 through the Exmouth and Dampier Sub-basins (Modified from Longley et al, 2002)

3.2 Exploration History

Petroleum exploration in the Dampier Sub-basin started in the 1960s. The Legendre 1 oil discovery was made in 1968 and by the end of 2001, the Dampier Sub-basin contained 55 field discoveries and more than 120 exploration wells that had been drilled with a technical success rate of 41% (Longley et al, 2002).

In the early 1970s numerous gas accumulations including Angel and Goodwyn and several smaller discoveries were made on the Rankin Platform.

During the early 1980s exploration activity increased with the discovery of oil in Talisman 1 along the Legendre Trend, in the north-eastern Dampier Sub-basin. In 1989, the Wanaea and Cossack fields, located along the Madeleine Trend in the western Dampier Sub-basin, were discovered. Wanaea is the largest offshore oil field in the Northern Carnarvon Basin (Department of Mines and Petroleum, Western Australia 2008).

Throughout the 1990s, the acquisition of the 3D seismic and processing made a significant contribution to exploration success. The Stag oil field was discovered in 1993, followed by Saffron in 1994, Elk and Antler in 1996, and Sage in 1999. In 2000, several discoveries were made in the southeast Dampier Sub-basin. In the northeast Dampier Sub-basin several oil

accumulations were discovered at Pitcairn (1997), Mutineer (1998), Norfolk (2002) and Exeter (2002).

Exploration in the Exmouth Sub-basin has been sporadic. However, the discovery in 1999 of the Enfield oil field followed by a string of oil discoveries, including Coniston, Laverda, Stybarrow, Ravensworth and Stickle increased the interest in this sub-basin. In the past five years three wells have been drilled westward from proven oil trend in the eastern Exmouth Sub-basin: Black Dragon-1 (2004), Falcone-1A (2005) and Jacala-1 (2006). The Falcone-1A well had a gas show in a Triassic fault block.

Two major exploration campaigns have focused on the deepwater Exmouth Plateau: the first in 1979 to 1980 for oil targets; and the second currently searching for gas. Discoveries in the current gas exploration phase include the Io-Jansz giant gas field, Wheatstone, Pluto, Xena, Chandon and Clio. In the past two years exploration effort on the Exmouth Plateau has further increased due to the decision by Woodside Energy to develop Pluto.

3.3 North Carnarvon Basin Geology

The North Carnarvon Basin encompasses a number of Triassic to Recent northeast-southwest trending extensional basins and sub-basins that sit on a basement that consists of Palaeozoic and older sediments and crystalline rocks.

The various sub-basins have developed from the Triassic to Recent as a result of the break-up of the super-continent of Gondwana and the consequent separation of the Australia plate. As a consequence, they have similar geological structural and stratigraphic histories; which in turn have led to similar sedimentary fills.

This history can be subdivided into Pre-Rift, Syn-Rift, and Post Rift phases. The sediments present in the Carnarvon Basin are Triassic to Tertiary in age (Figure 4). It is recommended that the reader make reference to Figure 2, Figure 3 and Figure 4 in reading sections 3.3.1 to 3.3.4.

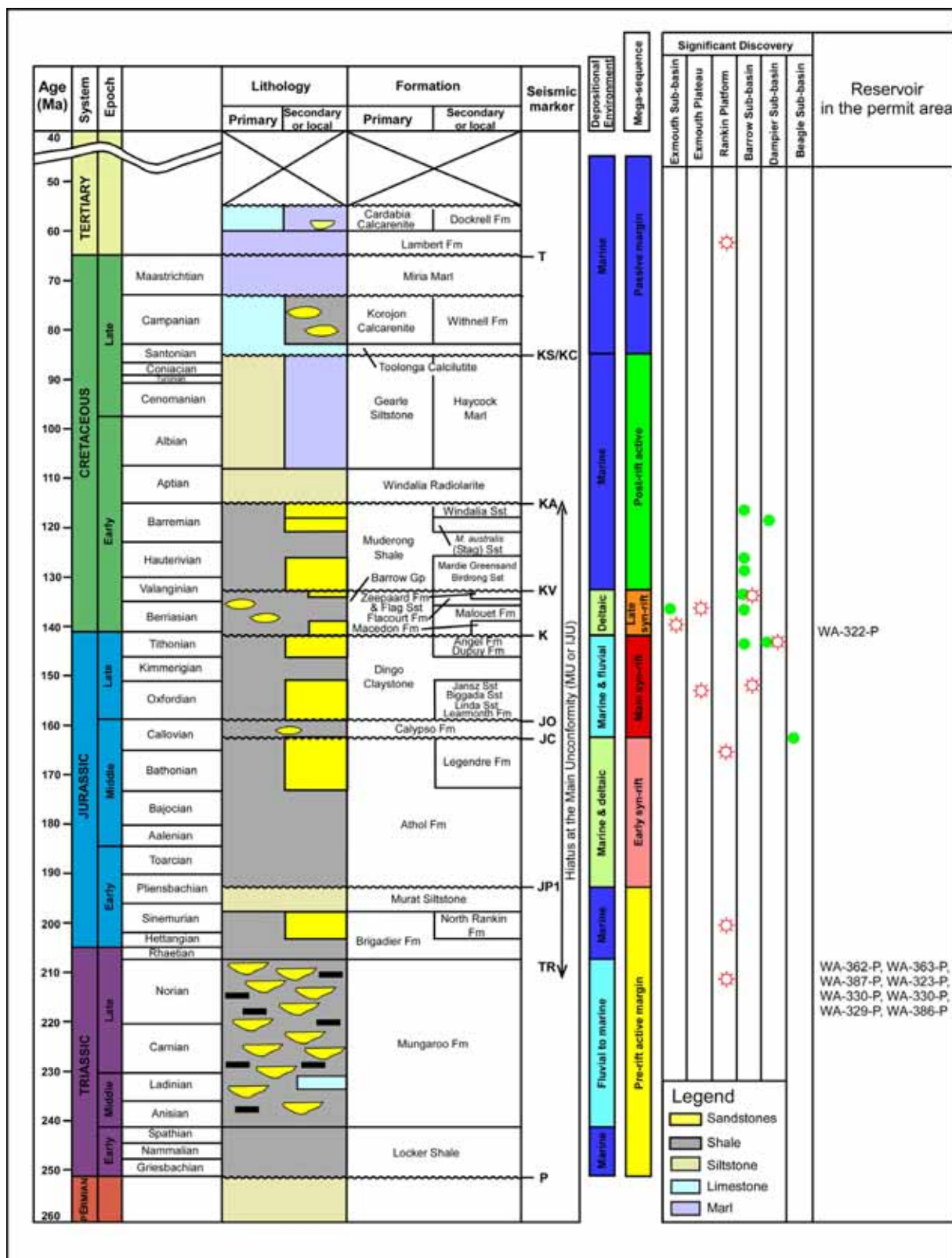


Figure 4 - Generalised Stratigraphic Column of the Carnarvon Basin (Modified from Geoscience Australia, 2008)

3.3.1 Pre-Rift

Tectonics

Deposition in the Pre-rift sequence of the Carnarvon Basin consisted of several kilometres of fluvial and deltaic sediments.

Stratigraphy (Reservoirs and Seals)

The Locker Shale Formation was deposited in a shallow shelf environment during an Early Triassic, regional marine transgression. This formation has been drilled in the inboard parts of the Carnarvon Basin and consists of dark grey siltstone and shale with minor sandstones (Stagg et al, 2004). The presence of the Locker Shale on the Exmouth Plateau has not been confirmed by drilling. The fluvio-deltaic Mungaroo Formation is the oldest unit intersected on the Exmouth Plateau and consists of interbedded sandstones, siltstones and shale with minor coal seams. Fluvial to marginal marine sandstones of the Late Triassic through to Middle Jurassic age (Mungaroo, Brigadier, North Rankin and Athol formations) are the major reservoirs in the giant gas fields on the Rankin Platform. The Late Triassic, Mungaroo Formation is present at drillable depths beneath most of the Northern Carnarvon Basin. In more inboard areas of the Dampier Sub-basin, this formation is not preserved.

Nearly all the permits held by Octanex have identified prospects and leads whose primary reservoir target is the Mungaroo sands including; WA-362-P, WA-363-P, WA-386-P, WA-387-P (Exmouth Plateau), WA-323-P/WA-330-P (Dampier sub basin) and WA-329-P (Exmouth Basin).

The transgressive Brigadier Formation and Murat Siltstone were deposited in a marine shelf environment during Late Triassic to Early Jurassic. These formations consist of thinly bedded marine sandstone, siltstones, shales and marls. The marl was deposited in a marine shelf environment. The Brigadier Formation was penetrated in several wells on the Exmouth Plateau and Dampier Sub-basin.

3.3.2 Syn Rift

Tectonics

Syn-Rift crustal extension and rifting began in the Late Triassic and continued into the Upper Jurassic with crustal separation occurring in the Late Jurassic. Within this period, there were several phases of movement that have led to internal unconformities. These can be used to divide the sequence into a number of subsidiary sequences (Figure 4).

The main syn-rift event in the Carnarvon Basin occurred during Mid-Callovia to Late-Tithonian period. The Mid-Callovia regional unconformity marks the boundary between the early and main syn-rift events in the basin. This unconformity is the expression of the onset of the continental break-up of the northwest Australian margin (Jablonski, 1997).

Following the continental break-up, active faulting continued in the Late Jurassic. The rifting between Australia and Greater India produced uplift south of the Exmouth Sub-basin, along the Cape Range Fracture Zone (Figure 2). This uplift provided the source of sediments for the Barrow Delta, which prograded across the Exmouth Sub-basin, southern Exmouth Plateau and into the Barrow Sub-basin during the Latest Tithonian to mid-Valanginian periods. This phase is known as the Late Syn-rift. During this phase, the extensive Barrow Delta system developed in the Carnarvon Basin.

Sediment supply to the Barrow Delta system ceased due to the disruption of the major fluvial distributary system in the Valanginian, as a consequence of the continental break-up, that commenced to the southwest of the Exmouth Plateau (Hocking, 1990). The Exmouth Sub-basin and the Exmouth Plateau were inverted during the separation of Greater India and Australia. The basin inversion and uplift during this period also formed the Exmouth Plateau Arch, the Resolution Arch and the Novara Arch (Figure 2).

Stratigraphy (Reservoirs and Seals)

The restricted marine claystones of the Athol Formation and the deltaic sandstones of the Legendre Formation were deposited during mid-Pliensbachian to mid-Callovian and represent the Early Syn-rift mega-sequence. The Legendre Formation was deposited in the Dampier Sub-basin during early Bathonian to early Callovian.

Claystones of the transgressive Callovian Calypso Formation are found in the Barrow and Dampier sub-basins between two unconformity surfaces: the Mid-Callovian Unconformity and the Basal Oxfordian Unconformity.

A thick succession of the deep water Dingo Claystone (Late Jurassic) is present in the depocentres of the Barrow, Dampier and Exmouth Sub-basin. However during the Main Syn-rift phase (Mid-Callovian to latest Tithonian) not only the claystones of the Dingo Formation were deposited but also localised good quality sandstone. The Oxfordian shallow-marine sandstones of the Learmonth, Linda, Biggada, Io-Jansz and Dupuy and Angel Formations are reservoir intervals in different part of the Carnarvon Basin. A condensed Tithonian section, was deposited in deep marine waters on the Exmouth Plateau, during this time.

The Barrow Group on the Exmouth Plateau consist of turbidites, basin floor fans and fluvio-deltaic sediments of the lower (western) Barrow Delta lobe. These sediments are also known as the Malouet Formation consisting of submarine fan sandstones and pro-delta claystones. A fan of very early Cretaceous age, at the onset of the Barrow depositional system, is targeted in permit WA-322-P.

The Barrow Group sediments are not present in the southern Exmouth Sub-basin due primarily to non-deposition, which has implications for the prospectivity of blocks WA-384-P, WA-385-P and WA-394-P (residual rights only).

3.3.3 Post Rift

Tectonics

After the tectonic uplift during the end of the Late Syn-rift phase, a large portion of the Carnarvon Basin was eroded at the KV unconformity. This event was followed by regional post-rift sag sedimentation in the offshore part of the basin. The Mid-Valanginian to Mid-Santonian is defined as Post-rift Active Margin mega-sequence (Figure 4).

Shelf carbonate sediments were deposited on the passive continental margin in the Carnarvon Basin in the Late Cretaceous and Cenozoic.

In the Miocene, the collision of the Australia-India and Eurasia plates induced a major compression event in the region. This event produced tilting, inversion, renewed movement on faults and the creation of new strike-slip or wrench faults (Malcolm et al, 1991).

Stratigraphy (Reservoirs and Seals)

During the post-rift active phase (Mid-Valanginian to Mid-Santonian); a regional seal consisting of the transgressive marine Muderong Shale was deposited in the Carnarvon Basin. Very few hydrocarbon formations are found above this seal on the north-western and northern margins of the Australian continent. The post rift/passive margin section is generally not prospective (Figure 4).

With-in the Barrow and Dampier sub-basins, the Muderong Shale has several thin marine sandstone intervals with oil accumulations, these include; the Mardie Greensand Member, the *M. australis* Sandstone or the Stag Sandstone and the Aptian Windalia Sandstone.

Following the sedimentation of the Muderong Shale, the Windalia Radiolarite Formation was deposited during Aptian-Albian and represents a maximum flooding surface. This unit outcrops in the eastern Carnarvon Basin. In the subsurface of the Exmouth and Barrow sub-basins, the unit is a medium to dark-grey siltstone. The Gearle Siltstone is lithologically similar to the underlying Windalia Radiolarite.

Carbonates were deposited on a passive margin in the Late Cretaceous and Cenozoic. In the Eastern part of the Exmouth Sub-basin and across the Dampier and Barrow sub-basins, a major carbonate platform developed during the Late Oligocene. On the deep water Exmouth Plateau, the sedimentary section deposited during this period was relatively thin.

3.3.4 Source and Charge

A Permian to Triassic sedimentary section exists on the Exmouth Plateau. Possible organic-rich units in this area include; the Early Triassic (marine Locker Shale equivalents) and the more likely Late Triassic (Mungaroo Formation deltaic facies and marine equivalents). In the deep water portions of the Exmouth Plateau (where Octanex blocks WA-362-P, WA-363-P, WA-386-P and WA-387-P are located) the Late Cretaceous to Recent sedimentary section is relatively thin which has negative implications for local maturity of any Middle to Late Triassic source intervals.

In the central part of the Dampier Sub-basin (WA-323-P and WA-330-P), the Mungaroo Formation coals and carbonaceous claystones and the marginal marine facies of the Brigadier Formation represent a possible gas source. In the central Dampier Sub-basin, the generation from Triassic source rock started in the Jurassic.

Potential source intervals in the Exmouth Sub-basin occur in the fine grained, deepwater and pro-delta facies deposited in the Late Jurassic and Early Cretaceous. Some hydrocarbon generation from the gas-prone Mungaroo Formation system and older Triassic source rocks presumably occurred in the Exmouth Sub-basin during the Jurassic.

Fine grained deltaic to marine sediments of Early to Middle Jurassic Murat Siltstone, Athol and Legendre formations have the potential for both oil and gas generation in the central Dampier depocenter.

The synrift anoxic marine shales of the Late Jurassic Dingo Claystone are the principal effective source for oil in the Dampier, Barrow and Exmouth Sub-basin (Tindale et al, 1998; Longley et al, 2002). This shale is generally thin or absent on the Exmouth Plateau.

4. WA-362-P, WA-363-P, WA-386-P AND WA-387-P (EXMOUTH PLATEAU)

WA-362-P, WA-363-P and WA-387-P blocks lie north of the Io-Jansz, Thebe and Pluto gas discoveries. WA-386-P is in over 2000 m of water north-west of the Scarborough gas discovery (8 Tcf). The location of the permits is shown in Figure 5. The permits, which cover an aggregate area of approximately 21,800 km², are on the northern margin of the Exmouth Plateau, 300-500 km north-west of the Western Australian coastline.

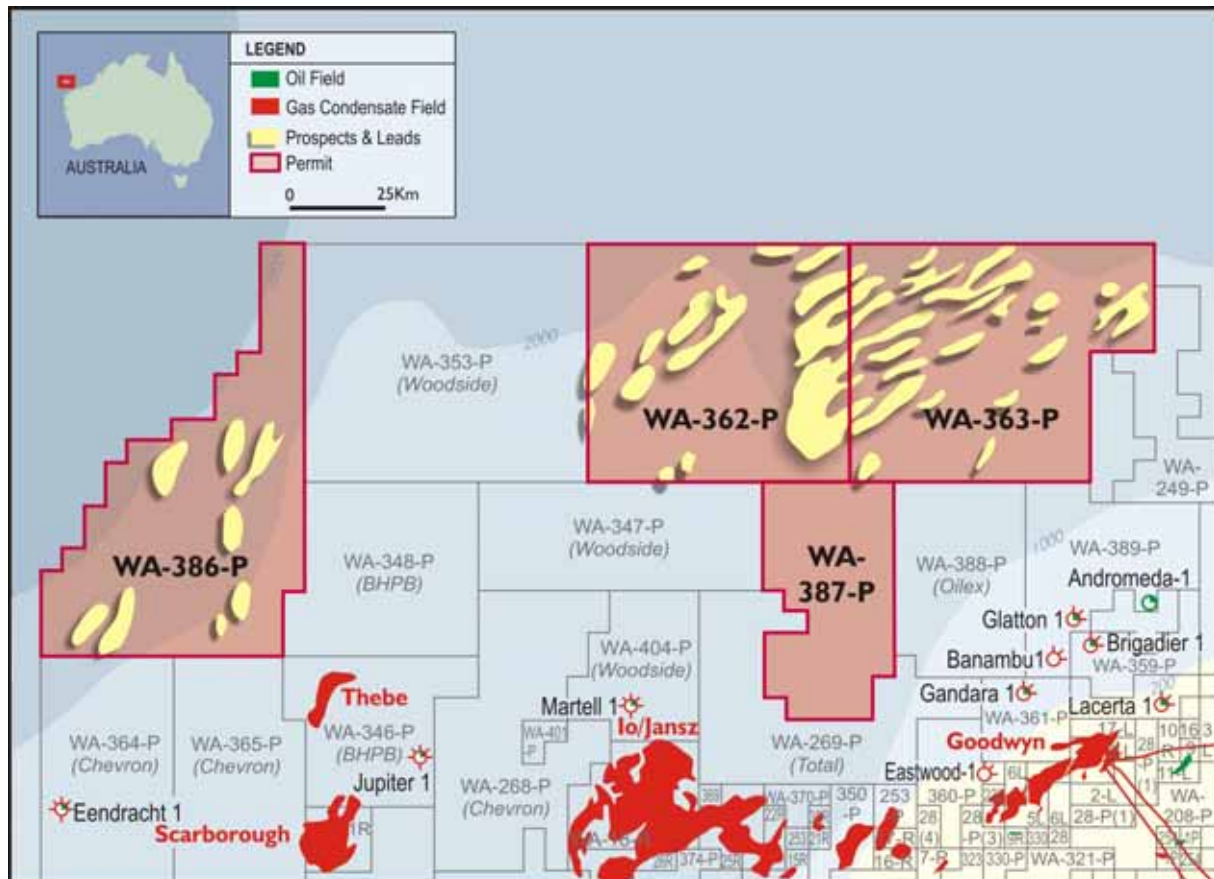


Figure 5 - Location of Prospects on the Permit Areas WA-362-P, WA-363-P, WA-386-P and WA-387-P (Source: Octanex)

OMV Australia Limited ("OMV") and ENI Australia Limited ("ENI") farmed into the four blocks in 2007 and a new joint venture was formed for each permit. OMV and ENI have in turn agreed to acquire and process 2D seismic data in each permit. During 2008, the joint venture Operator, OMV, completed the acquisition of the Klimt 7,840 km 2D seismic survey (Figure 6).

Following interpretation of the new 2D data, a number of Prospects have been identified. These are complex structural closures at the Top Triassic level. Figure 7 shows a seismic profile NW-SE through the eastern and western highs and displays the complexity of the multiple faults at the Triassic target horizons. The primary prospective reservoirs are interpreted by OMV as the Upper Triassic Mungaroo sandstones deposited as lower delta plain to delta front facies. The predicted depth of the reservoirs is generally between 2100 – 3500 mSS with water depth ranges of 1600- 2400 meters.

RPS evaluated eleven Prospects within permits WA-362-P, WA-363-P and WA-386-P. The majority of the mapped structural closures represent large prospects with the potential to be substantial gas accumulations, but with a moderate to high geological risk.

Volumes

The results of the RPS volumetric analysis and geological risking are shown in Table 3 and Table 4. The full range of parameters for the probabilistic in place volume estimates are shown in Appendix B. The recovery factors were applied using a deterministic method of 60% for the low estimate, 70% for best and mean estimates, and 80% for the high estimates. The depth maps of the Top Mungaroo Formation and the structural four-way closure Prospects identified within the permits are presented in Figure 8, Figure 9, and Figure 10.

Undiscovered Gas Initially In Place (Bcf)				
Prospect	Low Estimate	Best Estimate	Mean estimate	High Estimate
Gigantor	1707	6437	9807	21860
Ghidorah	1532	4145	5184	10172
Minya	1449	3684	4560	8763
Hedorah	432	1286	1680	3442
Frankenstein	456	1332	1745	3572
Buzzsaw	452	1191	1510	2972
Megatron	552	1330	1608	3021
Skelator	372	1027	1321	2634
Thunderwing	436	1099	1314	2522
Ironhide	569	1245	1422	2538
Godzilla	409	1121	1363	2679

Table 3 - Undiscovered Gas Initially In Place (Source: RPS)

Prospective Gas Resources (Bcf)					
Prospect	Low Estimate	Best Estimate	Mean estimate	High Estimate	Risk Category
Gigantor	1024	4506	6865	17488	High to Moderate
Ghidorah	919	2902	3629	8138	High
Minya	869	2579	3192	7010	High
Hedorah	259	900	1176	2754	High
Frankenstein	274	932	1222	2858	High
Buzzsaw	271	834	1057	2378	High
Megatron	331	931	1126	2417	High
Skelator	223	719	925	2107	High
Thunderwing	262	769	920	2018	High
Ironhide	341	872	995	2030	High
Godzilla	245	785	954	2143	Moderate

Table 4 - Prospective Gas Resources and Risks (Source: RPS)

Risking

The structures identified within these permits are further outboard than any other regional discovered hydrocarbons and can be regarded as a new play concept. To evaluate their Geological Probability of Success (GPOS) RPS has assessed the chance of success of the play (play chance) and also the chance of success associated with each prospect.

The play chance has been judged to be 40% based on common risks of reservoir and charge/migration existing within the four blocks, ie. there is a 2 in 5 chance that the technical model proposed for this play is correct.

The risks are a function of structural confidence, seal competence, reservoir thickness and quality, and migration routes into the Prospects. Generally, the critical risk is the migration route into the Prospect location.

The Godzilla Prospect is considered to have a moderate GPoS, with the Gigantor Prospect risk considered to be Moderate to high, the remaining prospects all fall within the High Risk Category.

Seismic examples through Gigantor, Minya, Godzilla and Ghidorah are shown in Figure 11 and Figure 12 and display the good quality seismic imaging and the clear structural nature of the closures. The structural closure is considered low risk despite having a complex nature and being interpreted only on 2D seismic data. This is due to the clear fault imaging and relatively large throws.

Figure 13 shows the expected location of the source kitchen and the likely migration paths and that the Gigantor and the Godzilla Prospects are much more favourably located to collect charge than the ones located further outboard. The perceived regional risk for reservoir (generally riskier the further outboard) and seal (this can be compromised by top Triassic reef growth) within the WA-362-P and WA-363-P permits is shown in Figure 14 and Figure 15.

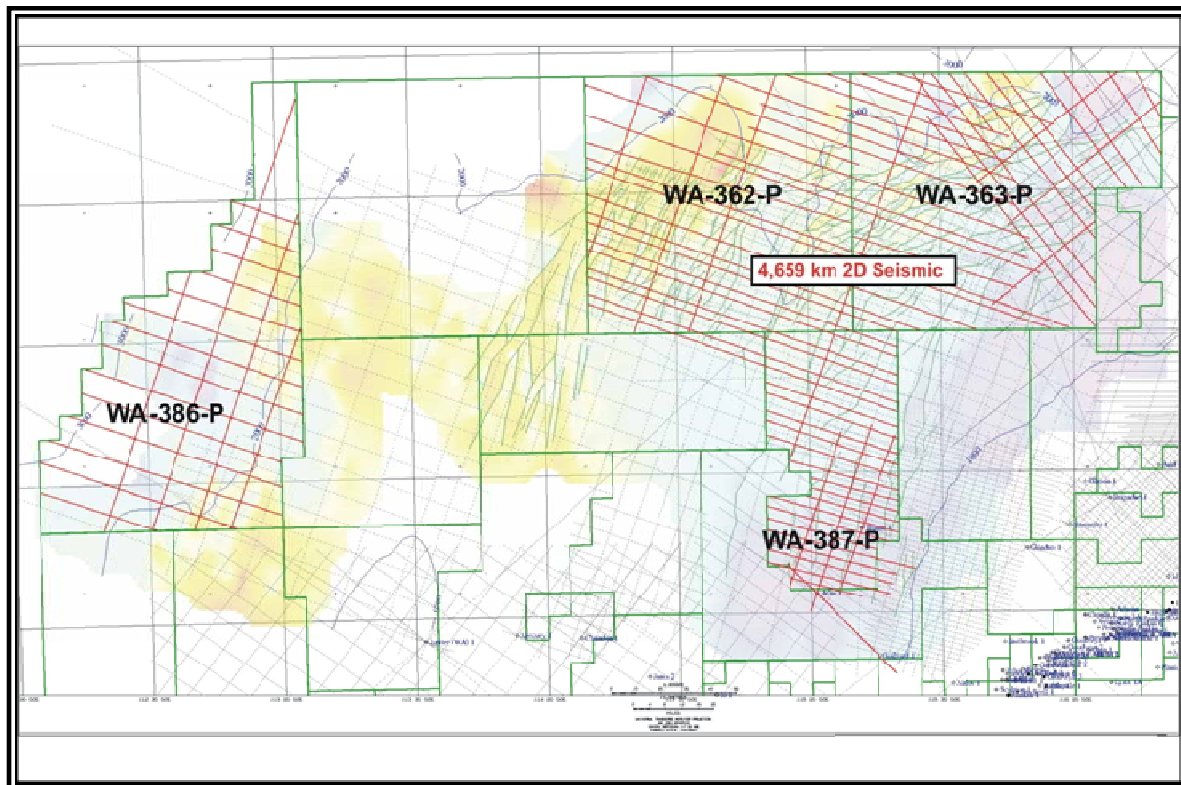


Figure 6 - Klimt 2D Survey - WA-362-P, WA-363-P, WA-386-P and WA-387-P (Source: Octanex)

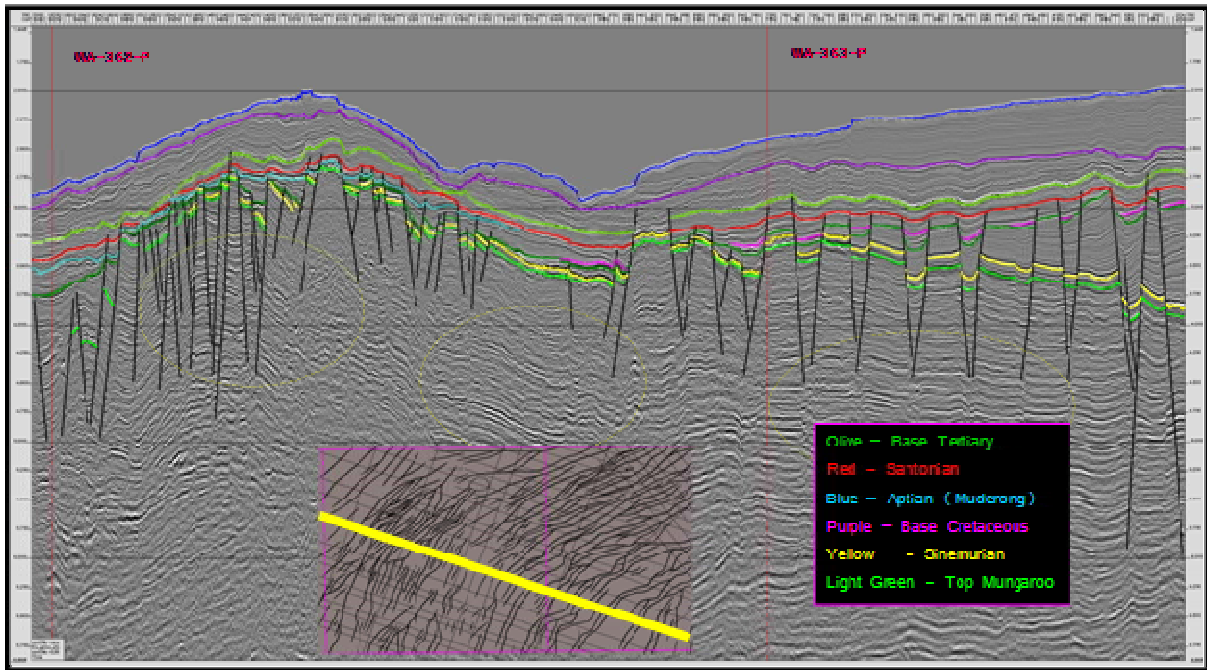


Figure 7 - Seismic Line OM08-28 NW-SE through Permits WA-362-P and WA-363-P
(Source: OMV)

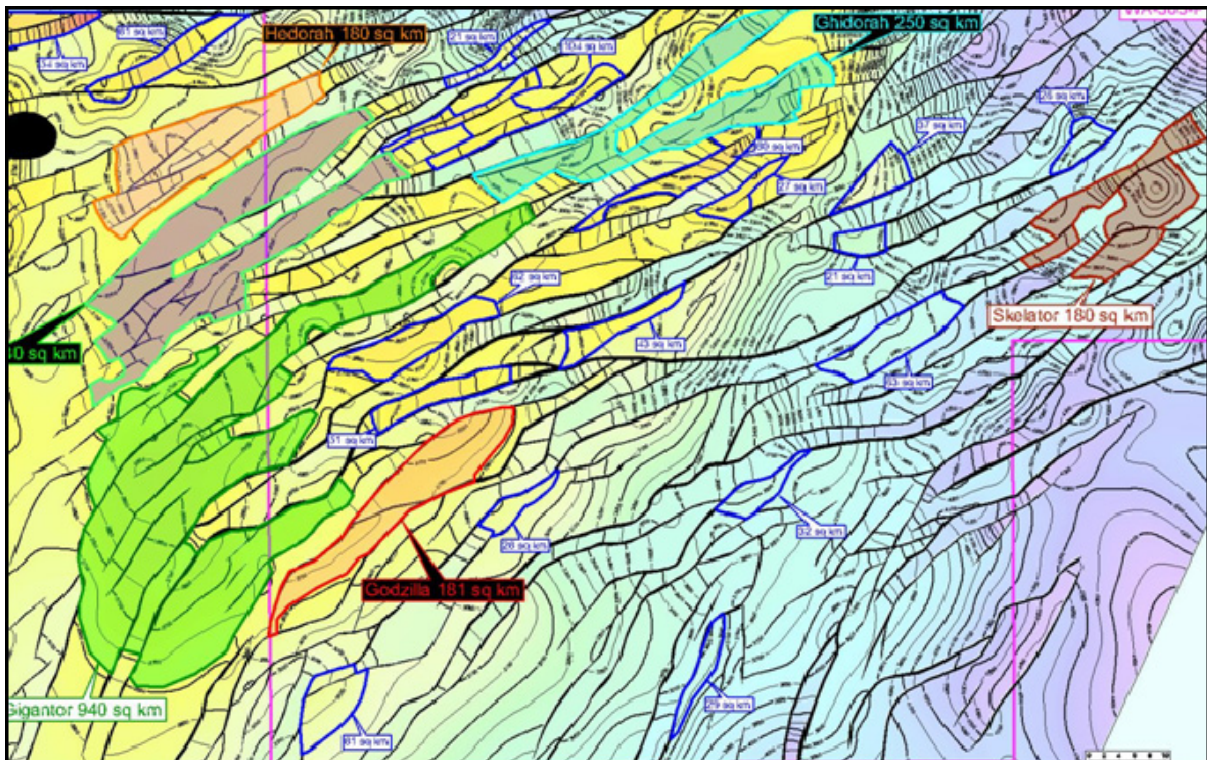


Figure 8 - Prospects Identified in WA-363-P (Source: OMV)

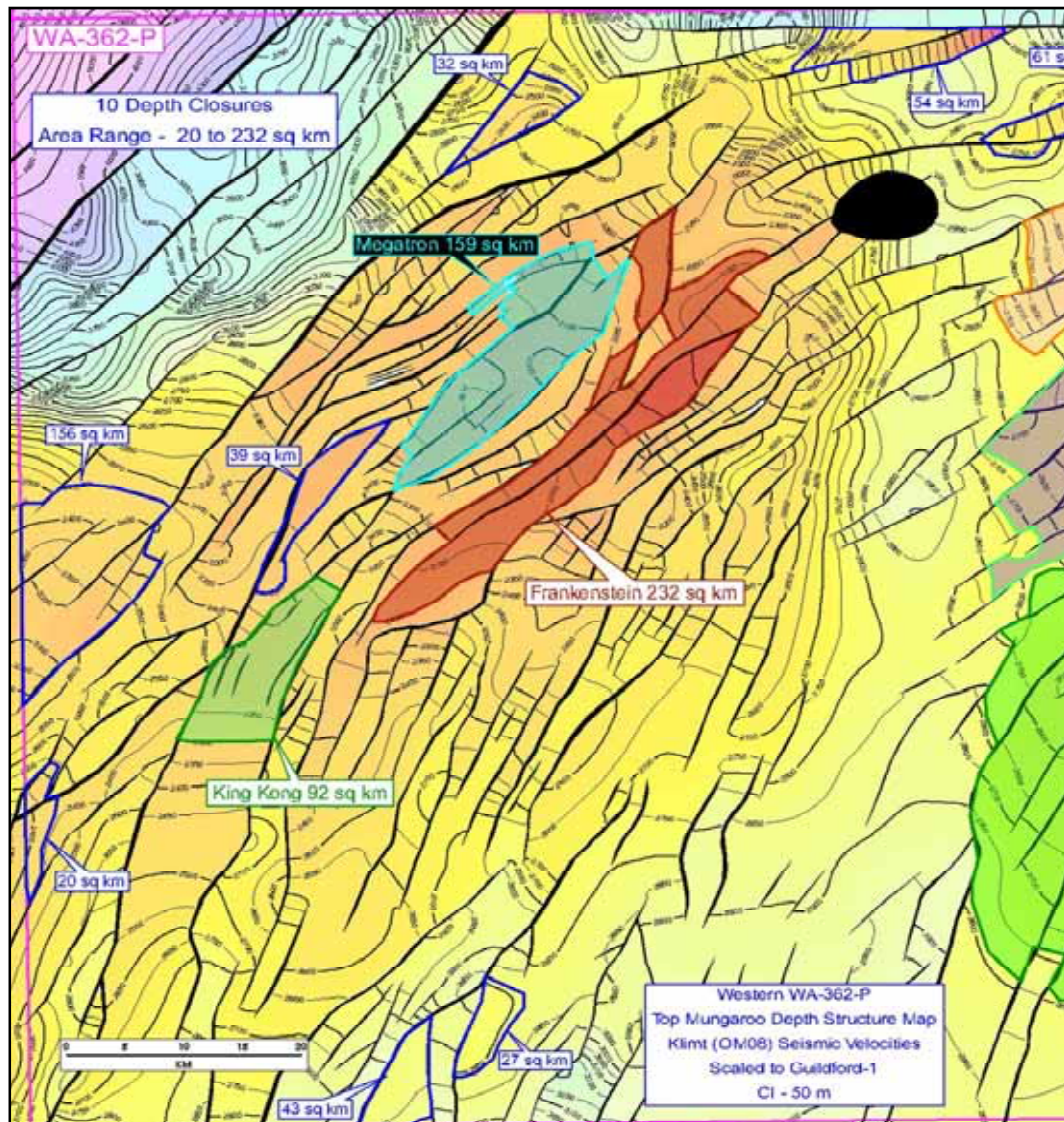


Figure 9 - Prospects Identified in WA-362-P (Source: OMV)

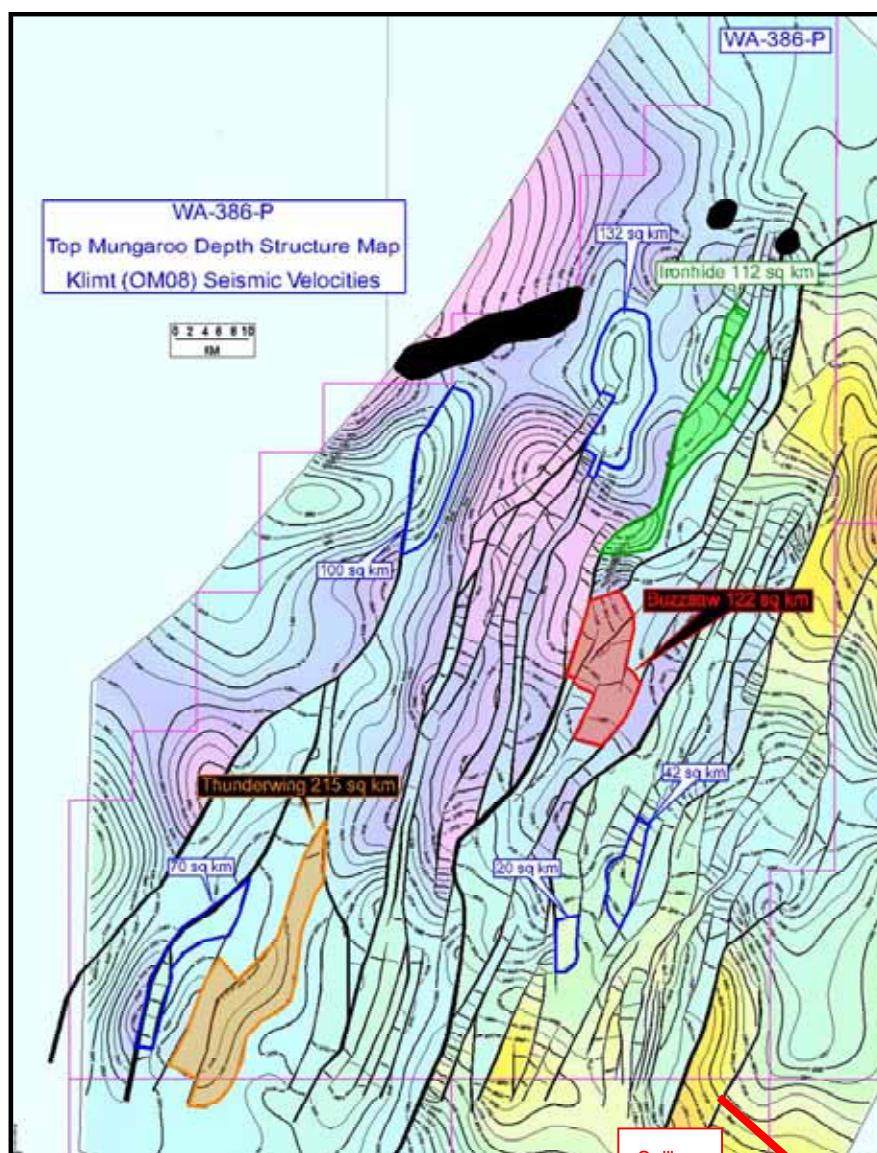


Figure 10 - Prospects identified in WA-386-P (Source: OMV)

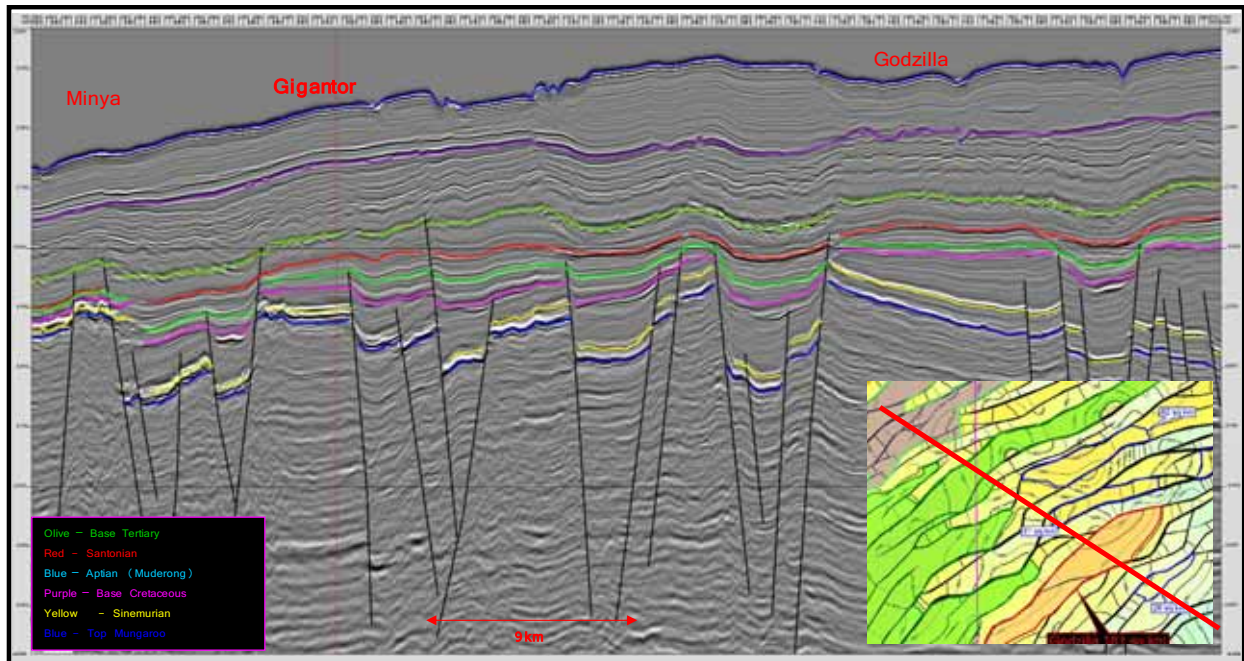


Figure 11 - Seismic Line OM08-32 through Godzilla, Minya and the Gigantor Prospects (Source: OMV)

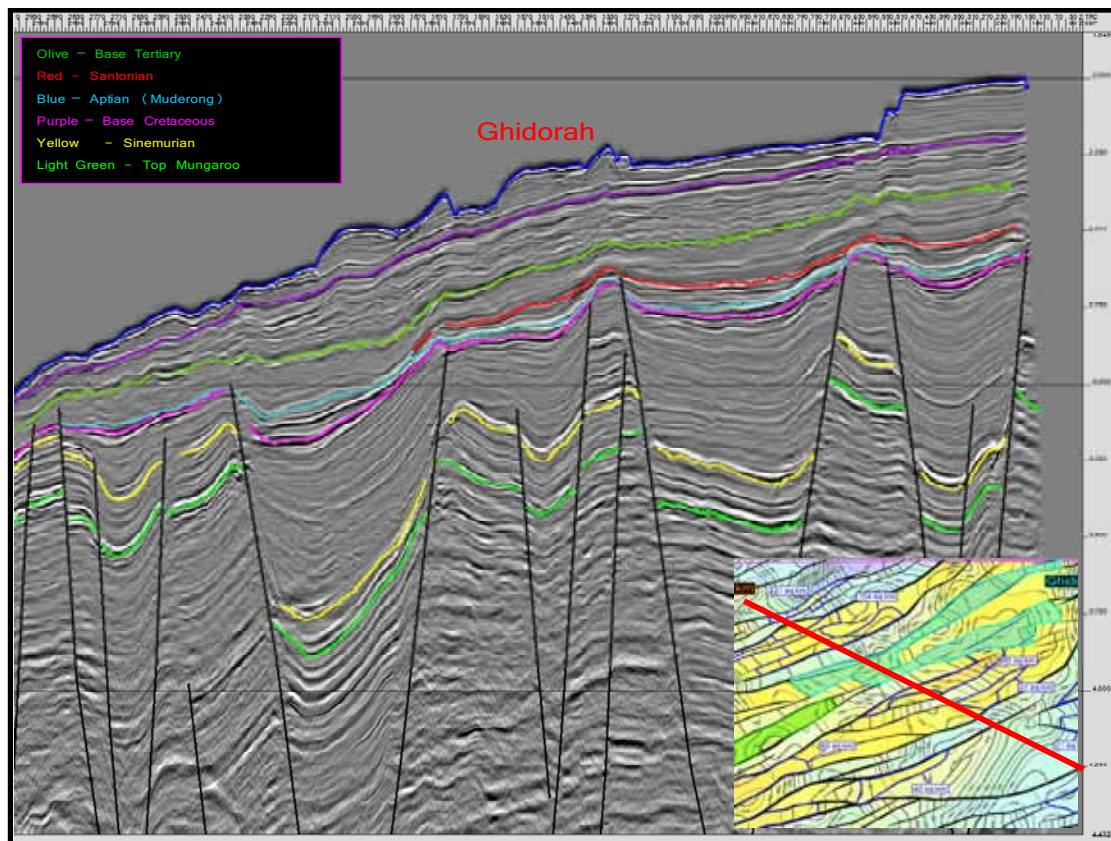


Figure 12 - Seismic Line OM08-40 through the Ghidorah Prospect (Source: OMV)

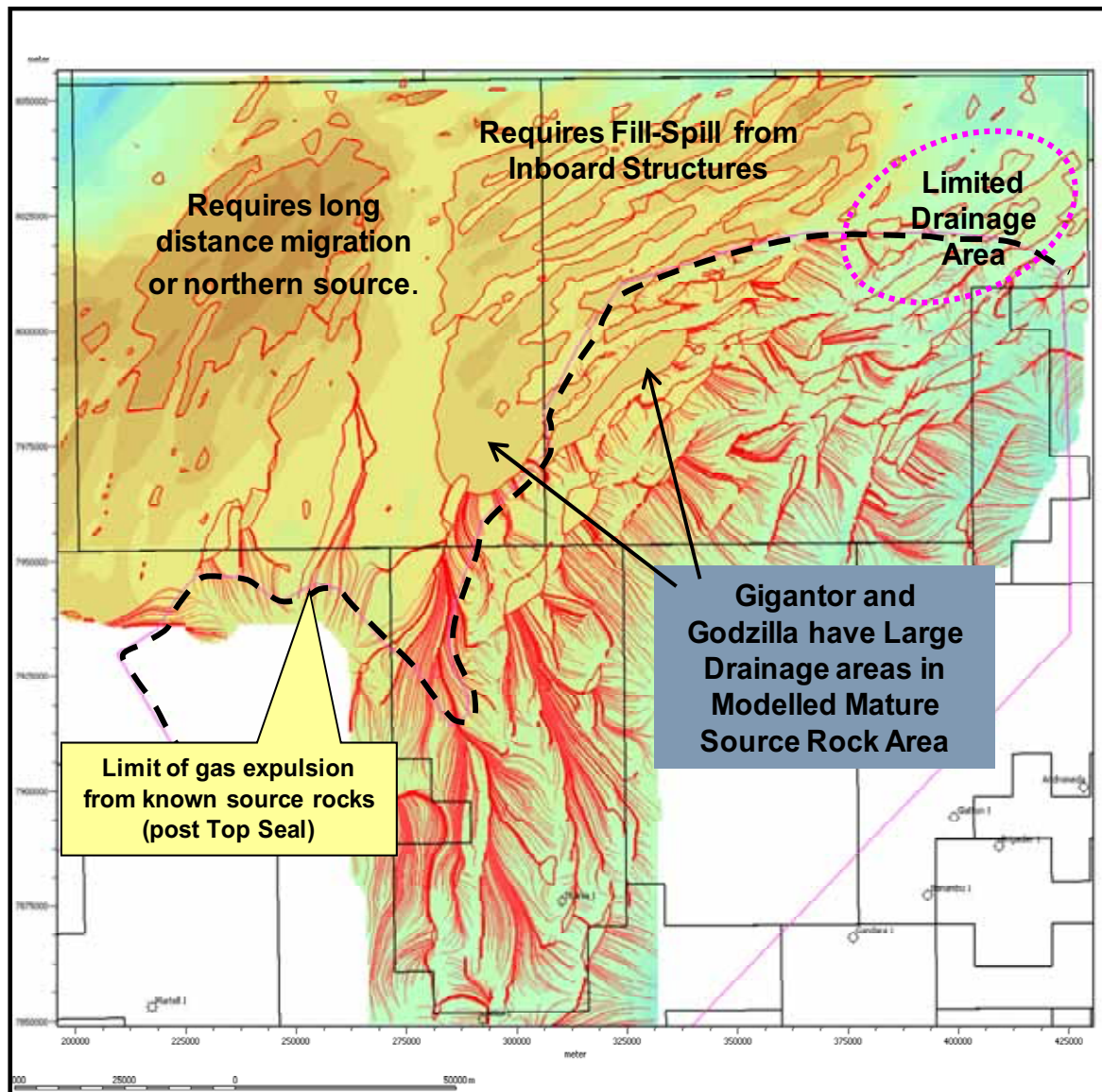


Figure 13 - Drainage and Migration Paths for Prospects in WA-362-P and WA-363-P
(Source: OMV)

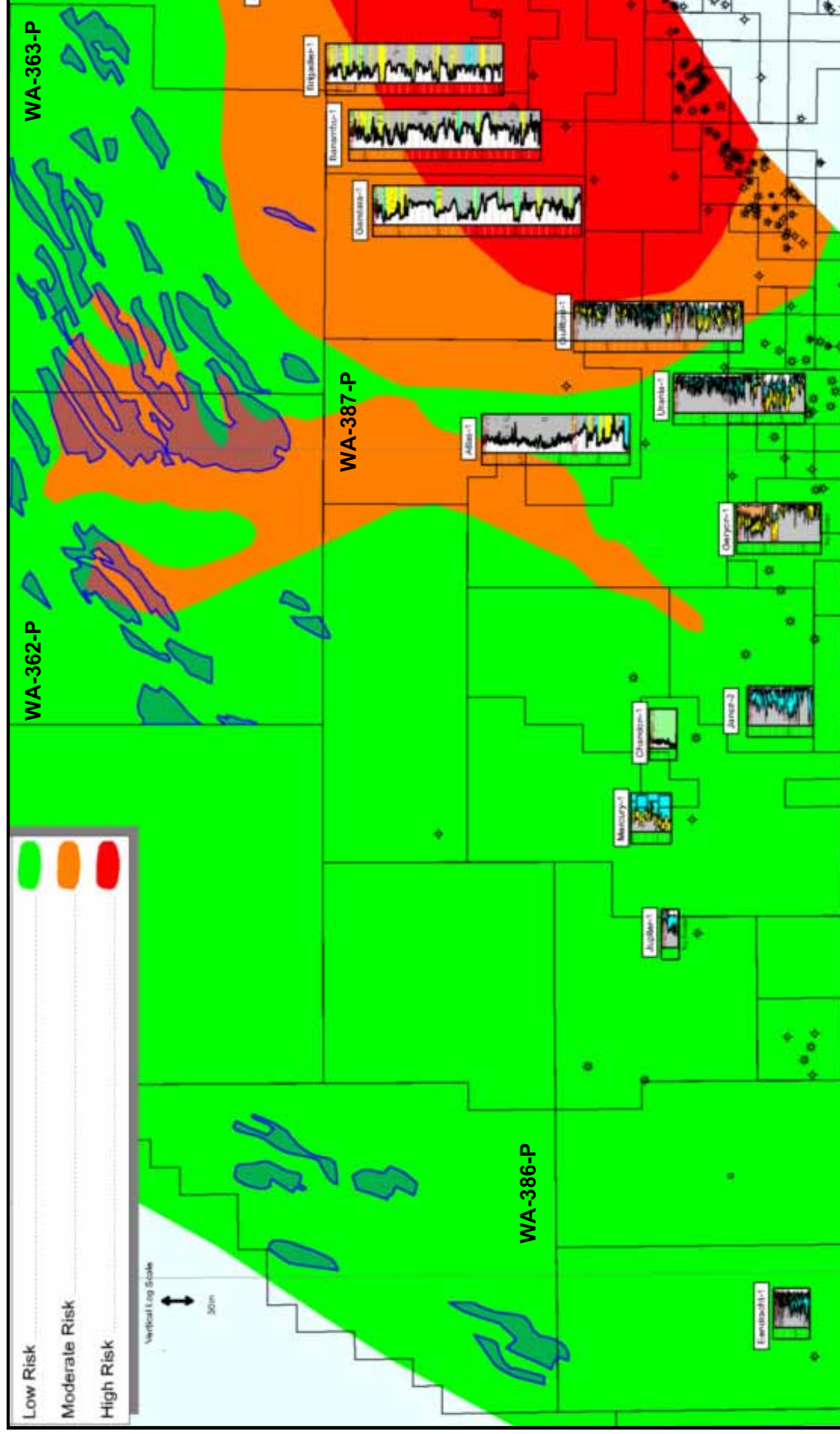


Figure 14 - Seal Risk Map (Source: OMV)

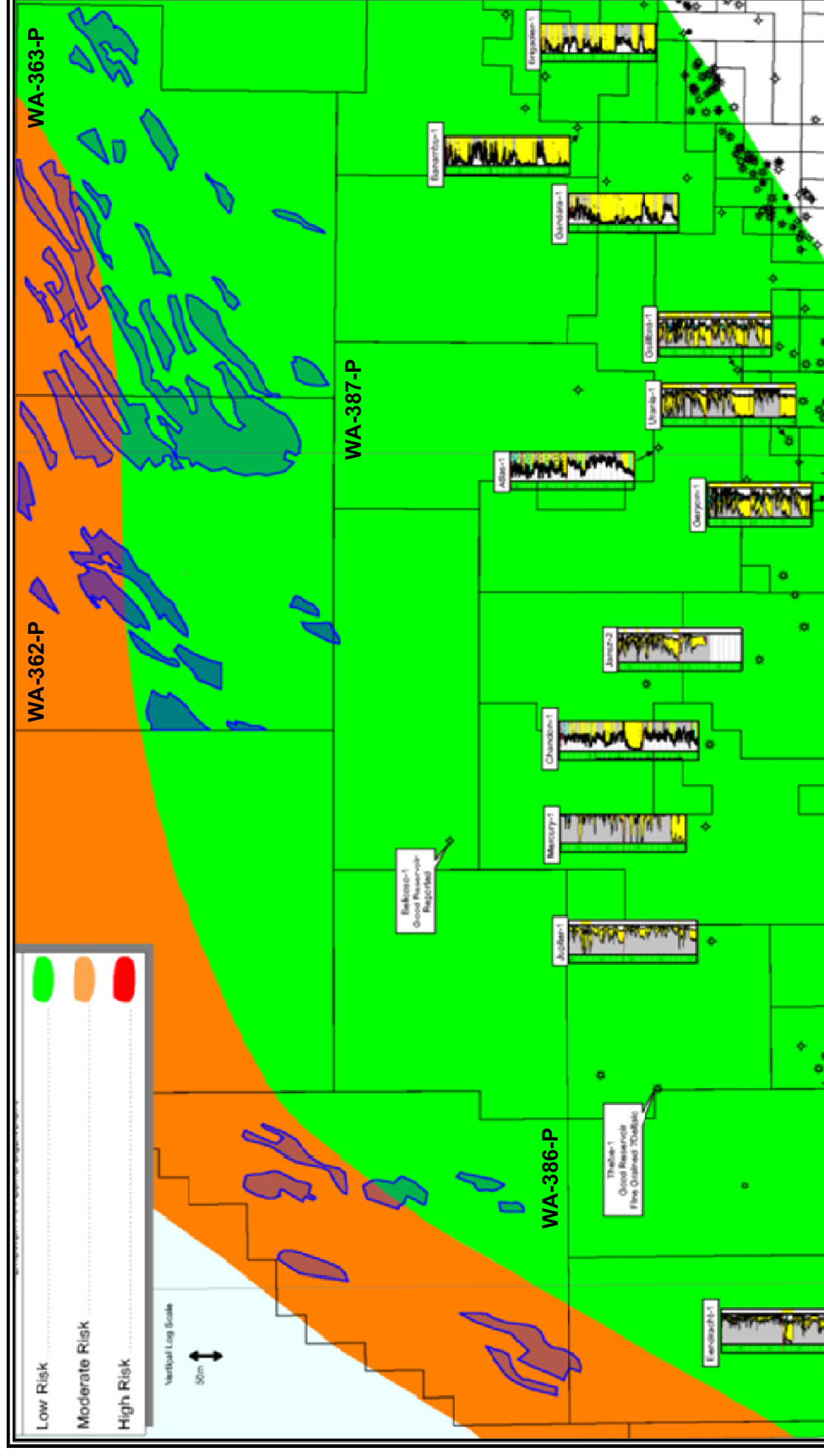


Figure 15 - Reservoir Risk Map (Source: OMV)

5. WA-323-P AND WA-330-P (DAMPIER SUB BASIN)

These blocks are located in the Dampier Sub-Basin: WA-323-P and WA-330-P. One prospect, the Winchester prospect, has been identified that straddles both the blocks (Figure 16).

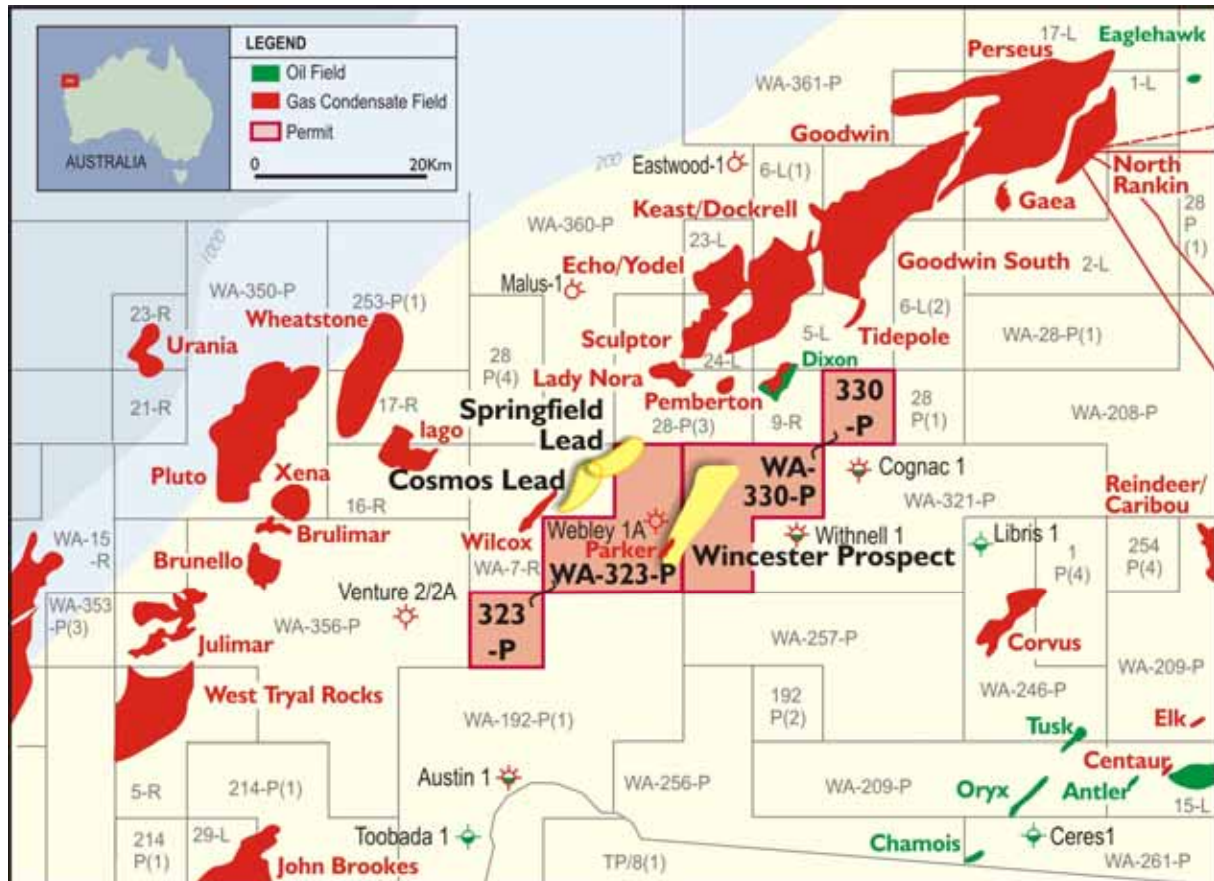


Figure 16 - WA-323-P and WA-330-P in the Dampier Sub-basin (Source: Octanex)

5.1.1 Winchester Prospect

The primary prospect within the permits WA-323-P and WA-330-P is the Winchester Prospect which straddles the WA-323-P and WA-330-P permit boundaries. Other leads that partly overlap the WA-323-P northern boundary have also been interpreted. However, RPS have only included the Winchester Prospect because the remaining leads have not been evaluated sufficiently for RPS to be able to make a reasonable assessment of their potential (Figure 17).

The Winchester Prospect has a potentially large areal extent and possible stacked pay levels. Figure 18 shows the near Top Triassic TWT structure map and the prospective Winchester terrace structure.

This prospect can be expected to be similar to the nearby undeveloped Wilcox Field, where overpressure is an issue delaying the finalization of a development plan. The discontinuous nature of the Triassic fluvial sandstones, which are individually sealed, poses additional reservoir complexity for the Wilcox Field. Wilcox-1 has 141 m of combined net pay but in eight different pay intervals with five pressure regimes. The reservoirs have porosity up to 20% (perhaps in part preserved by the overpressure). Condensate yield from tests at Wilcox were high and ranged from 66 to 79 stb/MMscf. An offset well to Wilcox, Webley-1A was

drilled in 1999, lies in permit WA-323-P did not reach the Jurassic/Triassic; hence these target horizons remain untested in the Webley and Winchester areas.

Also in the area are the Parker-1 and Parker-ST1 (sidetrack) wells which were drilled in 1979 and 1980 (Figure 18). These are shown as a single location on Figure 18 and Figure 19. The Parker-1 well encountered a substantial gas show which was not tested due to technical problems. The well terminated in stacked sands and shales. The Parker well was then side tracked, as Parker-ST1, but again the sands were not logged due to a broken anchor chain and subsequent drilling problems. The sands in the Parker-1 well and Parker-ST1 both exhibited very strong gas shows. In Parker-1, the sands between 4510 mMD and 4627 mMD returned total gas ranging from 3 to 320 units and C1 ranging from 550 to 58,000 ppm (Figure 19). Gas components up to C4 were observed. The cuttings contained coal, which is known to occur in the Triassic Mungaroo and is seen in nearby wells. The sands could not be definitively dated. However, similar stacked sands in nearby wells are considered, with reasonable confidence, to be Triassic Mungaroo sands. On the basis of this lithological correlation it is reasonable to assume that the gas shows at Parker-1 and Parker-ST1 were from the Triassic Mungaroo sands; and that the Parker-1 well penetrated the footwall of the Winchester Prospect fault block. In that case, a large gas column is possible at in the Winchester prospect.

A seismic cross section is shown in Figure 20 depicting the relationship between Parker-1 and the Winchester Prospect. Also shown is the poor quality of the seismic data on the Winchester Terrace. In order to better image the prospect and reduce the structure definition risk Octanex entered into an agreement with Geokinetics (Australasia) Pty Ltd for 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, now completed, was approximately 195 km², of which approximately 82 km² had high-fold data acquisition, while the remaining perimeter was lower fold (Figure 21). The processing of this data is still in progress.

Volumes

A probabilistic calculation for the volume at Winchester was made using the area of closure derived from the time map and an estimate of the likely thickness of the Mungaroo Formation (Figure 22). The reservoir parameters are based on ranges seen in the Wilcox wells and full volumetric input ranges are shown in Appendix B and the volumetric results are shown in Table 5 and Table 6.

	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Undiscovered Gas Initially in Place (Bcf)	590	1596	2131	4243

Table 5 - Undiscovered Gas Initially in Place of the Winchester Lead (Source: RPS)

	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Prospective Gas Resources(Bcf)	354	1117	1492	3394
Prospective Condensate Resources (mmbbls)	14	49	67	156

Table 6 - Prospective Resources of the Winchester Lead (Source: RPS)

Risking

The critical risk is “Trap” because the structural definition of the prospect is poorly imaged by seismic. It is thought that successful processing of the latest OBC data may reduce this risk. Other risks are the reservoirs continuous areal extent and the presence of competent top and intra Mungaroo seals. The GPoS (Geological Probability of Success) of the Winchester Lead falls within the high risk Category, see APPENDIX C: RPS Guidelines for Exploration and Appraisal Risk

5.1.2 Other leads

Two other leads, Cosmos and Springfield, are located at the NW edge of WA-323-P (Figure 17). Both are Triassic reservoir leads. The Springfield Lead is the largest and approximately 60% lies within WA-323-P. The Springfield Lead could be reasonably expected to have similar reservoir properties to Winchester. From the limited information available it appears Cosmos lies down dip of the Wilcox Field (Figure 23) and the Wilcox-2 dry-hole. To evaluate these prospects RPS would require further data including detailed mapping of any stratigraphic pinch-out.

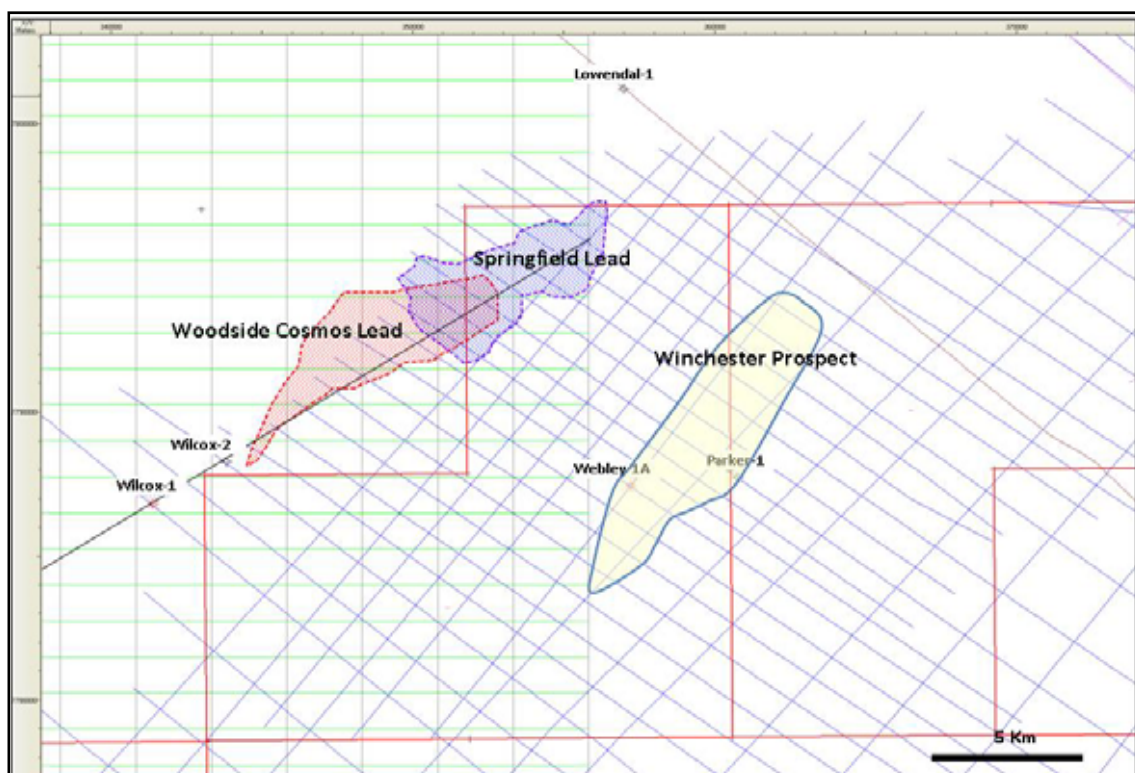


Figure 17 - WA-323-P and WA-330-P Prospect and Lead map
(Source: Octanex, Modified RPS).

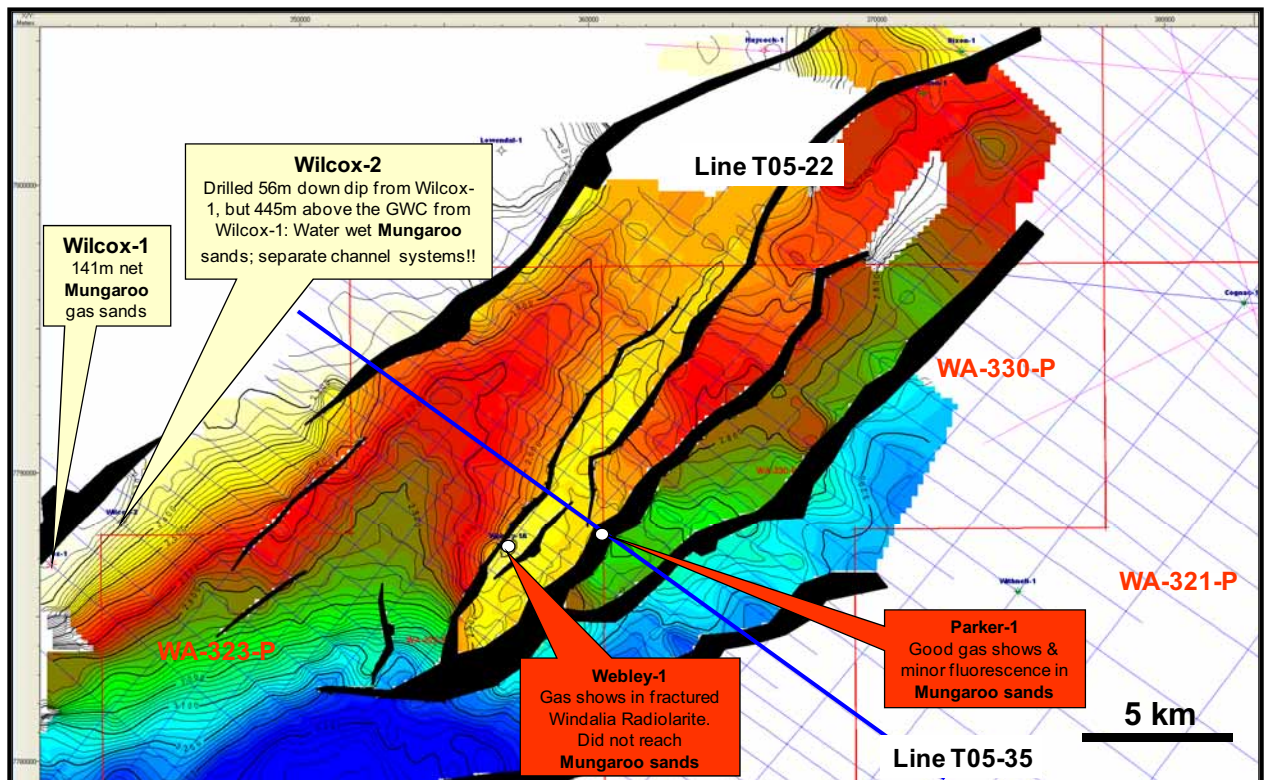


Figure 18 - Top Triassic TWT structure Map WA-323-P & WA-330-P (Source Octanex, Modified RPS)

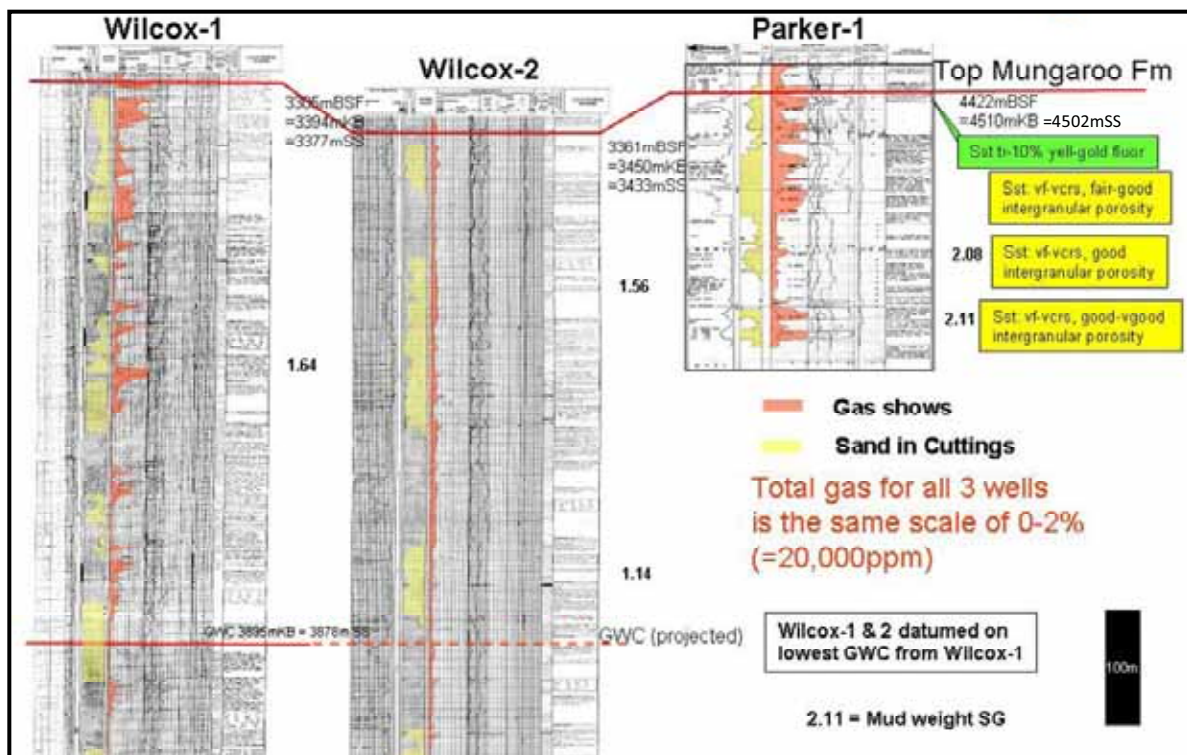


Figure 19 - Parker-1 Strong Gas Show (untested) Compared with Wilcox-1 Gas Discovery (Source: Octanex)

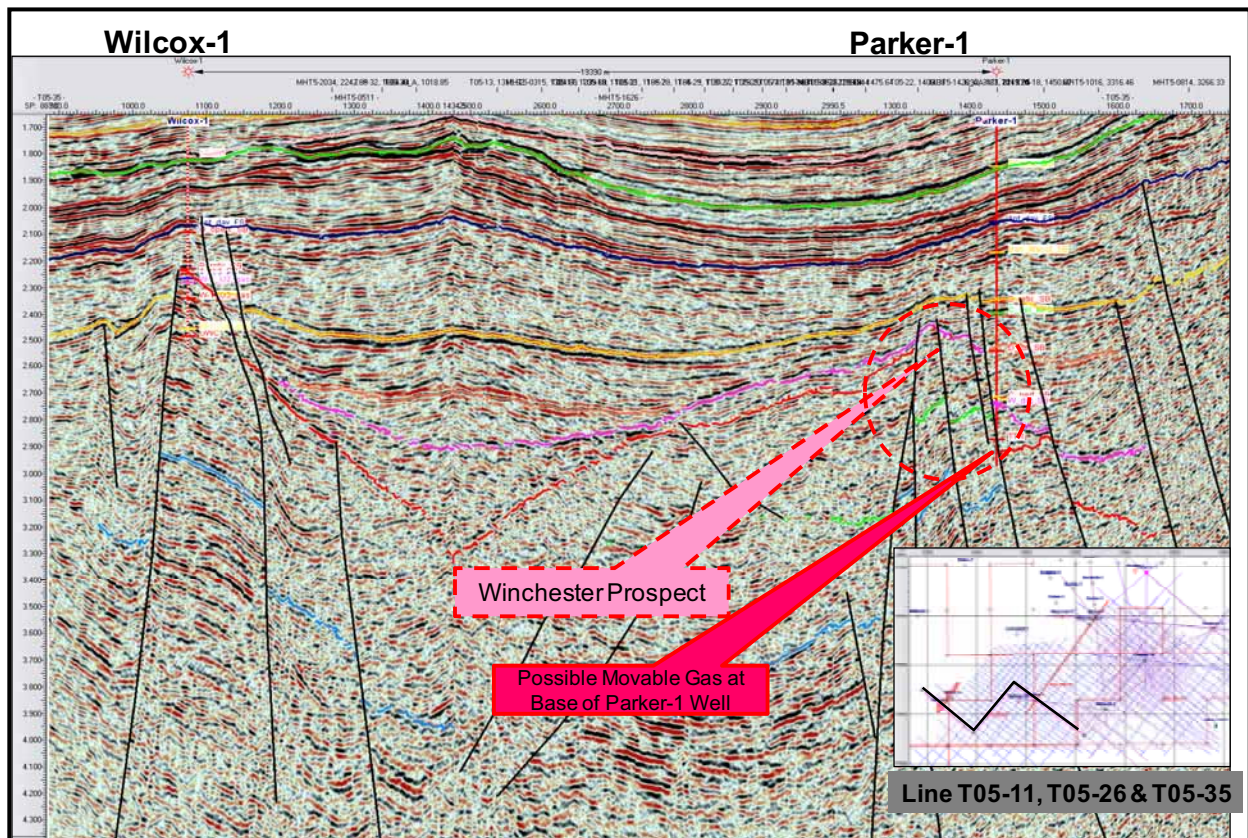


Figure 20 - Composite Seismic Line through the Winchester Prospect (Source: RPS, Interpretation: Octanex)

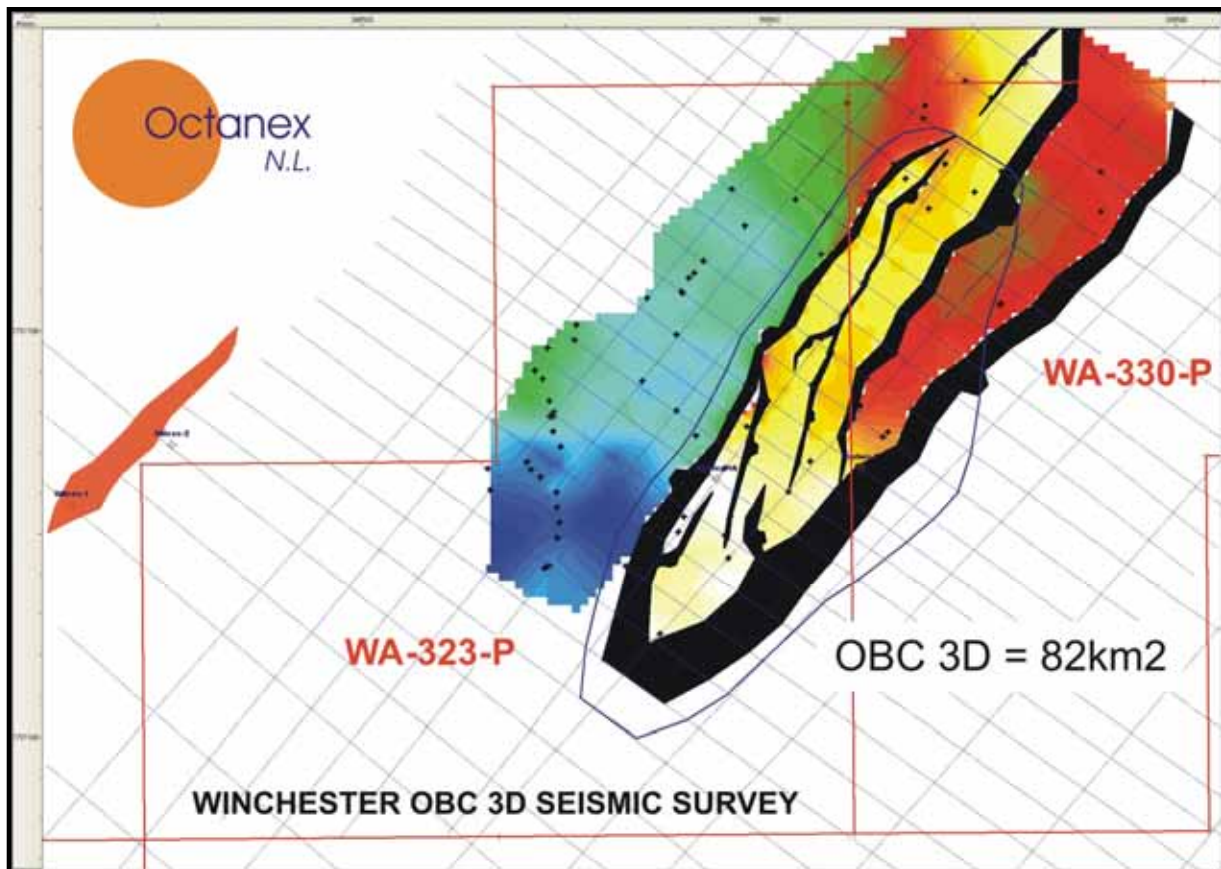


Figure 21 - Winchester OBC 3D Seismic Outline (Source: Octanex)

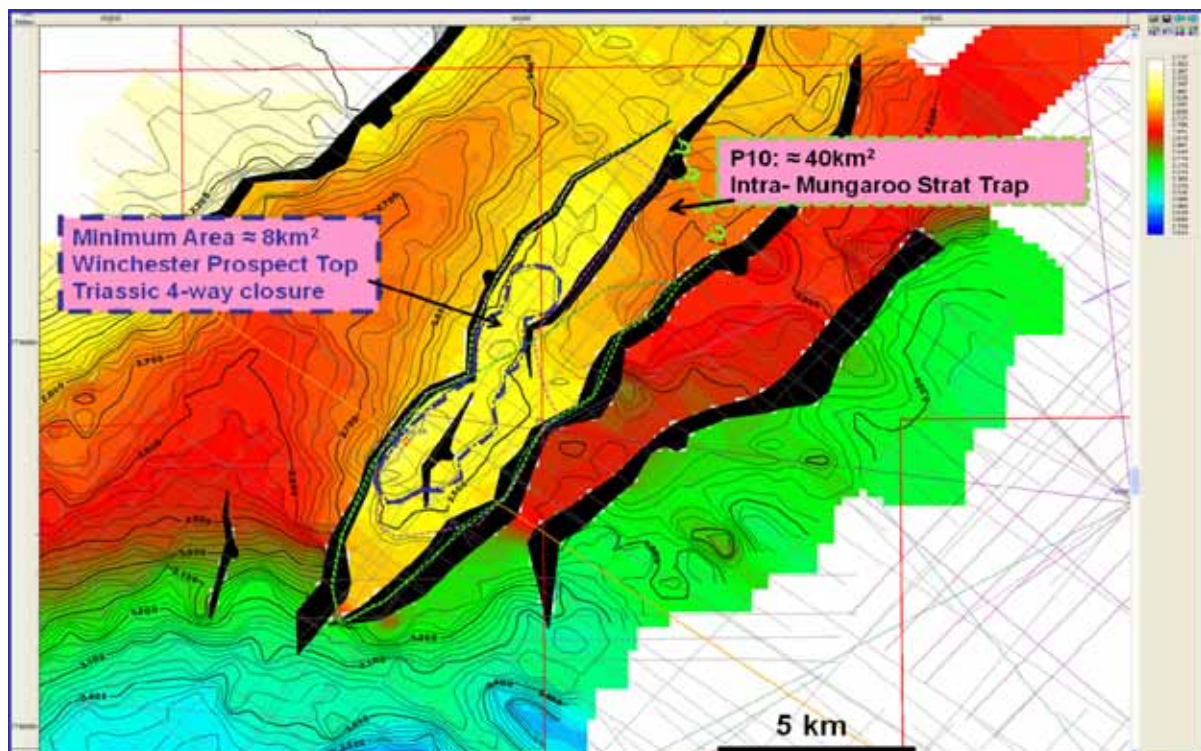


Figure 22 - Volumetric Areas from the Top Mungaroo Formation Time Map (Source: RPS, Interpretation by Octanex)

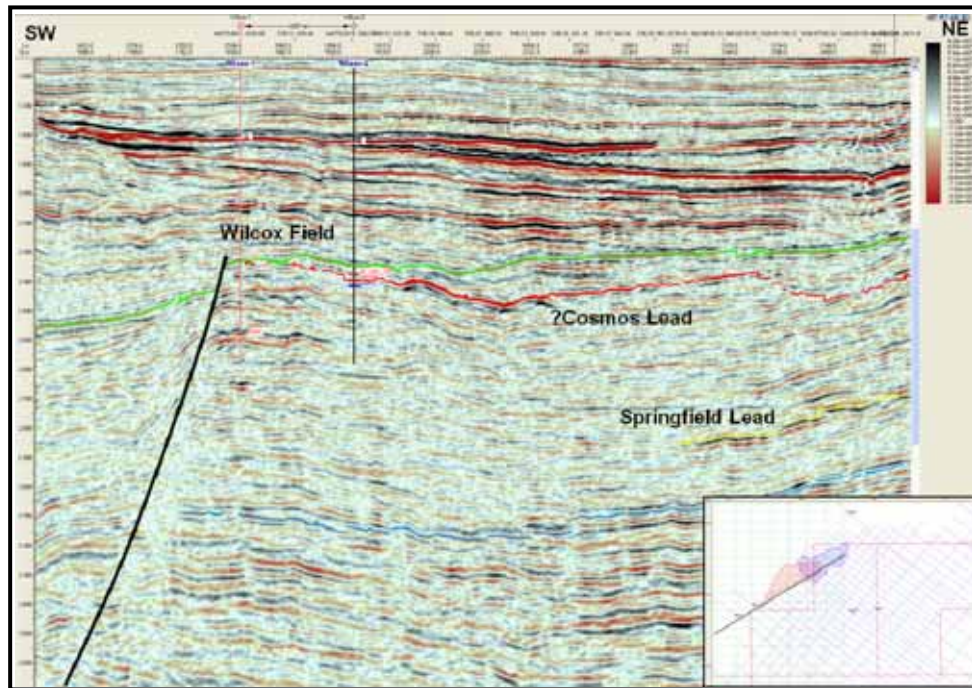


Figure 23 - Seismic Line through the Cosmos and Springfield Leads (Source: RPS, Interpretation by Octanex)

6. WA-322-P AND WA-329-P (EXMOUTH SUB BASIN)

Two permits in the Exmouth Sub-basin are the object of the present study: WA-322-P and WA-329-P (Figure 24).

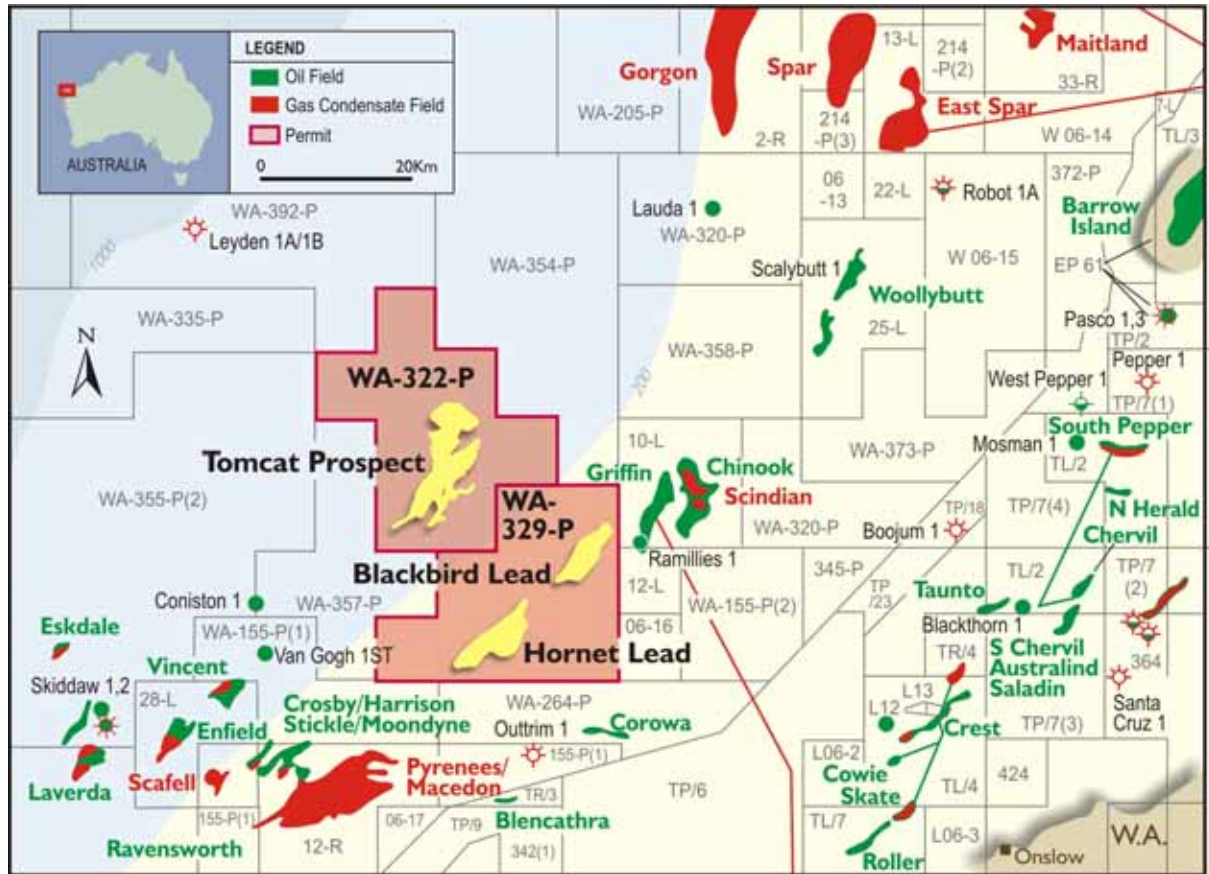


Figure 24 - WA-322-P and WA-329-P, Exmouth Sub-basin
(Source: Octanex, Modified RPS)

6.1 WA-322-P

6.1.1 Tomcat

This permit contains the Tomcat Prospect, which was formerly known as Ponsonby (Figure 25). The prospect is located in a water depth of approximately 300 m at a depth of 3600 to 4600 mTVDSS (shallowest to deepest points) with average depth of about 4100 mTVDSS.

The prospect is a combination stratigraphic and structural trap. It is identified as a group of seismic amplitude anomalies, which are interpreted to represent hydrocarbon-bearing, Cretaceous aged, deep-water channel and fan sandstones. The prospect has been mapped using data from an excellent quality 3D seismic survey acquired by the operator. RPS reviewed the seismic data and the interpretation. RPS's volumetric estimation of the prospective resources is based on this audited interpretation. This mapping identified and mapped two seismic reflectors at the level of the anomalies, an upper 600 surface and a lower 705 surface (Figure 25 and Figure 26). Depth structure mapping at these levels shows these horizons generally plunge towards the north-eastern direction with no independent structural closures. The extent of the prospects is defined by seismic amplitude anomalies at and below these mapped horizons.

From this mapping and associated seismic sequence stratigraphic interpretation, the targeted intervals are interpreted by the operator to be Cretaceous aged sandstones

deposited as a deep water channel fan complex at a period of low sea level. The two target levels are separated by a thin stratigraphic interval interpreted from seismic to be shale which provides separation between the prospective intervals. The channel fan complex is interpreted to be overlain by a condensed Muiron shale and/or the distal slope shales of the Pyrenees Delta, which provide top seals for the Tomcat Prospect (this interval is represented by the Macedon Formation on Figure 4). The base seals are interpreted to be the Dupuy shales. Lateral seals appear to be largely stratigraphically controlled by the edges of the sandstones in the channels or fans; or structural in some parts, where the prospect is cut and bounded by faulting, resulting in sand/shales juxtaposition across the faults.

The Jurassic aged Upper and Lower Dingo Claystones are interpreted to be the potential source rocks for the Tomcat Prospect. Well penetrations of the Dingo Claystones are limited to the periphery of the basin and may be biased towards the low Hydrogen Index (HI) kerogens. However, the Upper Dingo source rock potential has been demonstrated in the Resolution-1, West Muiron-2, West Muiron-4 and Jurabi-1 exploration wells.

Volumes

Due to its depth of burial, the Tomcat Prospect was assessed to be prospective for gas, possibly with condensate. The reservoir parameter inputs and outputs from the probabilistic volumetric calculations are shown in Appendix B. A summary of the undiscovered gas-initially-in-place and prospective gas and condensate resources is provided in Table 7 and Table 8.

	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Undiscovered Gas Initially in Place (Bcf)	254	840	1227	2612

Table 7 – Undiscovered Gas Initially in Place in the Tomcat Prospect (Source: RPS)

	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Prospective Gas Resources (Bcf)	152	588	859	2090
Prospective Condensate Resources (mmbbls)	5	29	43	146

Table 8 - Prospective Gas and Condensate Resources for the Tomcat Prospect (Source: RPS)

Given a condensate-gas ratio (CGR) of 60 stb/MMscf CGR up-dip at Eskdale (sub-economic pool); a CGR of 30 to 70 bbls/MMscf was used for volumetric estimation.

Risking

A good understanding of the depositional system and sequences in the area was developed by BHP (BHP Billiton). Some of this material was available to RPS for review. Commercial and non-commercial discoveries have been made in other parts of this depositional system. Confined (Eskdale) and partially-confined channels have been proved to contain hydrocarbons. Tomcat is comprised of at least two unconfined fan deposits at the end of a channel feeder system. The degree of connection between these sand bodies and the sealing capacity of potential seal sediments contributes to a high seal risk.

At the prospect level, the trap definition is not believed to be a significant risk as it was mapped with high quality 3D seismic, and the amplitude anomalies are clearly identified as shown in Figure 27 and Figure 28. The greatest risks are believed to be associated with the effectiveness of the seal and to a lesser extent the reservoir effectiveness. Assuming the seals are present, as interpreted, they also must have the sealing capacity (strength) to retain the postulated large columns of up to 1000 m of gas in the best resource case. For

these sandstones, their depth of burial is such that reservoir quality may have been reduced due to diagenetic processes. The GPoS (Geological Probability of Success) of the Tomcat Prospect falls within the high risk Category, see APPENDIX C: RPS Guidelines for Exploration and Appraisal Risk

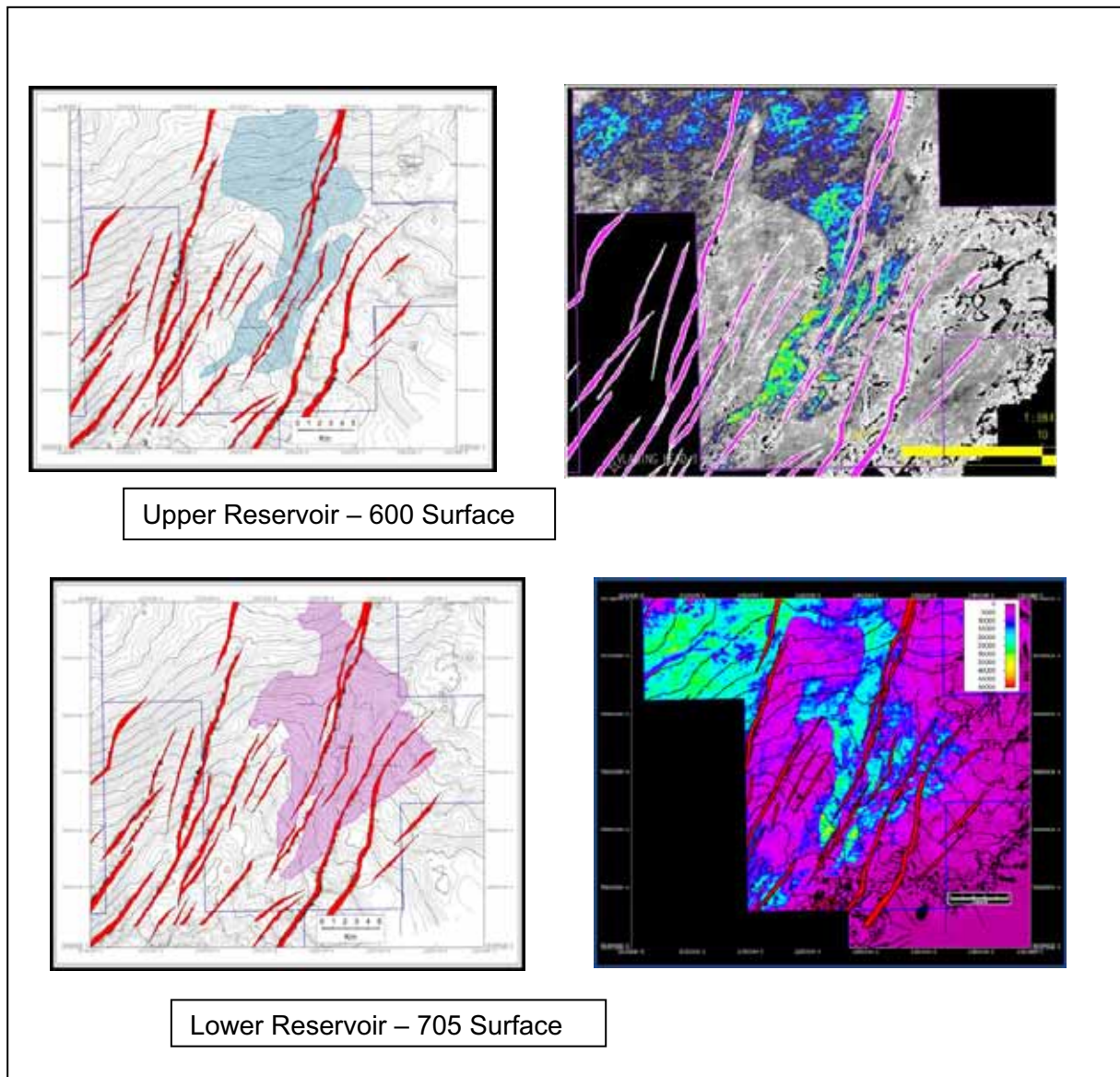


Figure 25 - Tomcat Prospect 600 and 705 Reservoirs Depth and Amplitude Maps

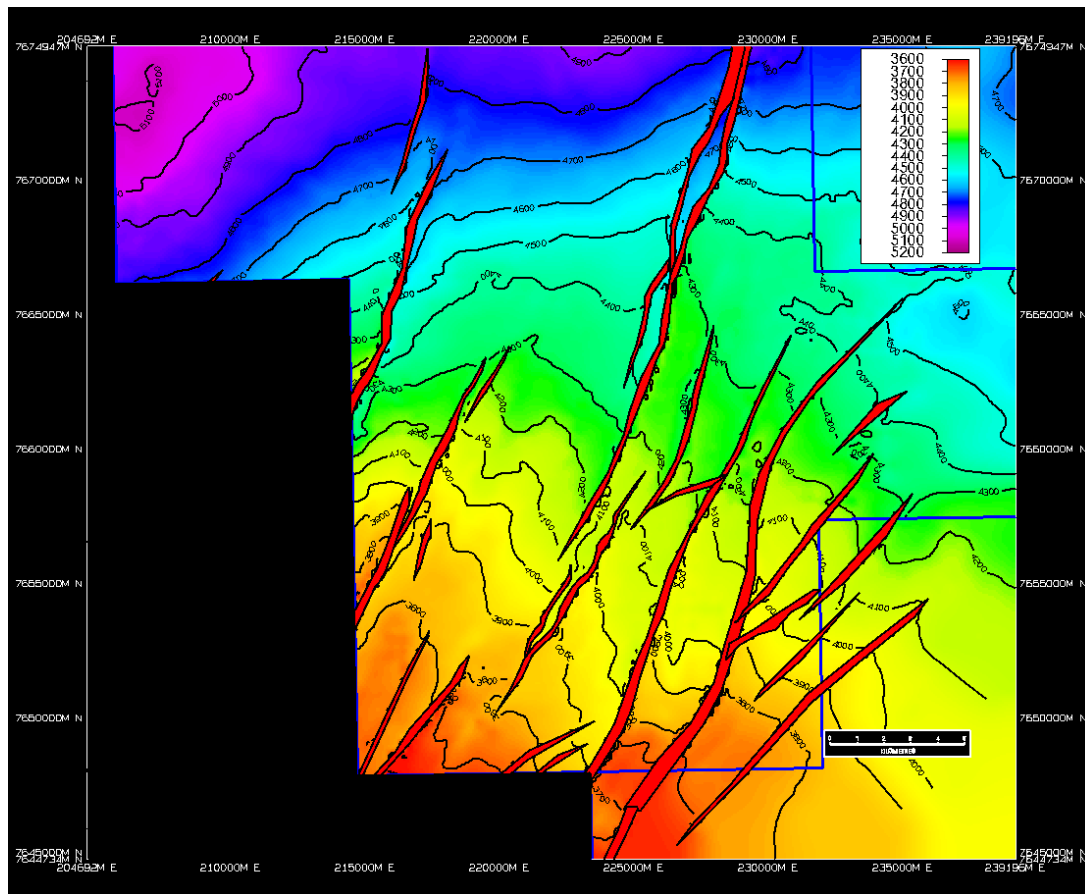


Figure 26 - Tomcat Prospect Top 600 Surface Depth Structure Map (Source: Octanex)

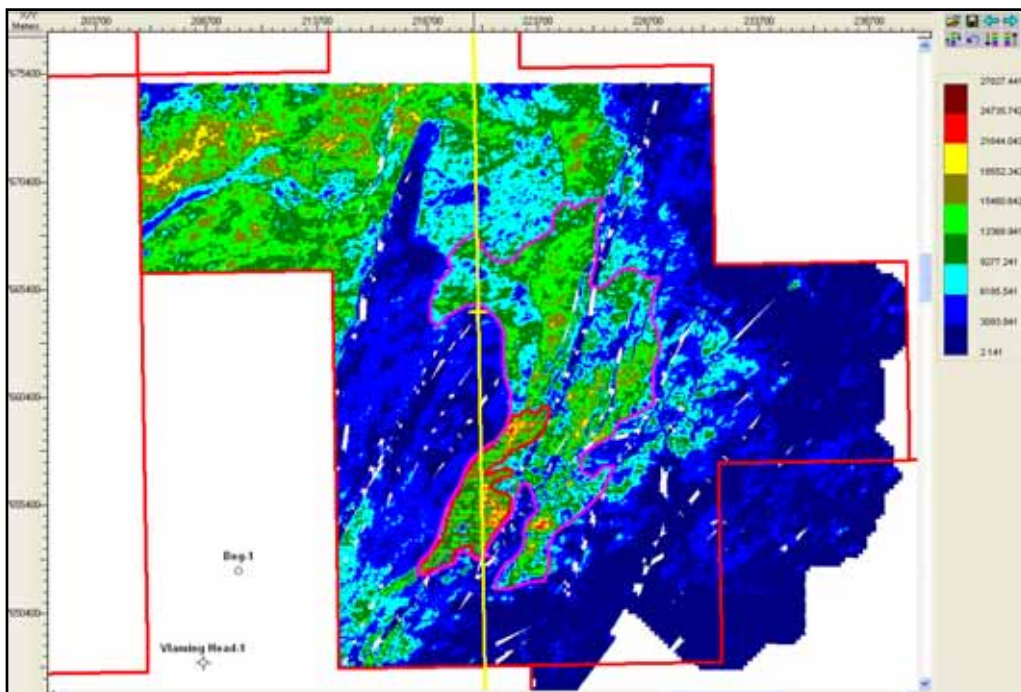


Figure 27 - Tomcat Prospect 3D Seismic RMS Amplitude Map between Top 600 and 705 Surfaces (Source: RPS)

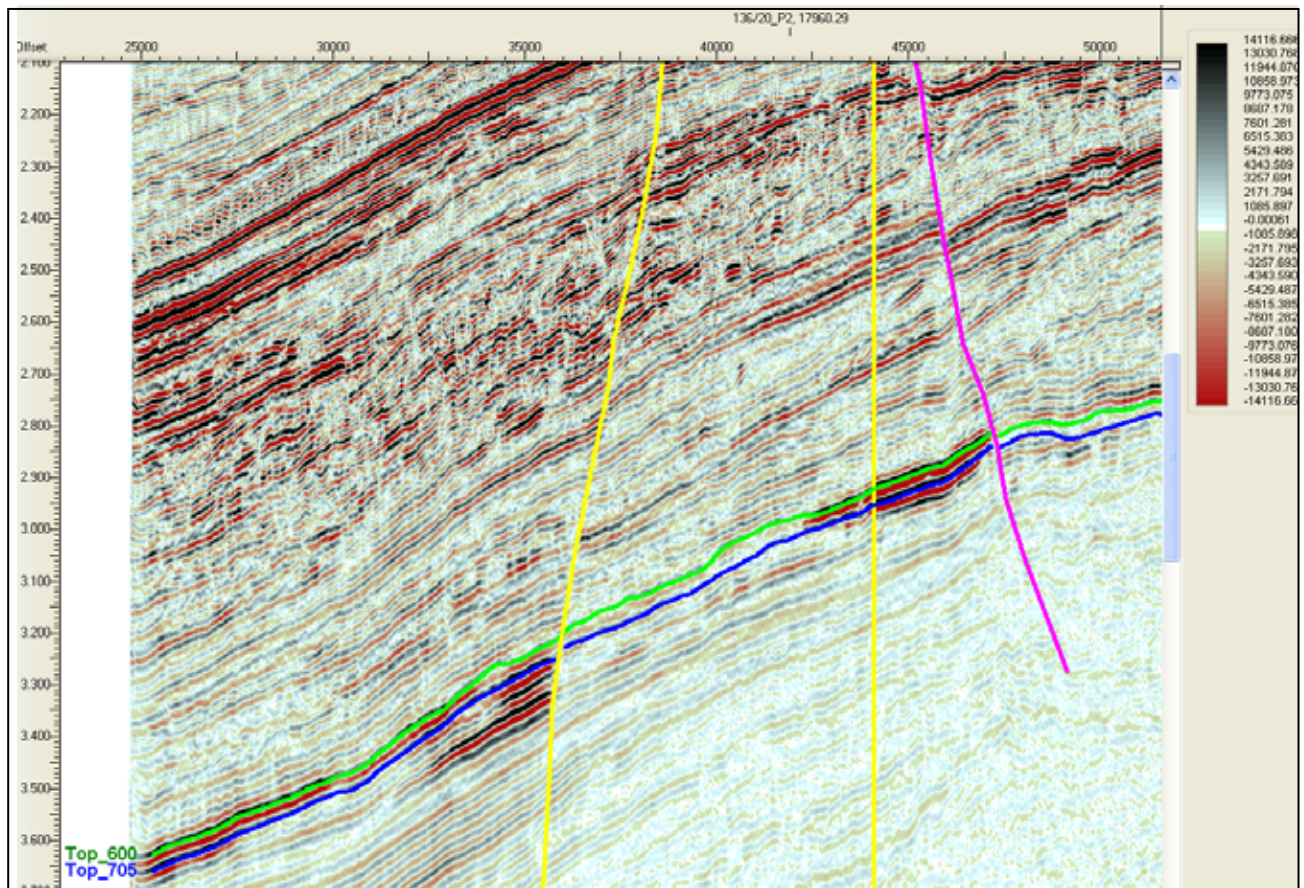


Figure 28 - Tomcat Prospect North-South 3D Seismic Crossline 16460 Showing Top 600 (Green Horizon) and Top 705 (Blue Horizon) Surfaces (Source: RPS, Interpretation from Octanex)

6.2 WA-329-P

6.2.1 Hornet and Blackbird

The data available to RPS included BHP's seismic interpretation of the Exmouth 3D within the boundaries of WA-329-P. Octanex does not possess any 3D seismic data beyond the WA-329-P boundary. 2D data was used to tie wells outside the block boundary.

There are two prospects in WA-329-P, Hornet and Blackbird (Figure 29), previously known as the Swell and Baylis. The crests of the prospects are at 4800 and 4200 mSS, respectively. The prospects are shown on a TWT map of the Top Triassic Sand, as mapped by BHP. More specifically this represents the top of the youngest thick (20 m plus) fluvial channel sand of Norian age. This reservoir target is generally known as the Mungaroo Formation (Refer to Figure 4 for stratigraphic horizons).

Nimrod-1 (1996) was a test of a tilted Triassic Fault block 14 km south-east of Blackbird lead and 20 km east of Hornet lead. A 20 m, fluvial, over-pressured gas sand was intersected in the Norian (Triassic). The seismic quality and fault throws make a definitive tie with Nimrod-1 difficult. Jurabi-1 is located 32 km to the south-west and provides a useful Triassic tie and some reservoir data. Jurabi-1 intersected two tight gas sands at 3622-3623.5 mMD and 3670-3677.5 mMD). Griffin is an oil field with a Hauterivian to Valanginian (Mardie Greensand to Barrow Group) reservoir. Ramillies-1 was drilled to target similar intervals draped over a Triassic Fault block. The Triassic was a secondary target intersected at 3050 mSS where it contained some shows but no moveable hydrocarbons.

An alternative pick by Octanex for top sandstone in the Triassic suggests sandstones of Triassic age may be intersected up to 400 m shallower than predicted by the BHP mapping. However RPS finds the character of the reflector mapped by BHP to be a reasonable pick for top fluvial sandstone. BHP has tied this pick to Jurabi-1 to the south-west. This interpretation is outside WA-329-P and was not made available to Octanex. Examination of open-file 2D lines by RPS suggests the BHP pick can be tied to Jurabi-1. In view of this, RPS has used BHP's seismic interpretation and map as a basis for the volumetric calculations in this report.

Hornet Lead Description

The Hornet lead is a tilted block, faulted on four sides with a Triassic Mungaroo fluvial sandstone objective (Figure 29 and Figure 30). The depth at crest is 4800 mSS, as calculated using well interval velocity data gathered from local wells by BHP. Despite the 4800 mSS depth, RPS concluded that some porosity will be preserved and has allowed for a porosity range of 6 to 12 percent to reflect compaction and diagenetic uncertainty (Figure 31). However, a high reservoir risk is applied because both Jurabi-1 and Nimrod-1 encountered poor reservoir at depths of about 3600 mSS. The structure, as mapped, has a spill point that limits the closure height to approximately 250 m and because of this the structure has a modest high-side estimate GIIP of only 1 Tcf.

Risks are associated with this lead as bright amplitudes are observed down dip at the Top Triassic Sand pick, outside of the closure. Moreover, the up-dip edge of the amplitudes does not conform to the closure limit. The amplitudes are quite irregular when extracted and seem to be a lithology effect.

Blackbird Lead Description

The Blackbird lead is a tilted fault block with a Mungaroo fluvial sand objective (Figure 29 and Figure 32). The depth at crest is 4200 mSS. Assuming the whole fault block is a closure, the trap could range in depth from 4200 m to 5300 mSS (Figure 32). The discussion regarding the top reservoir pick for Hornet also applies to Blackbird. RPS applied a porosity range of 6 to 12 percent, based on local porosity-depth data (Figure 31). However, a high

reservoir risk was also applied to reflect the risk of a substantial amount of the GRV having porosity of less than the expected range.

Volumes

The volumetric estimates of undiscovered gas initially in place and prospective resources for the two prospects are as follows:

Based on the recovered hydrocarbon samples from Nimrod-1, the gas is assumed to be a dry gas with an between 2% to 14% CO₂. The presence of CO₂ is accommodated as volumetric uncertainty. The possibility of the reservoir being over-pressured was allowed for in the gas expansion factors used. The porosity is ranged from 6 to 12 %, but reservoir effectiveness remains a high risk. The undiscovered hydrocarbon gas initially in place volumes are given in Table 9 and Prospective Resource estimates are given in Table 10.

	Undiscovered Gas Initially in Place (Bcf)			
Prospect / Lead	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Blackbird	815	1490	1568	2711
Hornet	499	708	728	989

Table 9 - Undiscovered Gas Initially in Place Blackbird and Hornet (Source: RPS)

	Prospective Gas Resources (Bcf)			
Prospect / Lead	Low Estimate	Best Estimate	Mean Estimate	High Estimate
Blackbird	489	1043	1098	2169
Hornet	299	496	510	791

Table 10 - Prospective Gas Resources for Blackbird and Hornet (Source: RPS)

Technical Risk evaluation

Charge

Gas has been proved present in a poor quality Triassic Sand at Nimrod-1 (1996). Wireline gas samples were recovered from Nimrod-1ST2 at 3662.4 mMD and 3654 mMD (3634.9 and 3626.5 mSS). Analysis of the samples showed it to be a dry gas with 12 to 14 % CO₂ content proving hydrocarbon charge is working in the area.

Reservoir

The offset data for the Triassic reservoir data suggests porosity is in the range 6 to 12%. This range allows for the possibility that the top reservoir may be up to 400 m shallower than mapped by BHP, as discussed earlier. Nimrod-1 was drilled 14 km south-east of Blackbird (Figure 29). The Nimrod-1ST2 Core 1 over the interval from 3651 to 3662.82 mMD (3623.5 to 3635.3 mSS) yielded an average porosity of 12 % and average permeability of 9 mD. Petrography of core indicated abundant detrital clay in the matrix. The presence of carbonate and kaolinite cements was also reported. Quartz overgrowths were minor. However, at depths of 4200 m and greater, reservoir temperatures above 160°C are expected (Nimrod-1 WCR).

Jurabi-1 (1982) also encountered two tight gas sands at 3622-3623.5 mMD (3694.5-3696 mSS) and 3670-3677.5 mMD (3642.4-3650 mSS) in sandstone of Norian age

(palynology indeterminate). There was no conventional core obtained from sand intervals. Log analysis performed at the time suggested porosity up to 5% in the gas zone.

Porosity is attributed a range of 6 to 12% from local data for both Hornet and Blackbird (Figure 31). The risk of ineffective reservoir (very low porosity and permeability) is high due to the combination of matrix clay content, compaction and diagenesis.

Seal

At Nimrod-1, some minor gas was encountered in the Rhaetian (Brigadier Formation). A thick (20 m) non-marine sand in the Norian (Mungaroo Formation) contained a gas column.

The upper Triassic Rhaetian (Brigadier Formation) contained numerous thin marginal marine sands. This is interpreted to have resulted in poor cross fault seal at the Rhaetian and Norian levels.

An over-pressured, 20 m gas sand was intersected in the Norian (Nimrod-1 WCR). However, no deeper gas sands were intersected.

Hornet and Blackbird both require cross fault seal. The outcome at Nimrod suggests there is a cross fault seal risk to discovering a volume in the range modelled for Blackbird and Hornet. At both prospects thief sands of Late Triassic to early Jurassic age may be juxtaposed at the faults presenting a poor lateral seal. Blackbird requires seal on four faults and Hornet requires lateral seal on one major fault.

Trap

The Blackbird and Hornet traps are rotated fault blocks. The traps are clearly defined on 3D seismic data by faults with large throws. Blackbird as mapped, has the potential for 700 to 1000 m of vertical closure, while Hornet has a spill point that reduces its potential to several hundred metres of vertical closure. No risk is carried in the trap element. The risk on lack of cross fault seal is carried in the seal element (as described in the "Seal" discussion above).

The GPoS (Geological Probability of Success) of both Blackbird and Hornet Prospects falls within the high risk category, see APPENDIX C: RPS Guidelines for Exploration and Appraisal Risk

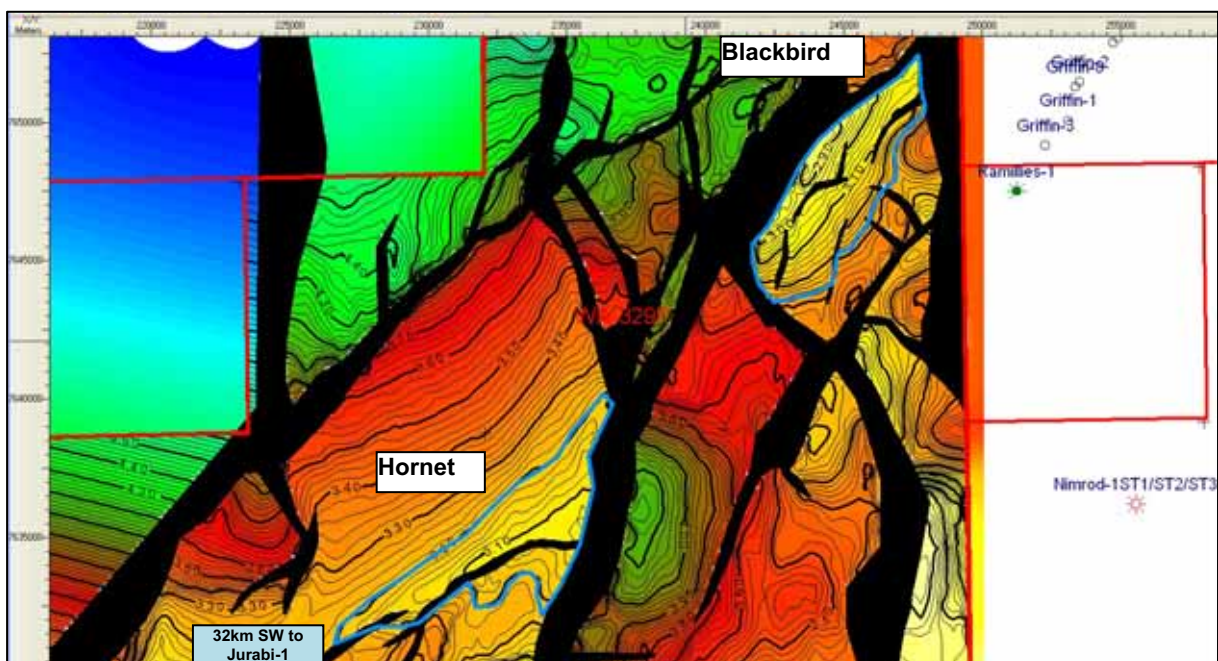


Figure 29 - Top Triassic Sandstone TWT Map Exmouth 3D (Source: RPS, Modified Interpretation from Octanex)

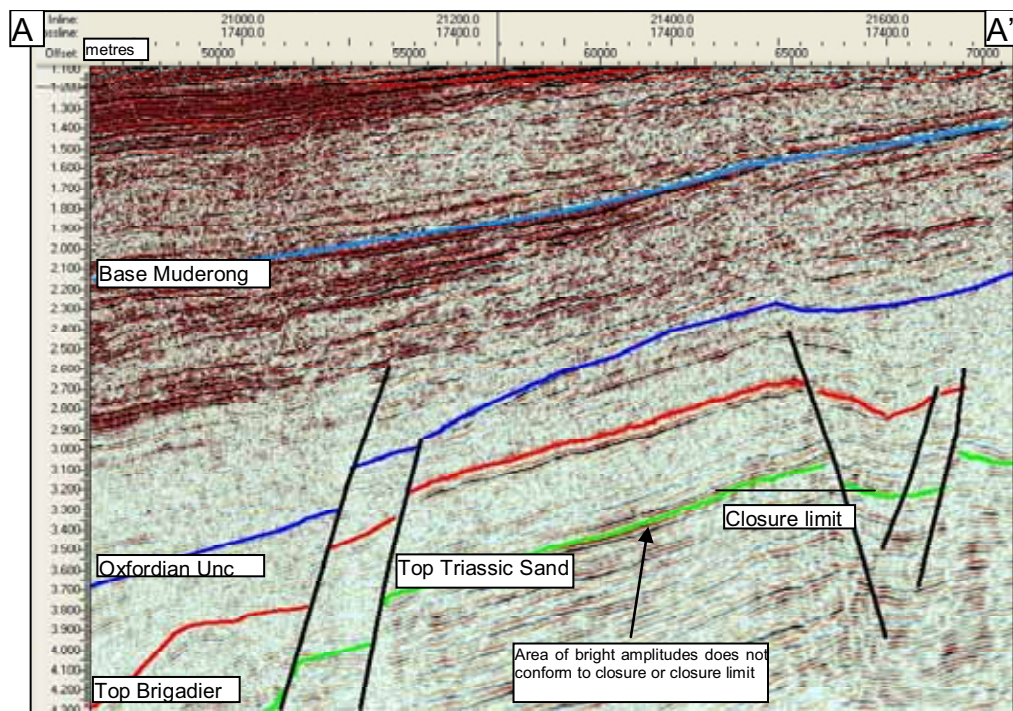


Figure 30 - Hornet Inline 21000 Exmouth 3D (Source: RPS, Modified Interpretation from Octanex)

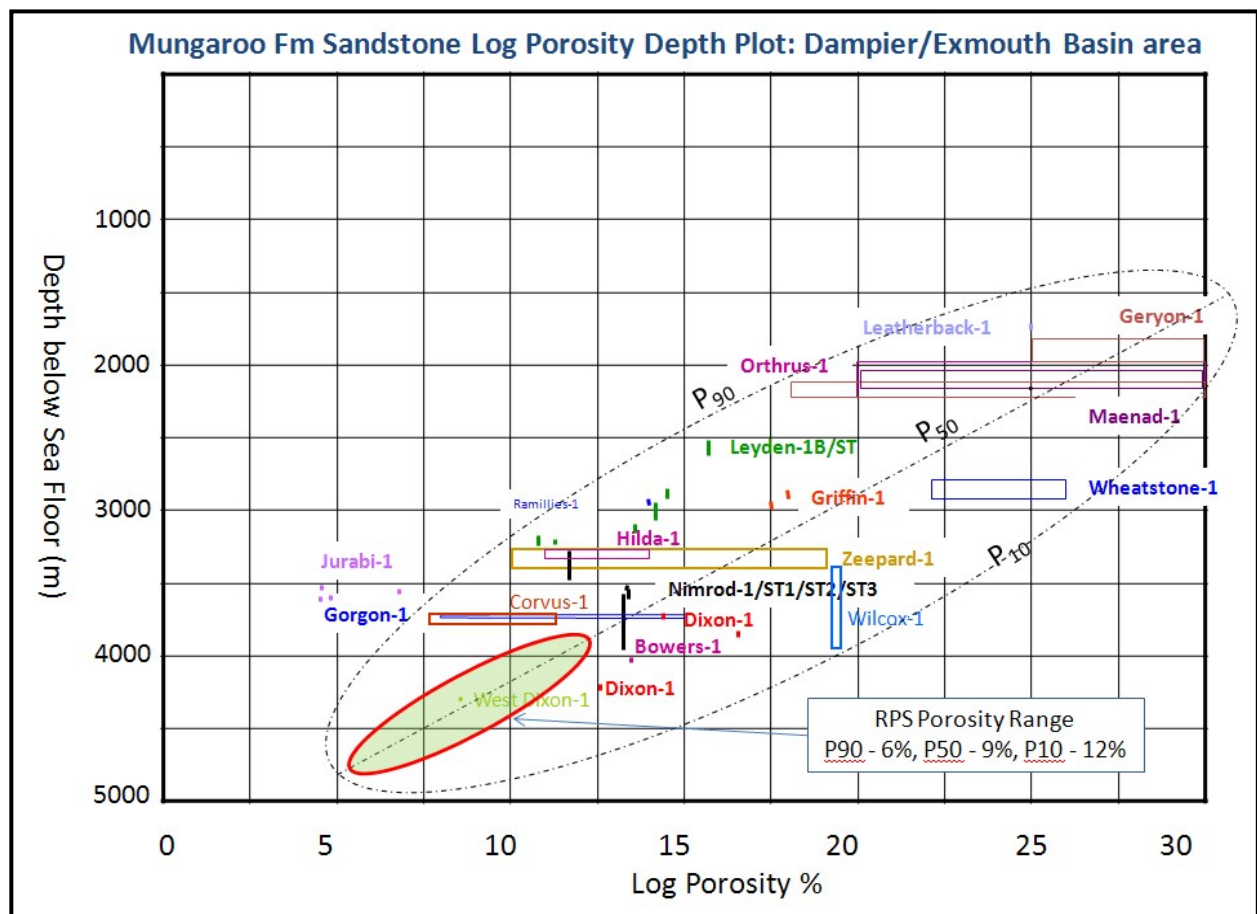


Figure 31 - Triassic Mungaroo Formation Log Porosity Depth Trend

(Source: Octanex. Modified RPS)

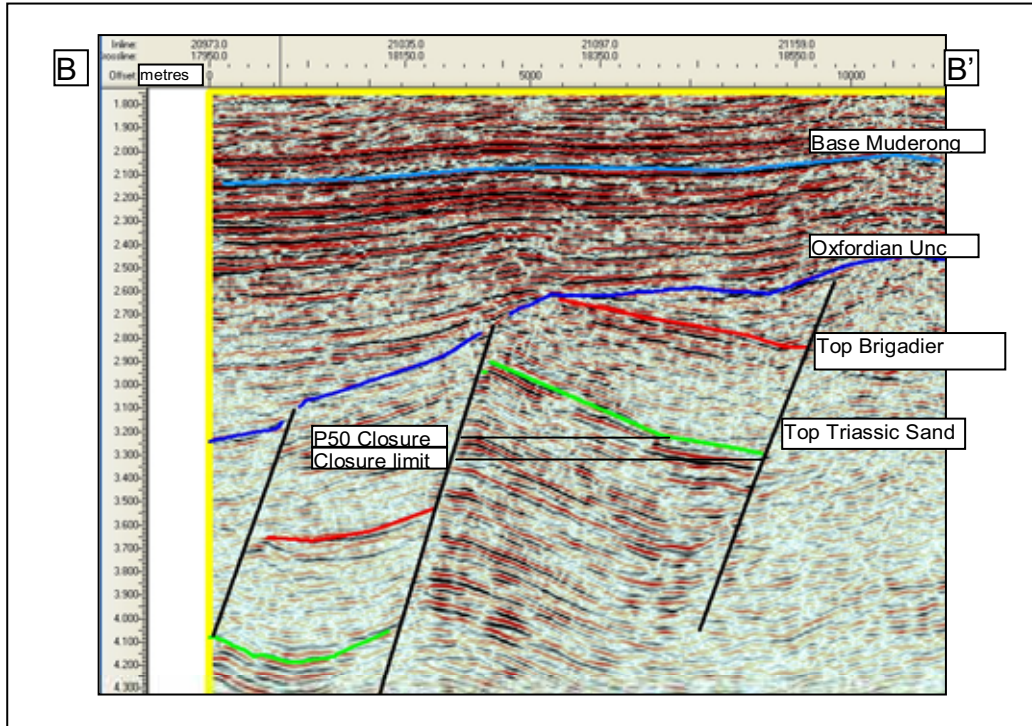


Figure 32 - Blackbird Arbitrary Seismic Line (Source: RPS, Modified Interpretation from Octanex)

7. WA-384-P, WA-385-P AND WA-394-P (SOUTHERN EXMOUTH BASIN)

In 2006 Octanex and Strata Resources N.L. were granted permits WA-384-P and WA-385-P. In 2007 this JV grouping was also granted WA-394-P. In 2008, Shell Development Australia (SDA) assumed 100% equity in WA-384-P, WA-385-P and WA-394-P. Octanex now holds no direct working equity in these blocks. Octanex holds residual rights in each of the permits in the form of discovery and royalty payments. An agreement with SDA also covers issues such as return of title over the blocks to Octanex under particular conditions (rights of re-conveyance).

The three permits are located to the south of the Vincent-Enfield, Laverda, Skiddaw and Stybarrow oil discoveries (Figure 33). The Early Cretaceous depositional system (ramp, channels, fans), which contains these hydrocarbon accumulations extends north towards and into the Exmouth sub-basin centre. This depositional system is eroded or not deposited in WA-385-P. The sediments may be present in the northern portions of WA-394-P and WA-385-P. Another possible play is the Triassic. Falcone-1 is the nearest well to the blocks and had a hydrocarbon show (gas) in Triassic sediments.

Shell Development Australia (SDA) is the current operator of these blocks and acquired the Guacomole 2D seismic survey in WA-384-P, WA-385-P, and WA-394-P in 2009. While Octanex holds residual interests it does not hold a working equity interest, as such Octanex has no input or influence on the technical activities of SDA and is currently not entitled to any data from SDA, other than Annual Reports relating to the permits lodged with the Designated Authority.

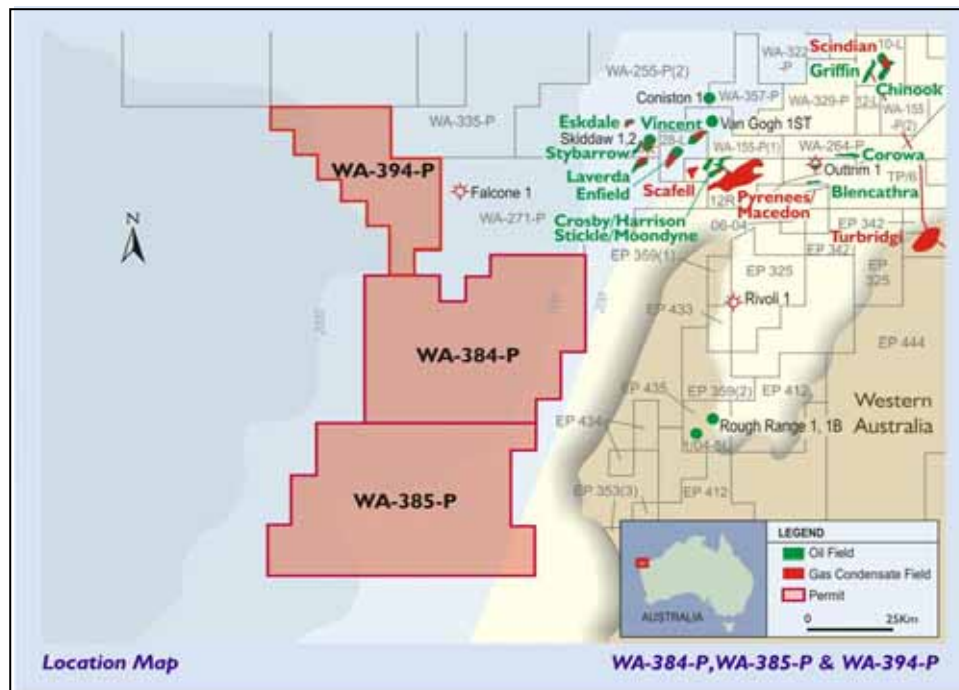


Figure 33 - WA-384-P, WA-385-P and WA-394-P in the Southern Exmouth Sub-basin
(Source: Octanex)

8. OTWAY BASIN

8.1 Introduction

The Otway Basin is a northwest-southeast striking passive margin rift basin that extends from south-eastern South Australia to the north-western coast of Tasmania. This basin is part of a series of basins developed during Gondwanan break-up and separation of the Australian and Antarctic plates (Figure 34).

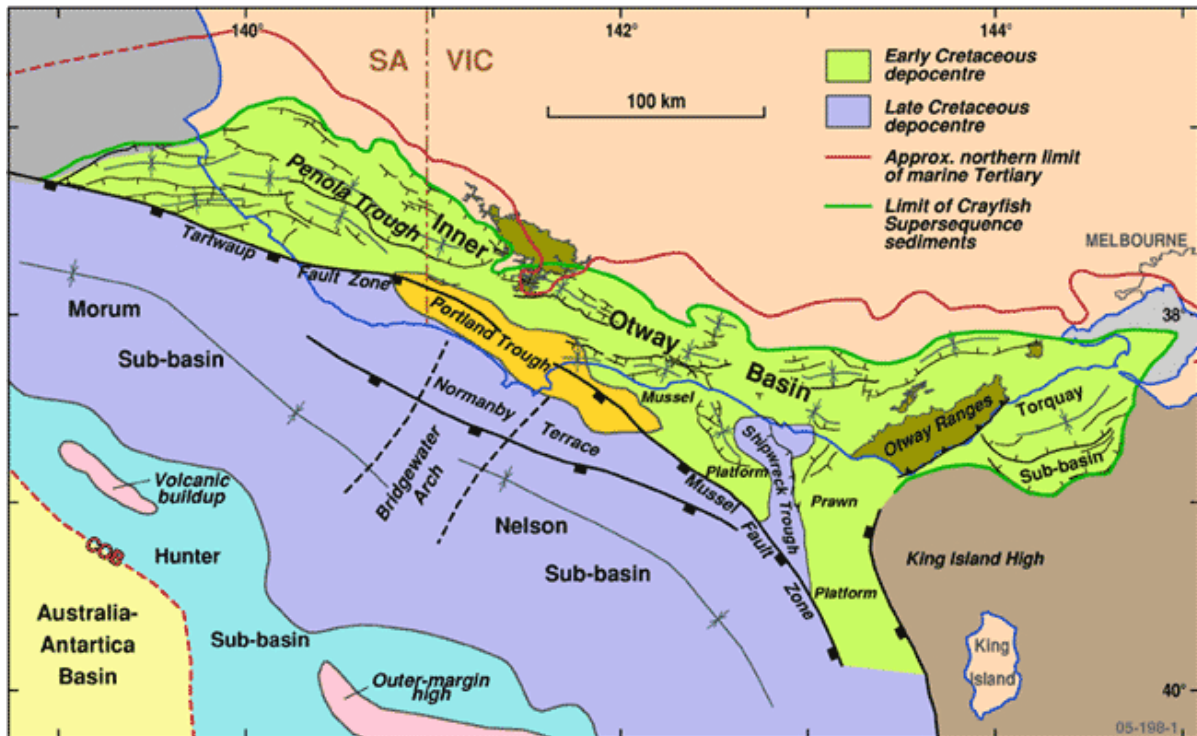


Figure 34 - Structural Setting of the Otway Basin (Source: *Exoil IM*)

8.2 Exploration History

The first successful well in the Otway Basin was drilled in 1959 by the Frome-Broken Hill Consortium. The Port Campbell-1 well flowed gas at a rate of 4.2 MMscf/d from the mid-Cretaceous Waarre Formation, but was classified sub-economic at that time.

A major drilling campaign was carried by Esso (ExxonMobil) and SDA (Shell Development Australia) in 1966. Twenty two (22) wells were drilled in Victoria and South Australia. This campaign was unsuccessful and had a negative impact in the exploration activity in this basin.

The discovery of gas in 1979 by the North Paaratte-1 well and followed by onshore gas discoveries by Beach Petroleum revived the interest in the area. The gas found was proven to be commercial and brought into production to supply the regional ports of Portland and Warrnambool.

In 1993 and 1994, BHP drilled two discovery wells (Minerva-1 and La Bella-1) on the Mussel Platform, but also five wells with only minor gas shows

A major exploration program was subsequently undertaken by Woodside which resulted in the acquisition of a 3D seismic survey followed by the drilling of the Geographe and Thylacine gas discoveries. Onshore, Santos Limited discovered three new gas fields in 2004 and 2005.

8.3 Otway Basin Geology

8.3.1 Plate Tectonic Evolution and Structural Setting

The main tectonic episodes that affected the Otway Basin are shown in Figure 35 and include:

- Main rifting phase (Tithonian to Barremian)
- Rifting-post rift phase (Barremian to Cenomanian)
- Slow ocean spreading phase (Cenomanian to Early Eocene)
- Fast spreading phase (Early Eocene to Recent)

The initiation of the Mesozoic Otway Basin began in the Late Jurassic phase of rifting, with the break-up of Gondwana. During this time a series of E-W trending half-grabens developed, termed the Southern Australia Fracture Zone, (Teasdale et al, 2002).

The main rifting phase continued until the Early Cretaceous (Barremian) phase of rifting and has resulted in the development of numerous half-grabens controlled by NE and WNW trending faults along the length of Otway Basin (Perincek et al, 1995). During the Middle Cretaceous (Aptian-Albian), the Otway Basin underwent a transition phase, which culminated in basin sag. Regional uplift and erosion took place at the end of Albian, interpreted to be as a result of the combined effects of faulting and tilting and the onset of the spreading of the Southern Ocean (Cockshell 1995a; Perincek et al, 1995; Hill et al, 1995a).

Continental separation between the Australian and Antarctic plates, with slow initial opening of the Southern Ocean, began in the Cenomanian and marks a change from a Late Jurassic-Early Cretaceous intra-continental rift system to a Late Cretaceous-Paleogene oceanic rift. This extension and associated subsidence resulted in extensive deltaic, marginal marine and deepwater deposition. Structuring was predominantly down-to-basin planar to listric syn-depositional faulting. The major structural elements of the present day Otway Basin were developed during this episode. These features include: the Voluta Trough, the Mussel Platform, the Prawn Platform and the Shipwreck Trough. The most common traps in the Otway Basin comprise faulted anticlines and tilted fault blocks formed during the Late Cretaceous.

From the Miocene to Recent, NW-SE compression caused uplift and inversion of the pre-existing structures. The inversion was intense in the southern and eastern Otway Basin (Cockshell 1995a; Hill et al, 1995b). This change in the stress regime is interpreted to be a consequence of the collision of the Indonesian micro-plates at the northern and eastern margins of Australia (Cockshell 1995a; Hill et al, 1995b).

8.3.2 Stratigraphy (Reservoirs and Seals)

The stratigraphic column of the Otway Basin is divided into five unconformity-bounded successions, which are known as: the Otway, Sherbrook, Wangerrip, Nirranda and Heytesbury groups (Figure 35). These groups correspond to the basin mega-sequences (Figure 35). The pre-rift sediments form the Paleozoic basement; the Synrift sediments are the Otway Group; and the Post-rift mega-sequence consists of the Sherbrook, Wangerrip, Nirranda and Heytesbury groups (Figure 35).

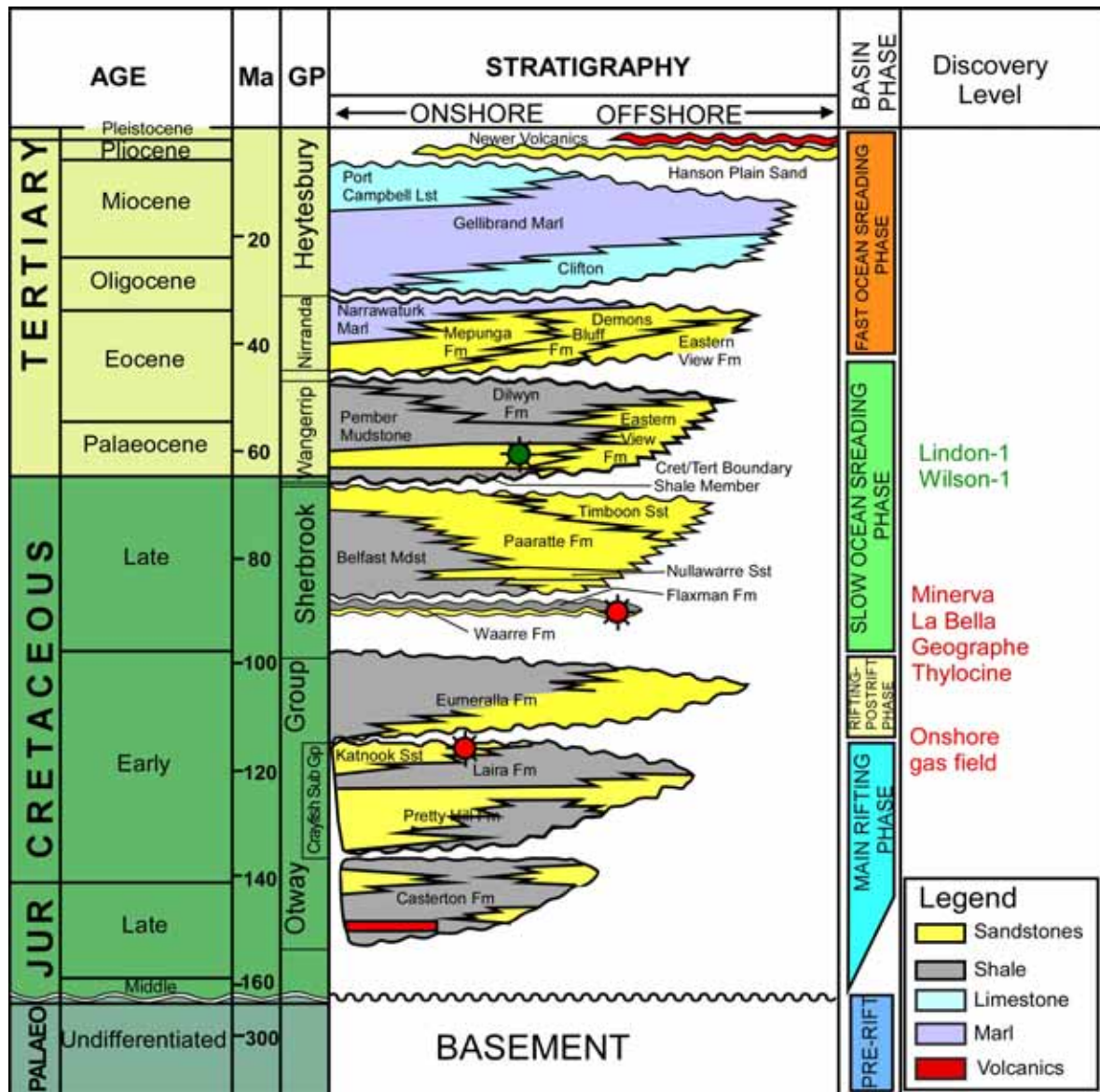


Figure 35 - Schematic Stratigraphic Column of the Otway Basin (Source: Exoil IM, Modified RPS)

The Upper Jurassic to Lower Cretaceous Otway Group consists of a thick succession of continental and fluvio-lacustrine sediments which accumulated during the first rifting phase of the basin development. Syn-rift lacustrine sediments and flow-basalts of the Casterton Formation are overlain by dominantly fluvial sediments. This change in facies regime led to the informal subdivision of the Crayfish Subgroup; the dominantly fluvial sediments of the Pretty Hill Formation, the Laira Formation and the Katnook Sandstone, all of which are composed of sandstones with minor mudstones, belong to this subgroup (Figure 35). The Laira Formation is characterised by lower energy fluvial and lacustrine sediments. Some hydrocarbon source potential for both oil and gas is recognised in these lacustrine sediments and coals. The Katnook Sandstone represents a return to higher energy fluvial environments.

The Crayfish Subgroup is mainly recognised in the Victorian part of the Otway Basin. The Eumeralla Formation filled the earlier half-graben and contains large amounts of volcanoclastic material. The Eumeralla Formation was deposited in a variety of continental environments, including fluvial flood plain, coal swamp and lacustrine settings. Coal measures within the formation have significant source potential for gas and some oil.

The unconformably overlying Sherbrook Group consists of a succession of sandstones and mudstones accumulated during the second rift phase in coastal plain, deltaic and restricted marine settings. This unit represents the first major marine incursion into the Otway Basin. The Waarre Formation represents the first major, post-break-up, clastic influx into the basin and comprises an interbedded sequence of sandstone (occasionally conglomeratic), mudstone, carbonaceous mudstone and coal. Sediments were deposited in a succession of deltaic to marine depositional environments. Coal-rich parts of the Waarre Formation have significant regional source potential. Coastal barrier sandstones of the Flaxman Formation overlie the Waarre Formation. Sandstones of the Waarre and Flaxman formations are major exploration objectives in the Otway Basin. The mid-Cretaceous Waarre Formation is the major proven reservoir in the Victoria part of the Otway Basin. Offshore in the Shipwreck Trough, this formation together with the overlaying Flaxman/Lower Belfast formation constitutes the main reservoirs for the Minerva, La Bella, Casino, Henry, Geographe and Thylacine fields.

These sandstones are overlain by thick, open-marine, pro-deltaic, carbonaceous mudstones of the Belfast Mudstone (Figure 35) that were deposited during a period of rapid subsidence and high eustatic sea levels. The Belfast Mudstone forms a regional seal across most of the Otway Basin. The Paaratte Formation represents a deltaic depositional system that broadly pro-graded across the facies of the Belfast Mudstone. Much of the Paaratte Formation comprises lagoonal and proximal deltaic facies. Offshore in the deepwater areas, the Belfast Mudstone, Paaratte Formation and, possibly, Waarre Formation equivalents are probably turbidite fan deposits. Sandstones within the Paaratte Formation and Timboon Sandstone have excellent reservoir characteristics. Potential seals could be provided by the shales within the Paaratte Formation, and Timboon Sandstones. A more likely seal is Pember Mudstone of the overlying Wangerrip Group.

The Wangerrip Group represents the beginning of passive margin sedimentation after cessation of rifting. The Wangerrip Group consists of sandstone and mudstone deposited in coastal plain, deltaic and inner shelf settings. A thin basal unit termed the Massacre Shale is described in Victoria, but this unit has not been intersected in wells drilled in South Australia. The Paleocene Pebble Point Formation consists of very coarse-grained, argillaceous sandstone. The Pebble Point Formation can have good reservoir quality. However, the wells that recovered small quantities of oil from this unit found very low permeability sandstones. The Pebble Point Formation is overlain by the Pember Mudstone, which exhibits good potential as a regional seal. The Dilwyn Formation comprises sandstone and mudstone deposited in a range of marine, deltaic and coastal environments. Marine incursions resulted in complex inter-fingering of the Pember Mudstone with the Dilwyn Formation.

A major unconformity separates the pro-grading nearshore to offshore marine clastics and carbonates of the Nirranda Group from the underlying Wangerrip Group. The basal Mepunga Formation of the Nirranda Group consists of interbedded sandstone and mudstone deposited in nearshore to offshore marine environments. Continued transgression resulted in an open marine depositional setting, in which fine-grained, glauconitic facies of the Narrawaturk Marl were deposited. A major eustatic sea level fall during the Oligocene resulted in erosion on the shelf, and formation of low-stand turbidite fans on the continental slope.

Fully marine conditions returned in the early Miocene with the deposition of calcareous mudstone, marls and sandy limestone of the Heytesbury Group.

8.3.3 Source and Charge

The main source rock for the majority of gas and minor oil discoveries in the Otway Basin consists of two coal rich intervals within the Lower Cretaceous Otway Group. One of the intervals was identified near to the base of the Eumeralla Formation (Aptian age) and the other in the middle of the same formation (Lower Albian age).

The Sherbrook Group could have source potential in the basinward areas of the continental slope, where the section is thick and deeply buried.

Additional possible source intervals may be present in the Belfast marine mudstone and the Waarre Formation in the Tartwaup-Mussel Fault Zone.

9. EPP34 (WESTERN OTWAY BASIN)

The discovery of tight gas at Troas-1 (currently sub-commercial) in the adjacent EPP 35 block is encouraging for the inner area of the EPP 34 block north of the Morum High (Figure 36). Troas-1 had 1000 m of formation with low gas saturations. Several other wells in EPP 35 have indications of gas. Confidence in gas charge is high; however, high CO₂ content is also a feature of gas accumulations in this area. It appears the presence of good reservoir seal pairings is the main risk.

On 30 June 2008 Octanex reported that acquisition of the Trocopa 2D survey of 1100 km in the northern half of the block was complete. This data is still being processed and interpreted therefore it is premature to discuss potential leads and prospective resources for this permit.

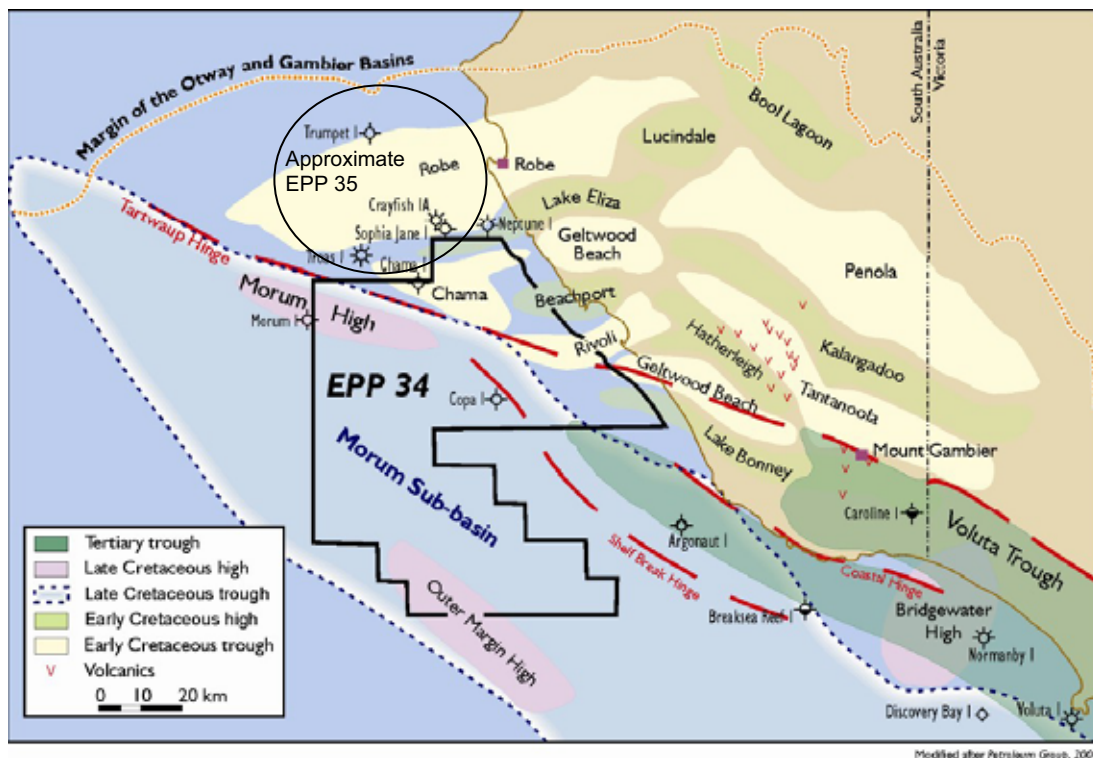


Figure 36 - EPP 34 in the Western Otway Basin (Source: Octanex)

10. VIC/P61 (OTWAY BASIN)

Octanex has reported that the VIC/P61 JV have made an application to withdraw from the permit (**Figure 37**).

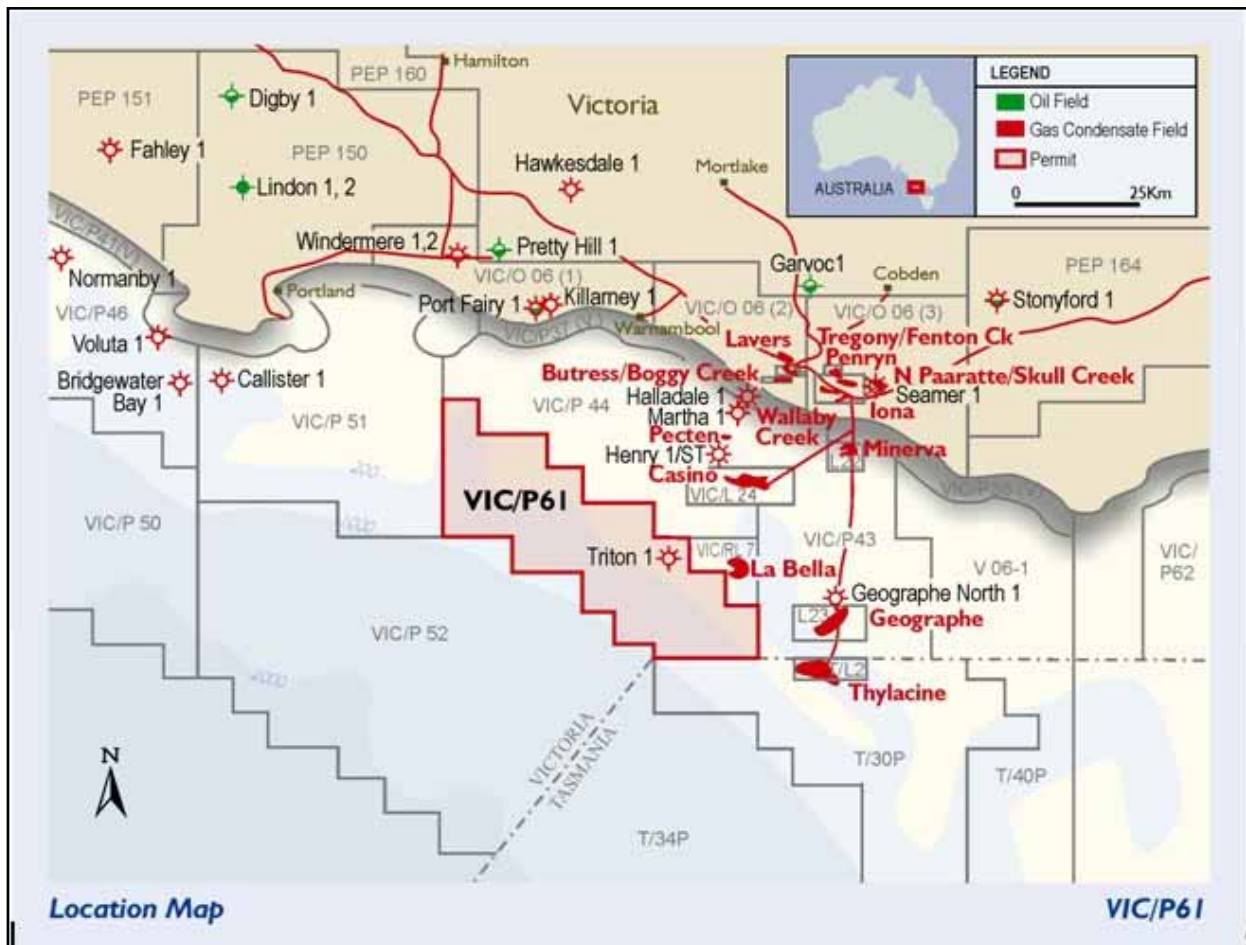


Figure 37 - VIC/P61 in the Otway Basin (Source: Octanex)

The Q4 2008 Octanex report summarised the position of the work programme in VIC/P61 as follows: “A 2D seismic program in Vic/P61 was planned to take place in Q2, 2009 but has been delayed indefinitely pending resolution of environmental conditions. The joint venture is undertaking critical evaluation of future operations, given the highly restrictive environmental requirements and the difficulty of reconciling good technical and acquisition practice with these requirements.”

The planned seismic has not been acquired. No lead information is available. The JV participants including Octanex are in discussions to withdraw in good standing from the permit. The prospective resources of this block will not be assessed.

11. DECLARATIONS

11.1 Independence and Qualifications

RPS Energy Pty Ltd ("RPS") is an independent consultancy specialising in petroleum reservoir evaluation and economic analysis. Except for the provision of professional services on a fee basis, RPS does not have a commercial arrangement with any other person or company involved in the interests that are the subject of this report. Mr. David R. Guise, RPS Managing Director of Consulting – Australia and South East Asia, has reviewed and subsequently approved the results of the evaluation.

Mr. Guise has in excess of 30 years of petroleum engineering experience. He is a Technical Director of RPS, a Registered Professional Engineer in the province of Alberta Canada and a member of the Society of Petroleum Engineers. Other RPS employees involved in this work hold degrees in geology, geophysics, petroleum engineering or a related subject and have relevant experience in the practice of geology, geophysics or petroleum engineering.

11.2 Basis of Opinion

The evaluation presented in this report reflects our best technical interpretation of the data made available to us. However, due to the uncertainty inherent in the estimation of all sub-surface parameters, we cannot, and do not guarantee the accuracy or correctness of any interpretation and we shall not, except in the case of gross or wilful negligence on our part, be liable or responsible for any loss, cost damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees.

The evaluation has been conducted within our understanding of petroleum legislation, taxation and other regulations that currently apply to these interests. However, RPS is not in a position to attest to the property title, financial interest relationships or encumbrances related to the property. It should be understood that any evaluation, particularly one involving exploration and future petroleum developments may be subject to significant variations over short periods of time as new information becomes available.

Except for the provision of professional services on a fee basis, RPS does not have a commercial arrangement with any other person or company involved in the interests that are the subject of this report.

12. REFERENCES

Barber, P., 1988—The Exmouth Plateau deepwater frontier: a case study. In: Purcell, P.G. and Purcell, R.R. (editors), *The North West Shelf, Australia: Proceedings of the Petroleum Exploration Society of Australia Symposium*, Perth, 173–187.

DEPARTMENT OF MINES AND PETROLEUM, WESTERN AUSTRALIA, 2008-
http://www.dmp.wa.gov.au/documents/PWA_September_2008.pdf

Cockshell, C.D., 1995a - Structural and tectonic history (Chapter 4), in Morton, J.G.G and Drexel, J.F., (Eds) *The Petroleum Geology of South Australia*, Volume 1, Otway Basin, Petroleum Division, South Australia Department of Mines and Energy (MESA), 15-44.

Hill, K.A., Finlayson, D.M., Hill, K.C. and Cooper, G.T. 1995a – Mesozoic Tectonics of the Otway Basin region: the legacy of Gondwana and the active Pacific margin- a review and ongoing research, *Australian Petroleum Exploration Association Journal*, 35, 467-493.

Hill, K.C., Hill, K.A., Cooper, G.T., O'Sullivan, A.J. and Richardson, M.J. 1995b – Inversion around the Bass Basin, SE Australia, in Buchanan J.G. and Buchanan P.G. (Eds) *Basin Inversion*, Geological Society Special Publication, 88, 525-547.

Hocking, R.M., 1990—Carnarvon Basin. In: *Geology and Mineral Resources of Western Australia*. Western Australia Geological Survey, Memoir 3, 457–495.

Jablonski, D., 1997—Recent advances in the sequence stratigraphy of the Triassic to Lower Cretaceous succession in the Northern Carnarvon Basin, Australia. *The APPEA Journal* 37 (1), 429–454.

Kopsen, E and McGann, G., 1985- A review of the hydrocarbon habitat of the eastern and central Barrow/Dampier Sub-basin, Western Australia; *APEA Journal*, 25(1) 154-176.

Longley, I.M., Buessenschuett, C., Clydsdale, L., Cubitt, C.J., Davis, R.C., Johnson, M.K., Marshall, N.M., Murray, A.P., Somerville, R., Spry, T.B. and Thompson, N.B., 2002—The North West Shelf of Australia – a Woodside perspective. In: Keep, M. and Moss, S.J. (editors), *The Sedimentary Basins of Western Australia 3: Proceedings of the Petroleum Exploration Society of Australia Symposium*, Perth, 27–88.

Malcolm, R.J., Pott, M.C. And Delfos, E., 1991—A new tectonostratigraphic synthesis of the North West Cape area. *The APEA Journal* 31(1), 154–176.

Norvick, M.S., 2002—Palaeogeographic Maps of the Northern Margins of the Australian Plate: Final Report. Unpublished report for Geoscience Australia.

Parry, J.C. and Smith, D. N., 1988- The Barrow and Exmouth Sub-basins.-The North West Shelf Australia, *PESA*, 129-145.

Perincek, D. And Cockshell, C.D., 1995-The Otway Basin: Early Cretaceous rifting to Neogene inversion. *APEA Journal*, 35, 451-466.

PETROLEUM AND ROYALTIES DIVISION AND GEOLOGICAL SURVEY OF WESTERN AUSTRALIA, 2007—The Petroleum Explorer's Guide to Western Australia, Third Edition: Department of Industry and Resources of Western Australia, page 47.

Sibley, D., Herkenhoff, F., Criddle, D. & Mclerie, M., 1999— Reducing resource uncertainty using seismic amplitude analysis on the southern Rankin Trend, northwest Australia. *APPEA Journal* 39(1), 128-147.

Stagg, H.M.J., Alcock, M.B., Bernardel, G., Moore, A.M.G., Symonds, P.A. And Exon, N.F., 2004—Geological framework of the Outer Exmouth.

Thomas, G. P., Lennane, M. R., Glass, F., Walker, T., Partington, M., Leischner, K. R. And Davis, R.C., 2004-Breathing new life into the eastern Dampier Sub-basin: an integrated review based on geophysical, stratigraphic and basin modeling evaluation. *The APPEA Journal*, 34(1), 123-147.

Teasdale, J., Pryer, L., Stuart-Smith, P., Rommine, K., Loutit, T., Etheridge, M., Shi, Z., Foss, C., Vizey, J., Henley, P. And Kyan, D., 2002-Otway and Sorell Basins SEEBASE Project. SRK Consulting. SRK Project Code, GA701, unpublished.

Tindale, K., Newell, N., Keall, J. And Smith, N., 1998—Structural evolution and charge history of the Exmouth Sub-basin, Northern Carnarvon Basin, Western Australia. In: Purcell, P.G. and Purcell, R.R.(editors), The Sedimentary Basins of Western Australia 2: Proceedings of the Petroleum Exploration Society of Australia Symposium, Perth, 447–472.

Veevers, J.J., 1986-Break-up of Australia and Antarctica estimated as mid-Cretaceous (95±5 Ma) from magnetic and seismic data at the continental margin. Earth and Planetary Science Letters, 77, 91- 99.

Waschbusch, P., Beaumont, C. And Korsch, R.J., 1999-Geodynamic modelling of aspects of the New England Orogen and adjacent Bowen, Gunnedah and Surat Basins. In: Flood, P.G. (ed), New England orogen: regional geology, tectonics and metallogenesis. Armidale. Earth Sciences, University of New England, 203-10.

13. APPENDIX A: GLOSSARY OF TERMS AND ABBREVIATIONS

API	American Petroleum Institute
asl	above sea level
B	billion
bbl(s)	barrels
bbls/d	barrels per day
stb/MMscf	stock tank (standard) barrels of condensate per million standard cubic feet of gas
B_g	gas formation volume factor
B_{gi}	gas formation volume factor (initial)
B_o	oil formation volume factor
B_{oi}	oil formation volume factor (initial)
B_w	water volume factor
BHP	BHP Billiton
bopd	barrels of oil per day
Bcf	billions of standard cubic feet
bwpd	barrels of water per day
CGR	Condensate Gas Ratio
CO ₂	Carbon dioxide
condensate	liquid hydrocarbons which are sometimes produced with natural gas and liquids derived from natural gas
FBHP	flowing bottom hole pressure
FTHP	flowing tubing head pressure
ft	feet
ftSS	depth in feet below sea level
GDT	Gas Down To
GIP	Gas in Place
GIIP	(Hydrocarbon) Gas Initially in Place
GOR	gas/oil ratio
GPOS	Geological Probability of Success
GRV	gross rock volume
GWC	gas water contact
H ₂ S	Hydrogen sulphide
KB	Kelly Bushing
k_a	absolute permeability
k_h	horizontal permeability
km	kilometres
km ²	square kilometres

kPa	kilopascals
k_r	relative permeability
k_{rg}	relative permeability of gas
k_{rgcl}	relative permeability of gas @ connate liquid saturation
k_{rog}	relative permeability of oil-gas
k_{roso}	relative permeability at residual oil saturation
k_{roswi}	relative permeability to oil @ connate water saturation
k_v	vertical permeability
LNG	Liquefied Natural Gases
LPG	Liquefied Petroleum Gases
M	thousand
MM	million
MD	measured depth along the well trajectory from KB
mD	permeability in millidarcies
m^3	cubic metres
m^3/d	cubic metres per day
MMscf	millions of standard cubic feet
MMscf/d	millions of standard cubic feet per day
m/s	metres per second
msec	milliseconds
m SS	metres below sea level
Mt	thousands of tonnes
MMt	millions of tonnes
MPa	mega pascals
NTG	net to gross ratio
NGL	Natural Gas Liquids
NPV	Net Present Value
OWC	oil water contact
P_b	bubble point pressure
P_c	capillary pressure
petroleum	deposits of oil and/or gas
phi	porosity fraction
p_i	initial reservoir pressure
PI	productivity index
ppm	parts per million
psi	pounds per square inch
psia	pounds per square inch absolute
psig	pounds per square inch gauge
p_{wf}	flowing bottom hole pressure

PVT	pressure volume temperature
rb	barrel(s) of oil at reservoir conditions
rcf	reservoir cubic feet
RFT	repeat formation tester
RKB	relative to kelly bushing
rm ³	reservoir cubic metres
SCAL	Special Core Analysis
scf	standard cubic feet measured at 14.7 pounds per square inch and 60° F
scf/d	standard cubic feet per day
scf/stb	standard cubic feet per stock tank barrel
sm ³	standard cubic metres
S _o	oil saturation
S _{or}	residual oil saturation
S _{orw}	residual oil saturation (waterflood)
S _{wc}	connate water saturation
S _{oi}	irreducible oil saturation
SS	sub sea level
stb	stock tank barrels measured at 14.7 pounds per square inch and 60° F
stb/d	stock tank barrels per day
STOIIP	stock tank oil initially in place
S _w	water saturation
\$	Australian Dollars unless noted otherwise
t	tonnes
THP	tubing head pressure
Tscf	trillion standard cubic feet
TVDSS	true vertical depth (sub-sea)
TVT	true vertical thickness
TWT	two-way time
USD	United States Dollar
V _{sh}	shale volume
WC	water cut
WUT	Water Up To
φ	porosity
μ	viscosity
μ _{gb}	viscosity of gas
μ _{ob}	viscosity of oil
μ _w	viscosity of water

14. APPENDIX B – VOLUMETRIC INPUTS AND RESULTS

Gigantor

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	24.6	100.0	285	812	[1200]	146
Thickness	m	Beta	10.0	28.1	64.2	116	200	50.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	10.0	14.5	22.6	33.4	50.0	20.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	270	280	290	300	310	290

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Gigantor	1707	6437	9807	21860

Gidorah

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	19.9	55.0	117	250	[300]	82.7
Thickness	m	Beta	20.0	58.0	102	149	200	100
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	10.0	14.5	22.6	33.4	50.0	20.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	262	272	282	292	302	282

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Ghidorah	1532	4145	5184	10172

Minya

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	33.1	90.0	190	400	[500]	135
Thickness	m	Beta	20.0	33.9	52.5	73.7	100	50.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	10.0	14.5	22.6	33.4	50.0	20.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	275	286	294	300	305	295

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Minya	1449	3684	4560	8763

Hedorah

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	6.92	25.0	65.2	170	[200]	37.3
Thickness	m	Beta	20.0	33.9	52.5	73.7	100	50.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	10.0	14.5	22.6	33.4	50.0	20.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	287	297	307	317	327	307

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Hedorah	432	1286	1680	3442

Frankenstein

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	8.70	30.0	75.5	190	[250]	44.9
Thickness	m	Beta	20.0	33.9	52.5	73.7	100	50.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	10.0	14.5	22.6	33.4	50.0	20.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	248	258	268	278	288	268

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Frankenstein	456	1332	1745	3572

Buzzsaw

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	8.73	25.0	54.8	120	[170]	37.7
Thickness	m	Beta	20.0	33.9	52.5	73.7	100	50.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	10.0	14.5	22.6	33.4	50.0	20.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	304	314	324	334	344	324

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Buzzsaw	452	1191	1510	2972

Megatron

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	16.5	40.0	77.5	150	[190]	59.4
Thickness	m	Beta	20.0	33.9	52.5	73.7	100	50.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	10.0	14.5	22.6	33.4	50.0	20.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	236	246	256	266	276	256

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Megatron	552	1330	1608	3021

Skelator

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	9.77	30.0	69.3	160	[210]	45.2
Thickness	m	Beta	20.0	33.9	52.5	73.7	100	50.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	10.0	14.5	22.6	33.4	50.0	20.0
Porosity	%	Beta	10.0	14.9	20.0	25.0	30.0	20.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	279	288	300	313	329	299

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Skelator	372	1027	1321	2634

Thunderwing

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	9.02	30.0	73.5	180	[230]	45.1
Thickness	m	Beta	20.0	24.9	30.0	35.0	40.0	30.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	20.0	23.5	26.8	30.1	33.0	27.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	306	316	326	336	346	326

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Thunderwing	436	1099	1314	2522

Ironhide

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	9.87	25.0	50.0	100	[120]	37.3
Thickness	m	Beta	20.0	34.6	49.9	65.0	80.0	50.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	20.0	23.5	26.8	30.1	33.0	27.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	310	320	330	340	350	330

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Ironhide	569	1245	1422	2538

Godzilla

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	6.66	25.0	67.1	180	[200]	37.1
Thickness	m	Beta	20.0	29.7	39.9	50.0	60.0	40.0
Shape factor	fr	Beta	0.800	0.853	0.893	0.927	0.950	0.900
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	20.0	23.5	26.8	30.1	33.0	27.0
Porosity	%	Beta	15.0	21.0	26.7	32.1	37.0	27.0
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Dry gas FVF (1/Bg)	vol/vol	Beta	265	275	285	295	305	285

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Godzilla	409	1121	1363	2679

Winchester

Variable	Unit	Shape	min	P90	P50	P10	max	mode
Area	km2	Lognor	5.98	12.6	21.9	38.2	80.3	18.2
Thickness	m	Lognor	58.5	130	237	430	958	190
Shape factor	%	Beta	70.0	74.9	80.0	85.0	90.0	80.0
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Lognor	10.8	20.0	31.6	50.0	92.4	27.8
Porosity	%	Beta	5.00	8.36	12.1	16.0	20.0	12.0
Sw	%	Beta	0.300	0.349	0.400	0.450	0.500	0.400
Wet gas FVF (1/Bg)	vol/vol	Beta	260	275	290	305	320	290
Wet gas shrinkage	%	Beta	80.0	85.3	89.3	92.7	95.0	90.0
Cond/gas ratio	bbl/mmcft	Beta	15.0	29.6	44.9	60.0	75.0	45.0

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Winchester	590	1596	2131	4243

Tomcat

Variable	Unit	Shape	min	P90	P50	P10	max
Area	km2	Lognor	3.58	13.6	36.6	98.8	374
Thickness	m	Normal	16.5	50.0	75.0	100	134
Shape factor	%	Normal	78.3	85.0	90.0	95.0	[100]
Deg. of fill	%	Single	100	100	100	100	100
Net-to-gross	%	Normal	16.6	30.0	40.0	50.0	63.4
Porosity	%	Normal	3.30	10.0	15.0	20.0	26.7
Sw	%	Normal	6.59	20.0	30.0	40.0	53.4
Dry gas FVF (1/Bg)	vol/vol	Normal	227	240	250	260	273

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Tomcat	254	840	1227	2612

Blackbird

Variable	Unit	Shape	min	P90	P50	P10	max	mode
GRV	km2.m	Lognor	1430	2924	4985	8500	17383	4192
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	30.0	39.7	49.9	60.0	70.0	50.0
Porosity	%	Beta	6.00	7.46	8.99	10.5	12.0	9.00
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Wet gas FVF (1/Bg)	vol/vol	Normal	226	260	285	310	344	285

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Blackbird	815	1490	1568	2711

Hornet

Variable	Unit	Shape	min	P90	P50	P10	max	mode
GRV	km2.m	Lognor	1477	1914	2322	2817	3650	2270
Deg. of fill	%	Single	100	100	100	100	100	100
Net-to-gross	%	Beta	30.0	39.7	49.9	60.0	70.0	50.0
Porosity	%	Beta	6.00	7.46	8.99	10.5	12.0	9.00
Sw	%	Beta	20.0	22.2	26.3	31.7	40.0	25.0
Wet gas FVF (1/Bg)	vol/vol	Normal	243	270	290	310	337	290

Undiscovered Gas Initially In Place (Bcf)				
Prospect / Lead	Low Estimate	Best Estimate	Mean estimate	High Estimate
Hornet	499	708	728	989

15. APPENDIX C: RPS GUIDELINES FOR EXPLORATION AND APPRAISAL RISK

These guidelines address subsurface, geological risk. They do not address commercial considerations, which may lead to the commercial chance of success being less than the geological chance of success. Table 11 shows the general rule of thumb for risk assessment that RPS follows, Table 12 shows the distribution of risk categories of the RPS guidelines.

Evaluation				
Conventional		Frontier		
Same Play Adjacent Structure	Same Play Nearby Structure	New Play - Same Trend Old Play - New Trend	New Play - New Basin or Play with Negative Data	
Producing Area		Emerging Area	Frontier Area	
Delineation	Prospect		Play	Hydrocarbon System
VERY LOW RISK	LOW RISK	MODERATE RISK	HIGH RISK	VERY HIGH RISK
1:2	1:4	1:8	1:16	
Avg. $P_g = 0.75$	Avg. $P_g = 0.375$	Avg. $P_g = 0.183$	Avg. $P_g = 0.092$	Avg. $P_g = 0.05$
<i>P_g = Probability of Geological Success</i>				

**Table 11 - 'Rules of Thumb' for Geological Risk Assessment
(Otis and Schneidermann, 1997)**

Risk Category	GPOS
Very low risk	50%-99%
Low risk	25%-50%
Moderate risk	12%-25%
High risk	5%-12%
Very high risk	1%-5%

Table 12 - Distribution of Risk Categories

Our reference
JPK/PC/OCTA15435-9064502

Waterfront Place
1 Eagle Street Brisbane QLD 4000
GPO Box 9925 QLD 4001
Tel (07) 3228 9333
Fax (07) 3228 9444
www.corrs.com.au

**CORRS
CHAMBERS
WESTGARTH**
lawyers

Sydney
Melbourne
Brisbane
Perth

11 September 2009

The Directors
Octanex N.L.
Level 21
500 Collins Street
MELBOURNE VIC 3000

Contact
Paul Careless (07) 3228 9435
Email: paul.careless@corrs.com.au

Partner
John Kelly

Dear Sirs

Octanex NL - Prospectus - Tenement Report

This Report has been prepared for inclusion in a prospectus (**Prospectus**) to be dated on or about the date of this letter and issued by Octanex N.L. (**Octanex**) for a placement of up to 1,000,000 shares at an issue price of \$0.30 (30 cents) each to raise up to \$300,000.

This Report sets out:

- the results of our searches in Victoria, South Australia and Western Australia of the relevant Exploration Tenements from Victoria and Western Australia (**EPs**) and Exploration Tenement for Petroleum (**EPP**) from South Australia (together, **Offshore Tenements**) which are held by Octanex or its related bodies corporate (**Octanex Group**) or in which they hold an interest; and
- our opinion on the effect of native title on the Offshore Tenements.

1 Executive Summary

The **Schedule** to this Report lists the Offshore Tenements. The **Schedule** indicates the basic terms and conditions of each tenement, being term, area, registered holders, outstanding compulsory work obligations and registered encumbrances. The **Schedule** also shows whether there are native title claims currently registered over any part of the area of each tenement.

2 Searches conducted

2.1 We have conducted the following searches in respect of the Offshore Tenements:

- searches of the Earth Resources Regulation Branch of the Victorian Department of Primary Industries (**DPI**) on 10 August 2009 in respect of VIC/P61 administered under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (**OPGSA**);
- online search of the Department of Primary Industries and Resources, South Australia (**PIRSA**) on 10 August 2009 in respect of EPP34 granted under the *Petroleum (Submerged Lands) Act 1967* and administered under the OPGSA;

- online searches of the Department of Mines and Petroleum in Western Australia (**DMP**), through the Petroleum Geothermal Register on 11 August 2009 in respect of WA-322-P, WA-323-P, WA-329-P, WA-330-P, WA-362-P, WA-363-P, WA-386-P, WA-387-P, WA-384-P, WA-385-P and WA-394-P administered under the OPGSA; and
- search of the National Native Title Tribunal Register on 10 August 2009 in respect of the Offshore Tenements.

2.2 A summary of the results of these searches, which are dependent upon the accuracy of the registers maintained by the relevant State Government Departments and the National Native Title Tribunal is set out in the **Schedule** to this Report.

2.3 The information provided in this Report relates only to the searches conducted as at the dates indicated in this Report.

3 Native Title

3.1 The existence of native title is now recognised as part of the common law of Australia. Native title rights in respect of any particular land must be established according to the traditional laws and customs of Aboriginal people who can demonstrate an ongoing connection with the land. Even if native title rights to particular land could otherwise be established, such native title may have been extinguished under common law principles or by virtue of the *Native Title Act 1993* (**Native Title Act**).

3.2 It has been established that native title rights can exist with respect to offshore waters within Australia's territorial waters, however, the rights are not exclusive and are subject to the public rights of navigation and commercial fishing and the international right of innocent passage. Further, the native title rights holders cannot prevent others from exercising their rights and interests over the same area and its resources.

3.3 The grant of a mining or petroleum tenement in an offshore area does not require the consent or agreement of any native title claimants for the relevant area. The obligation to negotiate with registered native title claimants for the grant of a mining or petroleum tenement in respect of offshore areas does not apply. This position is confirmed by section 26(3) of the NTA which limits the right to negotiate with native title claimants in respect of the grant of rights to mine, to acts that take place on the landward side of the mean high-water mark of the sea.

3.4 Notice of activities proposed to be undertaken on the Offshore Tenements may have to be given to registered native title claimants but their prior consent or approval to the activities is not required.

3.5 Pursuant to section 24 NA (8) of the NTA, holders of native title and any registered native title claimants in relation to offshore areas have the same procedural rights as they would have in relation to the relevant act on the assumption that they instead held any corresponding rights and interests in relation to the offshore place that are not native title rights and interests. However, it is the case that under the OPGSA no persons are given procedural rights to object to or consent in respect of the grant of exploration tenements.

- 3.6 The grant of the Offshore Tenements is valid, with respect to native title, pursuant to section 24 NA (2) of the Native Title Act. However, in accordance with the non-extinguishment principle under section 24 NA(4) of the NTA, the grant of the Offshore Tenements would not have extinguished any native title which may exist within those areas. Compensation may be payable to native title rights holders under the Native Title Act for any effect on established native title rights by the grant of the tenements. However, the amount of the compensation will be dependent upon the nature of the native title right claimed and the degree to which it has been affected.
- 3.7 At present no native title holder has been determined for any of the relevant areas affected by the Offshore Tenements.
- 3.8 Any compensation would be payable by the party carrying out the act; which in this case would be the Commonwealth Government as grantor of the tenements.

Native Title Claims

- 3.9 We have reviewed searches conducted with the National Native Title Tribunal on 10 August 2009, for the purpose of identifying any native title claims which affect the Offshore Tenements.
- 3.10 Our review identified that in respect of:
- WA-329-P, WA-384-P and WA-385-P – registered native title claim WC97/28 made on behalf of the Gnulli Native Title Application Group, which was registered on 14 April 1997, overlaps part of the area of each of these tenements;
 - WA-322-P, WA-323-P, WA-330-P, WA-362-P, WA-363-P, WA-386-P, WA-387-P and WA-394-P – there are no registered native title claims overlapping the area of these tenements;
 - EPP34 – there are no registered native title claims overlapping the area of this tenement; and
 - VIC/P61 - there are no registered native title claims overlapping the area of this tenement.
- 3.11 As at 10 August 2009, there has been no determination of native title made in respect of any area covered by any of the Offshore Tenements nor have any indigenous land use agreements been registered in respect of any of the areas .
- 3.12 The results of our review are summarised in the following table:

State	Tenement Number	Native Title Claims
Western Australia	WA-322-P	None registered
Western Australia	WA-323-P	None registered
Western Australia	WA-329-P	WC97/28 overlaps part of the area of this tenement
Western Australia	WA-330-P	None registered

Western Australia	WA-362-P	None registered
Western Australia	WA-363-P	None registered
Western Australia	WA-384-P	WC97/28 overlaps part of the area of this tenement
Western Australia	WA-385-P	WC97/28 overlaps part of the area of this tenement
Western Australia	WA-386-P	None registered
Western Australia	WA-387-P	None registered
Western Australia	WA-394-P	None registered
South Australia	EPP34	None registered
Victoria	VIC/P61	None registered

4 Assumptions and Qualifications

- 4.1 This Report and the opinions expressed herein are subject to the following assumptions, qualifications and exceptions;
- (a) the information contained in this Report is only valid as at the date the searches of the title and public registers were undertaken being 10 and 11 August 2009 and the information is valid only with respect to the law in effect as at those dates;
 - (b) the registers of offshore petroleum tenements, maintained by the various State Government Departments (**Registers**), which were searched are complete, up to date and accurate;
 - (c) the records of the National Native Title Tribunal are complete, up to date and accurate;
 - (d) all documents recorded on the Registers whether as originals or copies are authentic, complete and up to date;
 - (e) no documents recorded on the Registers have been amended subsequently and all such documents remain in the same form as examined;
 - (f) each seal and signature and any duty stamp or marking on each document disclosed on the Registers is authentic;
 - (g) each document recorded on the Registers was within the capacity and power of, and was validly authorised, executed and delivered by, each party to it;
 - (h) each document reviewed by us was executed and delivered by each party to it in accordance with the laws regulating execution and delivery of that document by that party, and the performance of any obligation under that document will not be illegal or ineffective;

- (i) each document reviewed by us was valid and enforceable according to its terms and in accordance with the applicable law of that document; and
 - (j) the documents reviewed and searches undertaken by us are limited to those identified in this Report. No additional searches of other governmental agencies or of courts or tribunals have been undertaken. Given the specific scope of those enquiries, this Report may not disclose all material circumstances or information in relation to its subject matter.
- 4.2 Information concerning the Offshore Tenements set out in the **Schedule** has been derived only from a review of information and documents on those parts of the Registers which are publicly available. Files kept by each of the DPI, PIRSA and DMP relating to the Offshore Tenements have not been examined and those working files could contain information relevant to matters of compliance with tenements terms and conditions such as the issue of default notices in relation to work requirements or the payment of fees.
- 4.3 This Report is given solely for the benefit of Octanex and its directors in connection with the issue of the Prospectus .
- 4.4 We consent to the inclusion of this Report in the Prospectus. We have had no involvement in the preparation of the Prospectus and have not given or provided any professional or other advice to Octanex in respect of the Prospectus or any matter contained therein and do not accept responsibility or liability to any person in respect of any matter or false or misleading statement in, or omission from, any other part of the Prospectus.

Yours faithfully

Corrs Chambers Westgarth



John Kelly
Partner

Schedule

Offshore Petroleum Tenements

Tenement	Holder	Area	Term	Minimum work obligations ¹				Encumbrances and third party interests	Native Title Claims	Comments
				Year	Permit Year Dates	Description and quantity	Estimated Expenditure			
WA-322-P	United Oil & Gas Pty Ltd	9 blocks 720.9km ²	Issued: 22.03.2002 Expires: 21.03.2010	6	22.03.2009 – 21.03.2010	Geotechnical Studies ²	\$150,000	Overriding Royalty Agreement ³	No registered claims	
WA-323-P	Octanex NL – 50% Strata Resources Pty Ltd – 50% ⁴	4 blocks 322.6km ²	Issued: 22.03.2002 Expires: 21.12.2010	5	22.03.2008 – 21.12.2009	New 2D Seismic Survey (400km)	\$600,000		No registered claims	
				6	22.12.2009 – 21.12.2010	Geotechnical Studies ⁵	\$150,000			
WA-329-P	United Oil & Gas Pty Ltd	9 blocks 719.9km ²	Issued: 5.09.2002 Expires: 21.03.2010	6	22.03.2009 – 21.03.2010	Geotechnical Studies ⁶	\$150,000	Overriding Royalty Agreement ⁷	Registered claim WC97/28 overlaps part of the area of the tenement	
WA-330-P	Octanex NL - 50% Strata Resources Pty Ltd – 50% ⁸	4 blocks 322.8km ²	Issued: 05.09.2002 Expires: 21.12.2010	5	5.03.2008 – 21.12.2009	Geotechnical Studies New 2D Seismic Survey (100km)	\$400,000		No registered claims	
				6	22.12.2009 – 21.12.2010	Geotechnical Studies ⁹	\$150,000			

Tenement	Holder	Area	Term	Minimum work obligations ¹				Encumbrances and third party interests	Native Title Claims	Comments
				Year	Permit Year Dates	Description and quantity	Estimated Expenditure			
WA-362-P	Eni Australia Limited – 30% Exmouth Exploration Pty Ltd – 12% Octanex NL – 14% OMV Australia Pty Ltd - 30% Strata Resources Pty Ltd – 14% ¹⁰	132 blocks 10,742.2k m ²	Issued: 22.06.2005 Expires: 21.06.2011	5	22.06.2009 – 21.06.2010	Geotechnical Studies	\$250,000		No registered claims	
				6	22.06.2010 – 21.06.2011	One Exploration Well	\$18,000,000			
WA-363-P	Eni Australia Limited – 30% Exmouth Exploration Pty Ltd – 12% Octanex NL – 14% OMV Australia Pty Ltd - 30% Strata Resources Pty Ltd – 14% ¹¹	136 blocks 11,069.4k m ²	Issued: 22.06.2005 Expires: 21.06.2011	5	22.06.2009 – 21.06.2010	Geotechnical Studies	\$250,000		No registered claims	
				6	22.06.2010 – 21.06.2011	One Exploration Well	\$18,000,000			
WA-384-P	Shell Development (Australia) Proprietary Limited	53 blocks 4,204.5 km ²	Issued: 21.08.2006 Expires: 20.08.2012	4	21.08.2009 – 20.08.2010	Seismic Interpretation	\$250,000	Overriding Royalty and Discovery Payment Deeds ¹²	Registered claim WC97/28 overlaps part of the area of the tenement	
				5	21.08.2010 – 20.08.2011	Geotechnical Studies	\$350,000			
				6	21.08.2011 – 20.08.2012	One Exploration Well	\$20,000,000			

Tenement	Holder	Area	Term	Minimum work obligations ¹				Encumbrances and third party interests	Native Title Claims	Comments
				Year	Permit Year Dates	Description and quantity	Estimated Expenditure			
WA-385-P	Shell Development (Australia) Proprietary Limited	57 blocks 4,504.5 km ²	Issued: 21.08.2006 Expires: 20.08.2012	4	21.08.2009 - 20.08.2010	Seismic Interpretation	\$250,000	Overriding Royalty and Discovery Payment Deeds ¹³	Registered claim WC97/28 overlaps part of the area of the tenement	
				5	21.08.2010 - 20.08.2011	Geotechnical Studies	\$350,000			
				6	21.08.2011 - 20.08.2012	One Exploration Well	\$20,000,000			
WA-386-P	Eni Australia Limited – 30% Exmouth Exploration Pty Ltd – 40% OMV Australia Pty Ltd - 30% ¹⁴	129 blocks 10,463.8 km ²	Issued: 21.08.2006 Expires: 20.08.2012	4	21.08.2009 - 20.08.2010	Seismic Interpretation	\$250,000		No registered claims	
				5	21.08.2010 - 20.08.2011	Geotechnical Studies	\$350,000			
				6	21.08.2011 - 20.08.2012	One Exploration Well	\$25,000,000			
WA-387-P	Eni Australia Limited – 30% Exmouth Exploration Pty Ltd – 40% OMV Australia Pty Ltd - 30%	60 blocks 4,858km ²	Issued: 21.08.2006 Expires: 20.08.2012	4	21.08.2009 - 20.08.2010	Seismic Interpretation	\$250,000		No registered claims	
				5	21.08.2010 - 20.08.2011	Geotechnical Studies	\$350,000			
				6	21.08.2011 - 20.08.2012	One Exploration Well	\$20,000,000			
WA-394-P	Shell Development (Australia) Proprietary Limited	24 blocks 1,911km ²	Issued: 21.02.2007	3	21.02.2009 - 20.02.2010	New 2D Seismic Survey (375km)	\$500,000	Overriding Royalty and Discovery Payment Deeds ¹⁵	No registered claims	

Tenement	Holder	Area	Term	Minimum work obligations ¹				Encumbrances and third party interests	Native Title Claims	Comments
				Year	Permit Year Dates	Description and quantity	Estimated Expenditure			
EPP34 (SA)	United Oil & Gas Pty Ltd – 30% Exoil Limited – 25% National Energy Pty Ltd – 25% Moby Oil & Gas Limited – 20%	76 blocks 4,817km ²	Expires: 20.02.2013	4	21.02.2010 – 20.02.2011	Geotechnical Studies	\$250,000			
				5	21.02.2011 – 20.02.2012	Geotechnical Studies	\$350,000			
				6	21.02.2012 – 20.02.2013	One Exploration Well	\$20,000,000			
			Issued: 25.03.2004 Expires: 24.06.2011	4	25.06.2008 – 24.06.2009	Interpretation/Studies/Mapping/ Drilling Preparation; Interpret and map all available seismic data; Revise earlier analyses and concepts as required; Identify suitable prospects; Rank prospect inventory	\$250,000		No registered claims	Octanex advises that a request to suspend and extend time for compliance with Year 4 work obligation was lodged on 11.06.2009. PIRSA advises that this request is presently awaiting approval from the Commonwealth.
				5	25.06.2009 – 24.06.2010	Drill Well; Selection of drilling candidate; Well preparation; Drill one exploratory well and integrate the results into an evaluation of the area.	\$15,000,000			
				6	25.06.2010 –	Studies Review; Review well	\$200,000			

Tenement	Holder	Area	Term	Minimum work obligations ¹				Encumbrances and third party interests	Native Title Claims	Comments
				Year	Permit Year Dates	Description and quantity	Estimated Expenditure			
VIC/P61	Exoil Limited – 30% Gascorp Australia Pty Ltd – 30% Otway Oil & Gas Pty Ltd – 20% Moby Oil & Gas Limited – 20% ¹⁶	30 blocks (incl 3 part blocks)	Issued: 8.02.2005 Expires: 7.02.2013		24.06.2011	results; Re-assess prospectivity; Assess renewal.				
				3	8.02.2009-7.02.2010	Interpretation of 3D Seismic Data/Preparation for Drilling/Drilling	\$10,300,000		No registered claims	
				4	8.02.2010-7.02.2011	Geological and Geophysical Studies	\$250,000			
				5	8.02.2011-7.02.2012	Drill one well	\$12,000,000			
				6	8.02.2012-7.02.2013	Re-assessment of Tenement	\$250,000			

¹ The standard conditions of an offshore petroleum exploration permit provide that for the first three years of the permit the permit holder must complete each component of the work program specified in the minimum work requirements in the designated permit year. On commencement of the fourth permit year the remaining minimum work program becomes guaranteed on a year by year basis. Therefore on and from the fourth permit year, once a relevant permit year has commenced the permit holder must complete all the work specified for that year.

² DMP has indicated by letter dated in June 2009 that as there has been no drilling in this tenement, any renewal would require one exploration well to be included in the minimum guaranteed work program.

³ There is registered against WA-322-P, an Overriding Royalty Agreement dated 21.05.2004 between Octanex NL (**Octanex**), Strata Resources Pty Ltd (**Strata**), Rocky Mountain Minerals, Inc (**RMML**) (Octanex, Strata and RMML, together **Royalty Holders**) and BHP Billiton Petroleum (North West Shelf) Pty Ltd (**BHP**) providing an Overriding Royalty Interest to the Royalty Holders of: 0-35 Cumulative Production Volume of Petroleum in millions of Barrels or quantities of gas converted to barrels of oil based on equal energy content (**CPV**) = 2.75% Overriding Royalty Rate (**ORR**) >35-70 CPV = 3.25% ORR >70 CPV = 3.75% ORR

The royalty is calculated on the actual sale value of petroleum net of taxes levied under the *Petroleum Resource Rent Tax Assessment Act 1987* (Cth) (**PRRT Act**) and less transportation costs. There was lodged with the DMP on 31 August 2009 a deed executed by each of Octanex, Strata and RMML terminating the overriding royalty interests granted in each of their favour. That document will have force once approved and registered under the OPGSA.

⁴ The Register does not record the proportional interests of the holders but simply indicates that Octanex and Strata are joint holders of the tenement. The proportional interests have been derived from indications made by Octanex and Strata in annual reports concerning operations on the tenement lodged with DMP.

⁵ DMP has approved the suspension and variation of the work program for this tenement by removing the requirement to drill one exploration well in permit year 6 on the reasonable expectation that the holders would include one exploration well in the minimum work program for the renewal of this tenement.

⁶ DMP has indicated by letter dated in June 2009 that as there has been no drilling in this tenement, any renewal would require one exploration well to be included in the minimum guaranteed work program.

⁷ There is registered against WA-329-P, an Overriding Royalty Agreement dated 8 July 2005 between Octanex, Strata, RMMI (**Royalty Holders**) and BHP and Apache Northwest Pty Ltd (**Apache**) providing an Overriding Royalty Interest to the Royalty Holders of:

0-35 Cumulative Production Volume of Petroleum in millions of Barrels or equivalent quantities of gas converted to barrels of oil based on equal energy content (**CPV**) = 2.75% Overriding Royalty Rate (**ORR**)
>35-70 CPV = 3.25% ORR
>70 CPV = 3.75% ORR

The royalty is calculated on the actual sale value of petroleum net of taxes levied under the PRRT Act and less transportation costs. The royalty is apportioned between the Royalty Holders as follows – Octanex 37.5%, Strata 37.5% and RMMI – 25%. There was lodged with the DMP on 31 August 2009 a deed executed by each of Octanex, Strata and RMMI terminating the overriding royalty interests granted in each of their favour. That document will have force once approved and registered under the OPGSA.

⁸ The Register does not record the proportional interests of the holders but simply indicates that Octanex and Strata are joint holders of the tenement. The proportional interests have been derived from indications made by Octanex and Strata in annual reports concerning operations on the tenement lodged with DMP.

⁹ DMP has approved the suspension and variation of the work program for this tenement by removing the requirement to drill one exploration well in permit year 6 on the reasonable expectation that the holders would include one exploration well in the minimum work program for the renewal of this tenement.

¹⁰ The interests of the holders are derived from the Deed of Assignment and Assumption dated 9 January 2009 registered against the tenement.

¹¹ The interests of the holders are derived from the Deed of Assignment and Assumption dated 9 January 2009 registered against the tenement.

¹² Overriding Royalty and Discovery Payment Deeds between Shell and each of Strata and Octanex, each dated 21 February 2008 grant to each of Strata and Octanex a gross overriding royalty of 1% of the Gross Value of Recovered Petroleum. The Gross Value of Recovered Petroleum is defined as 50% of Shell's Assessable Petroleum Receipts. Assessable Petroleum Receipts has the meaning given to it in s24 of the *Petroleum Resource Rent Tax Assessment Act 1987 (Cth)* being the assessable petroleum receipts required to be included in the forms for PRRT Returns as at the date of the deeds. Further, under each Deed, Shell agrees upon making a discovery in the tenement to either pay US\$2.5 million to each of Strata and Octanex or offer to re-assign to each of Strata and Octanex a 50% interest in the tenement. If in respect of any discovery, Shell either spuds a well to appraise or further evaluate the quantity or quality of petroleum in, or the production capability of a production pool, located by the discovery or makes an application to the Joint Authority for a lease, licence or declaration of a location, then Shell must make a further payment of US\$2.5 million to each of Strata and Octanex. Shell is not required to make any more than 3 discovery payments (a discovery payment being the aggregate of the payments mentioned above totalling the sum of US\$5 million) to each of Strata and Octanex. (That is, the total potential liability of Shell to Strata and Octanex in respect of discovery payments is collectively US \$30 million). If by the commencement of tenement year 5, Shell does not give a notice to each of Octanex and Strata, irrevocably committing to the drilling of a well in the tenement area, then it must re-assign the tenement to each of Strata and Octanex in equal shares, for nil consideration.

If at any time Shell wishes to surrender the tenement, then it must re-assign the tenement to Strata and Octanex in equal shares, for nil consideration.

¹³ Overriding Royalty and Discovery Payment Deeds between Shell and each of Strata and Octanex, each dated 21 February 2008 grant to each of Strata and Octanex a gross overriding royalty of 1% of the Gross Value of Recovered Petroleum. The Gross Value of Recovered Petroleum is defined as 50% of Shell's Assessable Petroleum Receipts. Assessable Petroleum Receipts has the meaning given to it in s24 of the *Petroleum Resource Rent Tax Assessment Act 1987 (Cth)* being the assessable petroleum receipts required to be included in the forms for PRRT Returns as at the date of the deeds. Further, under each Deed, Shell agrees upon making a discovery in the tenement to either pay US\$2.5 million to each of Strata and Octanex or offer to re-assign to each of Strata and Octanex a 50% interest in the tenement. If in respect of any discovery, Shell either spuds a well to appraise or further evaluate a quantity or quality of petroleum in or the production capability of a production pool located by the discovery or makes an application to the Joint Authority for a lease, licence or declaration of a location, then Shell must make a further payment of US\$2.5 million to each of Strata and Octanex. Shell is not required to make any more than 3 discovery payments (a discovery payment being the aggregate of the payments mentioned above totalling the sum of US\$5 million) to each of Strata and Octanex. (That is, the total potential liability of Shell to Strata and Octanex in respect of discovery payments is collectively US \$30 million). If by the commencement of tenement year 5, Shell does not give a notice to each of Octanex and Strata, irrevocably committing to the drilling of a well in the tenement area, then it must re-assign the tenement to each of Strata and Octanex in equal shares, for nil consideration.

If at any time Shell wishes to surrender the tenement, then it must re-assign the tenement to Strata and Octanex in equal shares, for nil consideration.

¹⁴ The percentage interests of the holders are derived from a Deed of Assignment and Assumption dated 9 January 2009 registered against the tenement.

¹⁵ Overriding Royalty and Discovery Payment Deeds between Shell and each of Strata and Octanex, each dated 21 February 2008 grant to each of Strata and Octanex a gross overriding royalty of

1% of the Gross Value of Recovered Petroleum. The Gross Value of Recovered Petroleum is defined as 50% of Shell's Assessable Petroleum Receipts. Assessable Petroleum Receipts has the meaning given to it in s24 of the *Petroleum Resource Rent Tax Assessment Act 1987 (Cth)* being the assessable petroleum receipts required to be included in the forms for PRRT Returns as at the date of the deeds. Further, under each Deed, Shell agrees upon making a discovery in the tenement to either pay US\$2.5 million to each of Strata and Octanex or offer to re-assign to each of Strata and Octanex a 50% interest in the tenement. If in respect of any discovery, Shell either spuds a well to appraise or further evaluate a quantity or quality of petroleum in or the production capability of a production pool located by the discovery or makes an application to the Joint Authority for a lease, licence or declaration of a location, then Shell must make a further payment of US\$2.5 million to each of Strata and Octanex. Shell is not required to make any more than 3 discovery payments (a discovery payment being the aggregate of the payments mentioned above totalling the sum of US\$5 million) to each of Strata and Octanex. (That is, the total potential liability of Shell to Strata and Octanex in respect of discovery payments is collectively US \$30 million). If by the commencement of tenement year 5, Shell does not give a notice to each of Octanex and Strata, irrevocably committing to the drilling of a well in the tenement area, then it must re-assign the tenement to each of Strata and Octanex in equal shares, for nil consideration.

If at any time Shell wishes to surrender the tenement, then it must re-assign the tenement to Strata and Octanex in equal shares, for nil consideration.

¹⁶ The current proportional interests of the holders are derived from a Farm In Agreement dated 29 April 2008, registered against the tenement.



BDO Kendalls Securities (NSW-VIC) Pty Ltd
The Rialto, 525 Collins St
Melbourne VIC 3000
GPO Box 4736 Melbourne VIC 3001
Phone 61 3 8320 2222
Fax 61 3 8320 2200
www.bdo.com.au

21 September 2009

Board of Directors
Octanex N.L.
Level 21, 500 Collins Street
Melbourne VIC 3000

ABN 82 065 203 492
AFS Licence No. 222438

Dear Sirs,

Independent Accountant's Report

1. Introduction

BDO Kendalls Securities (NSW-VIC) Pty Ltd ("BDO Securities") has been engaged by Octanex N.L. ("the Company") to prepare this report for inclusion in the Prospectus to be issued by the Company for a placement of up to 1,000,000 Shares at an issue price of \$0.30 (30 Cents) each to raise up to \$300,000 in support of the proposed listing of the Company on the Australian Securities Exchange ("the Offer").

Expressions defined in the Prospectus have the same meaning in this Report.

2. Financial information

BDO Securities has been requested to prepare an Independent Accountant's Report ("the Report") covering the Financial Information and Pro Forma Financial Information described below and disclosed in Section 5 of the Prospectus.

2.1 Financial Information

The Financial Information, as set out in Section 5 of the Prospectus, comprises the:

- the consolidated income statements of the Octanex Group for the years ended 30 June 2008 and 30 June 2009 ("Consolidated Income Statements");
- the consolidated balance sheets of the Octanex Group as at 30 June 2008 and 30 June 2009 ("Consolidated Balance Sheets"); and
- notes thereto (collectively referred to as "Financial Information").

The Financial Information set out in Section 5 of the Prospectus has been extracted from the financial year ended 30 June 2008 audited accounts and financial year ended 30 June 2009 audited accounts.

The consolidated financial statements of the Octanex Group for the years ended 30 June 2008 and 30 June 2009 were audited by the Company's external auditor, BDO Kendalls Audit and Assurance (NSW-VIC) Pty Ltd ("BDO Audit and Assurance") in accordance with Australian Auditing Standards. The audit opinion issued to the members of the Company relating to those financial statements were unqualified.

The directors of the Company are responsible for the preparation and presentation of the Financial Information in the Prospectus.

The Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001 ("Corporations Act").

2.2 Pro Forma Financial Information

The Pro Forma Financial Information, as set out in Section 5 of the Prospectus, comprises:

- the pro forma income statement of the Octanex Group for the year ended 30 June 2009 ("Pro Forma Consolidated Income Statement");
- the pro forma balance sheet of the Octanex Group as at 30 June 2009 ("Pro Forma Consolidated Balance Sheet"); and
- notes thereto (collectively referred to as "Pro Forma Financial Information").

The Pro Forma Financial Information has been derived from:

- the Financial Information; and
- the pro forma adjustments set out in Section 5 of the Prospectus ("Pro Forma Adjustments").

We have not audited or reviewed the Pro Forma Adjustments which the directors of the Company have determined for the purposes of compiling the Pro Forma Financial Information. Consequently, we do not express any opinion, or make any statement of negative assurance, as to whether the Pro Forma Financial Information is presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards.

The directors of the Company are responsible for the preparation and presentation of the Pro Forma Financial Information, including the determination of the Pro Forma Adjustments.

The Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

3 Scope

3.1 Review of the Financial Information

We have reviewed the Financial Information in order to report whether anything has come to our attention which causes us to believe that the Financial Information, as set out in Section 5 of the Prospectus, does not present fairly:

- the Consolidated Income Statements;
- the Consolidated Balance Sheets; and
- notes thereto

in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and accounting policies adopted by the Company disclosed in Section 5 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports”. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- analytical procedures on the Consolidated Income Statements;
- analytical procedures on the Consolidated Balance Sheets
- review of work papers, accounting records and other documents; and
- enquiry of directors, management and others in relation to the Financial Information.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3.2 Review of Pro Forma Financial Information

We have reviewed the Pro Forma Financial Information in order to report whether anything has come to our attention which causes us to believe that:

- the Pro Forma Financial Information, set out in Section 5 of the Prospectus, does not reflect the impact on:
 - the consolidated income statement for the year ended 30 June 2009
 - the consolidated balance sheet as at 30 June 2009; and
 - notes thereto

of the Pro Forma Adjustments described in Section 5 of the Prospectus when those Pro Forma Adjustments are recorded in accordance with Australian Accounting Standards; and

- the Pro Forma Financial Information has not been properly compiled on the basis of:
 - the Financial Information; and
 - the Pro Forma Adjustments.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports”. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of work papers, accounting records and other documents pertaining to the Pro Forma Adjustments and the Pro Forma Financial Information;
- a review of the assumptions used to compile the Pro Forma Financial Information;
- as regards to the Pro Forma Adjustments, a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards; and
- enquiry of directors, management and others in relation to the Pro Forma Financial Information.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

4 Review statements

4.1 Review statement on the Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Financial Information, as set out in Section 5 of the Prospectus, does not present fairly:

- the Consolidated Income Statements
- the Consolidated Balance Sheets; and
- notes thereto

in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and accounting policies adopted by the Company disclosed in Section 5 of the Prospectus.

4.2 Review statement on the Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the Pro Forma Financial Information, set out in Section 5 of the Prospectus, does not reflect the impact on:
 - the consolidated income statement for the year ended 30 June 2009
 - the consolidated balance sheet as at 30 June 2009; and
 - notes thereto

of the Pro Forma Adjustments described in Section 5 of the Prospectus when those Pro Forma Adjustments are recorded in accordance with Australian Accounting Standards; and

- the Pro Forma Financial Information has not been properly compiled on the basis of:
 - the Financial Information; and
 - the Pro Forma Adjustments.

5. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, not other materials transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

6. Independence or Disclosure of Interest

BDO Securities does not have any interest in the outcome of the Offer other than in the connection with the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received. From time to time, BDO Securities provides the Company with certain other professional services for which normal professional fees are received. Additionally, BDO Audit and Assurance is the auditor of the Company, for which they receive normal professional fees.

7. Responsibility

BDO Securities has consented to the inclusion of this Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, BDO Securities makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

8. General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully

BDO KENDALLS SECURITIES (NSW-VIC) PTY LTD



JOHN BLIGHT
DIRECTOR



HARSH SACHDEVA
ASSOCIATE DIRECTOR

FINANCIAL SERVICES GUIDE

BDO Kendalls Securities (NSW-VIC) Pty Ltd ABN 82 065 203 492 ("BDO Kendalls Securities" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

1 FINANCIAL SERVICES GUIDE

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 222438
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our complaints handling procedures and how you may access them.

2 FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide general financial product advice to retail and wholesale clients on securities and interests in managed investment schemes.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

3 GENERAL FINANCIAL PRODUCT ADVICE

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

4 FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement.

Except for the fees referred to above, neither BDO Kendalls Securities, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

5 REMUNERATION OR OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

6 REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

7 ASSOCIATIONS AND RELATIONSHIPS

BDO Kendalls Securities is a wholly owned subsidiary of BDO Kendalls (NSW-VIC) Pty Ltd, which is a member of an Australian association of independent accounting and management consulting firms trading under the name of "BDO Kendalls".

From time to time BDO Kendalls Securities or BDO Kendalls and/or BDO related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

8 INDEPENDENCE

BDO Kendalls Securities is independent of the entity that engages it to provide a report. The guidelines for independence in the preparation of reports are set out in the Regulatory Guide 112 issued by the Australian Securities and Investments Commission in October 2007. BDO Kendalls Securities operates independently of the other members of BDO International in Australia.

9 COMPLAINTS RESOLUTION

9.1 INTERNAL COMPLAINTS RESOLUTION PROCESS

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, BDO Kendalls Securities, GPO Box 2551, Sydney NSW 2001.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 REFERRAL TO EXTERNAL DISPUTE RESOLUTION SCHEME

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOS"). FOS is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Kendalls Securities is a member of FOS (Member Number 11281).

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
MELBOURNE VIC 3001

Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10 CONTACT DETAILS

You may contact us using the details set out at the top of our letterhead of this FSG.

11 BUSINESS AND INVESTMENT RISKS

These risks are not necessarily exhaustive. Applicants should realise that 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 the Company will be subject to risks which may impact adversely on its future performance. These risks may adversely affect the value of any shares in the Company.

Applicants should read this document carefully and in its entirety, with particular emphasis on the risk factors detailed herein, before deciding to invest in the Company.

Applicants should understand that the value of any securities subscribed for will depend on factors beyond their control and beyond the immediate control of the Board of Directors of the Company. Applicants face the risk that, while the Board will seek to achieve its stated aims, they may not be able to do so.

Applicants should consider the contents of this Prospectus in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional advisers before deciding whether to invest.

In common with most resource companies, risks associated with investment in the Company include:

share price risks. Applicants 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. Success or failure in operations undertaken will also significantly affect share prices and increase share price volatility.

investment risks generally. Investment is subject to risks of a general nature relating to investment in shares and securities generally and especially where the company in which the investment is made has a comparatively small market capitalisation, such as will likely be the case with the Company.

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.

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.

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 the Company 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 share market 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 increased rapidly over the period from early 2007 to July 2008, reaching record levels, Applicants should understand that those prices can also decline with equal or even greater rapidity and have done so. Applicants should understand that the viability of any discovery which might be made by the Company or any of its co joint venturers will depend, in part, on oil and gas prices: which is one of the factors which will determine whether any resource which may be discovered can be commercially and profitably recovered.

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. The effect of the Global Financial Crisis has had marked effects on stock markets world wide and, although there has been a significant level of recovery on world stock markets as at the date hereof, it is not possible to say whether that recovery will be long term or sustained or whether additional future crises will again adversely affect stock markets. Further the recessions or economic downturn in many of the world's major economies has adversely impacted on demand for oil and gas. The consequent effect on prices of further economic downturn could impact on the viability of the Company's operations: even assuming that commercially exploitable reserves were established. Even if commercial discoveries were not made the effects of such downturns normally affects the ability of most resource companies to raise capital for continuing operations and, even if it does not result in companies not being able to raise equity capital, may affect the price at which that capital is raised.

sufficiency of funding. The Company will inevitably need to raise significant additional capital to implement and complete its business plans and meet all work and expenditure commitments on the Permits and any permits subsequently acquired. This requirement to raise additional capital has two consequences for Applicants. First, the requirement to raise additional capital may result in their shareholding in the Company (possibly) being diluted. Second, if additional capital is not raised then the Company's operations will not be able to be funded, with the result that their investment 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. The work commitments and obligations in relation to the Permits are set out in Section 6 generally and in Corrs' Title and Native Title Report in Section 9. However, as stated in Section 4, expenditure post 2010 will be dependent in part on the results of exploration activities from time to time, approval of work programs and budgets by joint venturers where applicable and available working capital. It is also specifically stated in Section 4 that, when required, further funds will be obtained from a combination of sources which may include remaining working capital, farmouts, the partial sale of the Company's interests, the proceeds of further share issues or the exercise of the Options. In the case of field development capital expenditure, funding may need to be obtained via project loan finance. The Directors consider it reasonable to anticipate that, if the Company achieves any significant level of success in its operations, the Options would be exercised.

The success of the Company will also depend upon it having access to sufficient development capital (in the event of a commercial discovery), being able to maintain title to its Permits and obtaining all required approvals for its activities.

contract risks. The Company does and will operate through a series of contractual relationships with operators, technical experts, project managers and contractors generally, some of which are in writing and some of which have been verbally agreed. All contracts carry risks associated with the performance by the parties of their obligations as to time and quality of work performed.

joint venture and farmin risks. Given that the Company 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.

Even though the terms of any Joint Venture Operating Agreement ("JVOA") to which the Company is a party (see Material Agreements at clause 1.3 of Section 12 below) in relation to any tenement interest may impose obligations on the other joint venturers to meet cash calls and pay their share of expenditure, their failure to do so may leave the Company with rights under the relevant JVOA against any such co-venturers that may be effectively valueless because the Company may not have the funds to exercise any such rights as permit it to fund and acquire any defaulting co-venturer's interest.

Even where the terms of a JVOA are such as they enable non-operator co-venturers the right to remedy any defect, the Company may not have sufficient funds to do so.

regulatory risks. Operations by the Company 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 the Company 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, Applicants should be aware that the Company cannot guarantee that any or all requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Company to participate in continued exploration or develop any project, or possibly acquire any project, may be limited or restricted either in part or absolutely. Although the Company can reasonably believe that relevant approvals will be forthcoming, no certainty exists that this will be so.

litigation. The Company is presently not involved in litigation and the Directors are not aware of any basis on which any litigation against the Company 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. The Company 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. The Company mitigates these risks via its safety and environmental policies, plans and procedures and will arrange

appropriate insurances for particular risks. The Company gives no assurance against the occurrence of any of these or other adverse events.

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 the Company by virtue of the costs of such activities; possible increased difficulty in raising additional funds following any unsuccessful activity (particularly drilling); and possible relinquishment of Permits.

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. The Company currently has no petroleum production interests. It must also be understood that no reserves, resources or contingent resources have been defined within any of the Permits in which the Company has an interest.

Therefore, there can be no assurance given that the Company will achieve production from any of the Permits it has an interest in as referred to in this Prospectus. Even if a discovery well is drilled on any of the Permits, the capacity of the Company 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 the Company to fund those costs.

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. The Company has no reserves at present. However, even if it 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 the Company 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 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. In carrying out operations, the Company (and any other operating joint venture the Company may enter into or operate on its own) 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 these 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 breach of any such conditions, the Company may be liable to prosecution and imposition of penalties.

Further, following cessation of any production from future operations, the Company 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, restoring 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 would possibly be inadequate.

In May 2008, the Trocopa 2D seismic survey was carried out on behalf of the joint venture for the EPP 34 permit and that survey has been the subject of a compliance audit by the Department of the Environment, Water and the Arts ("DEWHA"). Minor incidents of non-compliance with the strict terms of the survey consent document were identified by DEWHA. After discussions with the DEWHA auditors it is not expected that any action will be taken by DEWHA against either the joint venture or the Company as operator of the permit.

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, maritime and geographic risks. The Company's Permits are primarily situated in offshore Basins in areas of Australia. Climatic conditions may preclude exploration work being carried out from time to time. Additionally, given that the permits are offshore, from time to time it is possible that sea conditions may adversely affect operations undertaken by the Company or its co-venturers.

insurance. The Company'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, the Company intends that it will 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 fully insured against could seriously harm the Company 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 the Company holds or has interests in may, when required to be renewed, not be renewed by the Company or the relevant 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 work obligations and reporting commitments, as well as environmental and other conditions requiring compliance. Consequently, the Company could lose title to, or its interests in, tenements if permit conditions are not met or if sufficient funds are not available to fund obligations. Any failure to comply with the conditions on which the permits are held exposes the permits to forfeiture.

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

native title. A native title claim, with NNTT number WC97/28 was registered on 14 April 1997 in respect of an area which partly overlaps the areas of each of WA-329-P, WA-384-P and WA-385-P as set out in the report by Corrs Chambers Westgarth at Section 8. However it should be noted from the Corrs Chambers Westgarth Report that the grant of a mining or petroleum tenement in an offshore area does not require the consent or agreement of any native title claimants for the relevant area. The obligation to negotiate with registered native title claimants for the grant in respect of offshore areas does not apply. Further, notice of activities proposed to be undertaken on the tenements may have to be given to registered native title claimants but their prior consent or approval to the activities is not required. While compensation may be payable to native title rights holders under the Native Title Act for any effect on established native title rights by the grant of the tenements, the amount of the compensation will be dependent upon the nature of native title right claimed and the degree to which it has been affected and Any compensation would be payable by the party carrying out the act; which in this case would be the Commonwealth Government as grantor of the tenements.

valuation. No valuations of the Permit interests held by Octanex have been prepared or obtained for inclusion in this Prospectus.

12 GENERAL MATTERS

Set out in this Section are details of material agreements and additional information which is provided for the information of Applicants generally and in accordance with the requirements of the Act.

1. MATERIAL AGREEMENTS

The Company has not entered into any material agreements other than in the ordinary course of its business and the material agreements that remain uncompleted or relevant to investment in the Company are as set out below. Following is a summary of each of those agreements.

1.1 Exploration Permits: General Terms

Each of the permits has been granted under the *Petroleum (Submerged Lands) Act 1967* (now the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*) by the Designated Authority for an initial 6-year period. The relevant dates and work commitments of each permit are more specifically set out in the current and proposed work programmes outlined in Section 6 (The Company's Business and Activities) and permit interests ownership details in Section 9 in Corrs' Title and Native Title Report.

Generally, each of the permits provides rights to the holder to undertake exploration, including seismic surveys and drilling, within the defined area of the permit.

Under the terms of each permit the exploration work programme nominated for the first three (3) years must be met. The permit holder may withdraw from any permit after the third permit year or at the end of any subsequent permit year, provided all the exploration work obligations up to the date of withdrawal have been met.

An individual permit year may be extended beyond 12 months if circumstances arise where the relevant work obligation(s) for that year cannot be met in time. In such circumstances, the final expiry date of the permit will (generally) be extended and normally by the same period of time.

Permits may be renewed for two subsequent 5-year periods, provided they are in good standing at the end of each preceding period and provided that half of the remaining area is relinquished on each renewal. Any production licence, retention lease or location graticules are excluded from the relinquishment calculation. Therefore, subject to the prescribed requirements, a permit can have a potential 16-year life, or longer if one or more individual permit years has been extended.

The permit holders may not construct any installation in the permit or abandon, suspend or complete any well without the written approval of the Designated Authority.

The permits require the permit holders to comply with the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, the regulations and, as stipulated by the relevant Designated Authority, all directions made thereunder and to carry out operations with adequate measures for the protection of the environment and to carry insurance.

At the date of this Prospectus, each of the permits is in good standing. Save in relation to Vic/P61 (where work commitments have not been able to be carried out for the reasons set out in Section 6 above) and all required work obligations for completed permit years has been carried out in accordance with that permit's terms, whether original or as amended or varied from time to time with the consent of the Designated Authority.

1.2 Operating Agreements: General Terms

The Company has entered into separate Joint Operating Agreements ("JOA") in relation to each of the permits in which it has an interest and where there is, or has been, an external party holding an interest in that permit.

Save in respect of the OMV/ENI joint ventures, the JOA's follow a comparatively uniform format and exceptions are minor and normally project specific. Where material differences occur they are referred to below in context. The General Terms of the JOA's are as follows:

Conduct of Joint Operations

Under each JOA, the Operator is responsible for the conduct of joint operations. The Operator may resign as operator on giving appropriate notice but is entitled to continue as operator in normal business circumstances.

Insurance

The Operator will, to the best of its ability, procure and maintain for the joint venture statutory insurances and other insurances required by the operating committee, with any other joint venturer having the right not to participate in non-statutory insurances.

Operating Committee

A joint venturer has the right to appoint one representative to serve on the operating committee which has the power and duty to authorise and supervise joint operations. Each representative has a vote equal to its participating interest. Generally a 66% affirmative vote by at least two joint venture participants (not being affiliates of one another) is required to pass a resolution. If there are four or more joint venturers, a 70% affirmation vote is required from at least two non-affiliated participants. Some of the more important decisions require unanimity.

The operating committee considers exploration work programs and budgets that are to be presented by the Operator up to nine months (in a preliminary way) and up to three months (in final form) before the commencement of each permit year. The operating committee meets following delivery of the final proposed work program and budget to agree a work program and budget for the ensuing year.

Once a development plan for a commercial discovery is approved, the Operator then submits development and production plans and budgets to the operating committee in advance of the commencement of the next calendar year.

Authorisation for Expenditure

Before incurring any expenditure, whether for exploration, appraisal, development or production, the Operator submits an authorisation for expenditure to each joint venturer. Each authorisation must be approved by the operating committee prior to expenditure being committed to or undertaken.

Sole Risk

Where the operating committee does not approve a proposed exploration or appraisal well, a party may undertake the project as a sole risk project with the right of the non-participants to buy back in at various premiums which differ between the cases of a development well, an appraisal well and an exploration well. The premium to buyback can normally be paid in kind (out of petroleum produced) or in cash.

Default

A joint venturer that fails to pay when due its share of joint venture expenditure is a defaulting party. A defaulting party is not entitled to attend operating committee meetings or to vote. The sum of money in default is allocated to and paid by the non-defaulting parties pro rata to their participating interests. Reasonable opportunity to cure a default is given to a defaulting party.

For a specified period following a notice of default which has not been cured, the JOA states that each non-defaulting party shall have the option to give notice to the defaulting party to transfer its entire interest to the non-defaulting parties.

Assignments

A joint venturer may assign all or part of its joint venture interest to an affiliate, but generally assignments to non-affiliates will attract pre-emptive rights provisions. In all cases the assignee must be accepted by the remaining joint venturers as being financially capable of meeting all obligations assumed under the relevant permit and the related JOA.

Cross Charge

If the operating committee decides to develop a discovery then the parties are required to charge their joint venture interests and shares of petroleum produced in favour of one another in order to secure the performance of their respective obligations under the relevant JOA. In the same way, where any joint venturer seeks to encumber its participating interest, the party proposing to encumber its interest in favour of a third party must grant such prior ranking cross charges to which the charge in favour of the third party will be subject.

Withdrawal

Subject to certain conditions for the protection of the other party or parties to the relevant joint venture, a party which is unwilling to commit further to expenditure on a permit may withdraw from the relevant joint venture. Once development of a discovery has commenced, those conditions include a condition that other parties be willing to accept the withdrawing party's interest.

1.3 Details of Octanex Group JOA's

The Octanex Group is party to six (6) JOA's that govern the operations in the permits in which it does not hold a 100% interest. Details relating to each of these JOA's are as follows:

WA-362-P – Exmouth Plateau

The JOA current parties to the JOA for permit WA-362-P and their respective participating interests in the joint venture are:

OMV Australia Pty Limited	30%
ENI Australia Limited	30%
Octanex N.L.	14% *
Strata Resources Pty Ltd	14% *
Exmouth Exploration Pty Ltd	12% *

* an Octanex Group company.

The Operator of permit WA-362-P is OMV Australia Pty Limited.

Exmouth Exploration Pty Ltd ("Exmouth") acquired the 12% interest in the WA-362-P permit from its then parent company, Gascorp Australia Pty Ltd ("Gascorp"), with effect from 10 February 2009 when the approval of the Designated Authority for that transfer was received. The Company acquired Exmouth from Gascorp on 20 March 2009.

WA-363-P – Exmouth Plateau

The JOA current parties to the JOA for permit WA-363-P and their respective participating interests in the joint venture are:

OMV Australia Pty Limited	30%
ENI Australia Limited	30%
Octanex N.L.	14% *
Strata Resources Pty Ltd	14% *
Exmouth Exploration Pty Ltd	12% *

* an Octanex Group company.

The Operator of permit WA-363-P is OMV Australia Pty Limited.

Exmouth acquired the 12% interest in the WA-363-P permit from its then parent company, Gascorp, with effect from 10 February 2009 when the approval of the Designated Authority for that transfer was received. The Company acquired Exmouth from Gascorp on 20 March 2009.

WA-386-P – Exmouth Plateau

The JOA current parties to the JOA for permit WA-386-P and their respective participating interests in the joint venture are:

OMV Australia Pty Limited	30%
ENI Australia Limited	30%
Exmouth Exploration Pty Ltd	40% *

* an Octanex Group company.

The Operator of permit WA-386-P is OMV Australia Pty Limited.

Exmouth acquired the 40% interest in the WA-386-P permit from its then parent company, Gascorp, with effect from 10 February 2009 when the approval of the Designated Authority for that transfer was received. The Company acquired Exmouth from Gascorp on 20 March 2009.

WA-387-P – Exmouth Plateau

The JOA current parties to the JOA for permit WA-387-P and their respective participating interests in the joint venture are:

OMV Australia Pty Limited	30%
ENI Australia Limited	30%
Exmouth Exploration Pty Ltd	40% *

* an Octanex Group company.

The Operator of permit WA-387-P is OMV Australia Pty Limited.

Exmouth acquired the 40% interest in the WA-387-P permit from its then parent company, Gascorp, with effect from 10 February 2009 when the approval of the Designated Authority for that transfer was received. The Company acquired Exmouth from Gascorp on 20 March 2009.

EPP 34 – Otway Basin

The JOA current parties to the JOA for permit WA-387-P and their respective participating interests in the joint venture are:

United Oil & Gas Pty Ltd	30% *
Moby Oil & Gas Limited	20%
Exoil Limited	15%
National Energy Pty Ltd	15%
Gascorp Australia Pty Ltd	10%
National Gas Australia Pty Ltd	10%

* an Octanex Group company that has been owned in equal shares by Octanex N.L. and Strata Resources Pty Ltd (“Strata”) since the date of its incorporation.

The Operator of permit EPP 34 is Exoil Limited (“Exoil”).

Gascorp acquired its 10% interest from Exoil on 29 April 2008 under a farmin agreement between those two parties by funding a 25% share of a 2D seismic programme in the permit up to a specified maximum amount. The transfer of the relevant participating interest is yet to be submitted to the Designated Authority.

Similarly, National Gas Australia Pty Ltd acquired its 10% interest from National Energy Pty Ltd on 29 April 2008 under a farmin agreement between those two parties by funding a 25% share of a 2D seismic programme in the permit up to a specified maximum amount. The transfer of the relevant participating interest is yet to be submitted to the Designated Authority.

Vic/P61 – Otway Basin

The JOA current parties to the JOA for permit Vic/P61 and their respective participating interests in the joint venture are:

Parties and their interests:	Exoil Limited	30%
Gascorp Australia Pty Ltd		30%
Moby Oil & Gas Limited		20%
Octanex N.L.		10% *
Strata Resources Pty Ltd		10% *

* an Octanex Group company.

The Operator of permit Vic/P61 is Exoil Limited

The original grantees were Exoil (30%), Gascorp (30%), Otway Oil & Gas Pty Ltd (20%) and Southern Energy Pty Ltd (20%).

The Company and Strata were to acquire their respective 10% interests in the Vic/P61 permit by fulfilling the terms of a farmin agreement they each entered into with Otway Oil & Gas Pty Ltd and funding a combined 20% share of a 2D seismic programme in the permit. At the date of this Prospectus those interests had not been earned.

Similarly, Moby will only acquire its 20% interest in the Vic/P61 permit by fulfilling the terms of a farmin agreement it entered into with Southern Energy Pty Ltd and funding a 20% share of a 2D seismic programme in the permit. At the date of this Prospectus that interest had not been earned.

1.4 Agreement with Geokinetics (Australia) Pty Ltd

The Group has a long term liability to Geokinetics (Australasia) Pty Ltd ("Geokinetics") arising from the acquisition of the Winchester OBC 3D seismic survey in relation to its ownership of WA-323-P and WA-330-P. That survey was carried out by Geokinetics within WA-323-P and WA-330-P in August 2008. In absolute terms the liability is currently \$9,814,763, before discounting as required by International Financial Reporting Standards. After making adjustment for discounting of the cash flows arising from the payment terms, the liability has been reduced to \$3,980,742 as at 30 June 2009. The liability is discounted to reflect the time at which future payment of the liability is likely to be made.

At the date of this Prospectus, the balance of monies due to Geokinetics is US\$7,250,000, ("balance") together with interest at 10% per annum calculated on a portion of the debt (an amount of US\$2,500,000) from August 2008 until the occurrence of the first event that triggers an accelerated payment of the US\$2,500,000. The amount of the balance is finally due and payable on 30 June 2020, but various portions in the make-up of this amount are subject to acceleration upon the occurrence of certain defined events. In particular, an amount of up to US\$2,500,000 becomes due and payable to Geokinetics upon the first to occur of any of the following events; either (i) a farmout to a third party which results in a well being drilled in either of WA-323-P or WA-330-P ("the two permits") without cost to the Octanex Group, or (ii) when the Octanex Group spuds such a well at its own cost, or (iii) when the Octanex Group renews either or both of the two permits for a further 5-year term, or (iv) when the Octanex Group sells either or both of the two permits.

In the event of (iv) occurring, Geokinetics shall be limited to the first US\$2,500,000 of any such sale proceeds; while in each of the other three events Geokinetics shall be entitled to a payment of US\$2,500,000.

Further accelerated payments would become due to Geokinetics upon the first to occur of the following two events:

If the Octanex Group were to sell either or both of the two permits for in excess of US\$6,500,000 then in such event Geokinetics would be entitled to 25% of the amount in excess of US\$6,500,000, up to a maximum amount of US\$4,000,000.

The farmout by Octanex or either of both Permits which would result in a well being drilled at no cost to Octanex and where Octanex would retain a carried interest of not less than 40%, in which event a payment of US\$2,000,000 would payable to Geokinetics.

1.5 Farmin Agreements between Octanex Group companies and OMV and ENI with respect to WA-362-P, WA-363-P, WA-386-P and WA-387-P

Details of the farmin arrangements between the Octanex Group and OMV and ENI with respect to these four permits are provided in Section 6.

1.6 Agreement for Sale and Purchase between Octanex Group companies and Shell with respect to WA-384-P, WA-385-P and WA-394-P

Details of the agreement for sale and purchase between the Octanex Group and Shell with respect to these three permits are provided in Section 6.

1.7 Overriding Royalty and Discovery Payment Agreements between Octanex Group companies and Shell with respect to WA-384-P, WA-385-P and WA-394-P

Details of the overriding royalty and discovery payment agreements between the Octanex Group and Shell with respect to these three permits are provided in Section 6.

1.8 Equity Value Increment Plan

The Company has created an Equity Value Increment Plan. The purposes of the Plan include furthering the growth of the Company by providing additional incentives to its eligible employees who are offered participation in the plan.

Under the plan, phantom shares may be granted to employees. A phantom share is not a share but a financial right to receive a payment based on appreciation of the value of the phantom share from the date of grant to the date of exercise of the right (subject to the limitations and restrictions in the plan).

The value of a phantom share shall be the fair market value of a fully paid ordinary share in the capital of the Company at the time the phantom share is valued. The plan sets out principles for determining that value.

On exercise of the rights attaching to a phantom share the Company will pay the holder the amount which is equal to the difference between the exercise price of the phantom share (set at the time of grant) and the amount if any which the value (as determined) exceeds the exercise price.

In the event of merger, consolidation takeover, or other capital reconstruction or corporate action affecting the ordinary shares of the Company, the phantom shares shall be adjusted accordingly in an appropriate and equitable manner.

The phantom shares and rights attaching to them are personal and not capable of transfer. They expire on the 10th anniversary of grant or at an earlier time. Basically, the earlier times relate to termination of employment and the maximum period which they may survive termination or death is 180 days. Where an employee is terminated by for cause the rights terminate on termination of employment. Generally apart from that case the rights terminate 90 days after termination or cessation of employment except where termination of employment results from death or permanent disability when a period of 180 days is allowed for exercise.

Options on comparative terms may be substituted for the phantom shares subject, in the case of directors, to any requisite approvals). Where this occurs the exercise price of the option will not exceed the exercise price of the phantom share and the exercise period for the option will not be less than the agreed period of expiry of the phantom share. The Company may include other terms as it deems fit.

The plan is administered by the Remuneration and Nominations Committee.

2. RIGHTS AND LIABILITIES ATTACHING TO SHARES AND THE OPTIONS TO ACQUIRE ORDINARY SHARES IN THE COMPANY

2.1 Rights Attaching To Shares

A summary of the more significant rights attaching to the Company's shares is set out below. This summary is not exhaustive, nor does it constitute a definite statement of the rights and liabilities of the Members. To obtain such a statement, Applicants should 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 the Company.
- (b) **Partly Paid Shares and Liability for Calls:** Under the Company's constitution and the Act, members holding partly paid shares are not liable to pay any calls made on any partly paid shares held by them. They may, in lieu of paying calls, elect to have their partly paid shares forfeited against them. 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 the Company ("the Constitution") and the 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 the Company. Members may requisition general meetings in accordance with the Act and the Constitution.
- (e) **Voting:** At a general meeting of the Company, every 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.

Where the Member is a company, the Constitution requires that directors of companies that have a sole director and a sole company secretary must state this when completing documents such as a proxy, appointment of corporate representative or power of attorney. The Constitution recognises the amendments to the Corporations Act which permit proprietary companies to not have a secretary and provides for such documents signed by a sole director of a company without a secretary to be valid.

- (f) **Dividends:** The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to Members according to their rights and interests.
- (g) **Reduction of Capital:** The Company may only reduce its capital in such manner as may be permitted by the provisions of the Act from time to time.
- (h) **Borrowing and Lending Powers:** The Company may borrow and lend in such manner as may be permitted by the provisions of the Act from time to time.
- (i) **Winding Up:** Members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.
- (j) **Transfer of Shares:** Subject to the Constitution and the Act, the shares will be freely transferable.
- (k) **Future Increases in Capital:** The allotment and issue of shares is under the control of the Directors. Subject to restrictions on the allotment of shares to Directors or their Associates contained in the Constitution and the Act, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.
- (l) **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.
- (m) **Directors:** The Constitution contains provisions relating to the rotation of Directors (other than managing directors and alternate directors).

2.2 Terms and conditions of Listed Options

The terms and conditions of the Options listed on NSX under the NSX Code OCTOL at the date of this Prospectus are as set out below. The Optionholder will be entitled to subscribe for and be allotted an ordinary share on the following terms:

- (a) The option shall expire at 5:00pm (AEST) on **31 December 2010** ("Expiry Date").
- (b) Each option shall entitle the Optionholder to subscribe for one (1) ordinary share in the capital of the Company. A share issued on the exercise of the option will be a fully paid ordinary share and will rank equally in all respects with the then existing issued ordinary fully paid shares in the capital of the Company from the date of issue and will be subject to the provisions of the Constitution.
- (c) The option may be transferred at any time in accordance with the Act, the Security Clearing House Business Rules and the NSX Listing Rules.
- (d) The option shall be exercisable at \$0.25 (25 cents) ("Exercise Price").
- (e) The option may be exercisable at any time prior to the Expiry Date by notice of exercise in or to the effect of the form provided to the Optionholder by the Company at the time of grant of the option or otherwise accompanied by payment of the Exercise Price. On exercise the Optionholder may elect to:
 - (i) Pay up the full amount of the Exercise Price and be issued and allotted a fully paid up ordinary share; or

- (ii) pay up an amount of \$0.05 (5 cents) on account of the Exercise Price and be issued and allotted a partly paid share with an amount of \$0.20 outstanding with that outstanding amount to be payable by a further amount of \$0.10 (10 cents) to be payable by a call to be made on 31 December 2011 with the balance of \$0.10 to be subject to a final call of \$0.10 (10 cents) to be made on 31 December 2012.
- (f) An Optionholder has no right to a change in the Exercise Price or to any change to the number of underlying securities over which the option can be exercised.
- (g) The option shall not entitle the holder to participate in new issues of ordinary shares offered to Members during the currency of the option.
- (h) In the event of any reorganisation of the capital of the Company, the options shall be treated in the manner required by the NSX Listing Rules in force as at the date of any such reorganisation, and as appropriate to the type of reorganisation proposed.
- (i) For the purpose of these terms of issue of the options, any reference to "the Company" shall mean a reference to the legal entity comprising the Company or, if the Company shall at any time enter into a scheme of arrangement with its Members; pursuant to which its Members:
 - (i) become entitled to exchange their shares in the Company for shares in another corporation (whether incorporated pursuant to the laws of any State of Australia or otherwise);
 - (ii) receive shares (and nothing else) in another corporation (whether incorporated pursuant to the laws of any State of Australia or otherwise) in return for the cancellation or redemption of all of their shares in the capital of the Company;
 then the reference to "the Company" in these terms and conditions shall constitute a reference to the Company until such time as the securities of the Company shall be suspended from quotation on any stock exchange on which they may be listed and thereafter shall constitute a reference to the corporation which shall have become the parent company of the Company as a result of such scheme of arrangement and the Company covenants with the Optionholder that in such circumstances it shall procure such other corporation to agree to issue and allot New Shares in that corporation on the exercise of this option. For the purpose of this clause "New Shares" includes an interest in shares, whether comprising a fractional entitlement to a share, a whole share or a multiple number of shares.

2.3 Terms and conditions of Unlisted Options

The terms and conditions of the unlisted Options held by Upstream are the same as those set out above save and except that paragraph (e) does not give the Optionholder the alternative of acquiring a partly paid share on exercise of the option but merely provides *"The option may be exercisable at any time prior to the Expiry Date by notice of exercise in or to the effect of the form provided to the Optionholder by the Company at the time of grant of the option or otherwise accompanied by payment of the Exercise Price."*

The other difference is that the exercise prices for those Options are as set out in clause 3.8 in this Section 12 where details of the number of options granted to Upstream and remaining extant are detailed.

3. ADDITIONAL INFORMATION

3.1 Corporate Governance

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals and monitoring of the business and affairs of the Company on behalf of the Shareholders.

This Section includes information on how the Company and the Board address, on an ongoing basis, the specific requirements of ASX for corporate governance, the operation of Board committees and their charters, the Company's code of ethics and share trading policy and the Board's own charter.

Important to a culture of actively addressing the area of corporate governance is the Board's ongoing review of the Company's relevant and existing practices. To this end the Board annually reviews the Company's corporate governance practices by benchmarking against the latest Corporate Governance Principles and Recommendations ("principles & recommendations") issued by the ASX Corporate Governance Council ("Council"). The Board has adopted the elements of the eight principles & recommendations that are appropriate to the Company. Details of the

governance practices applied by the Company and specific instances where the Company has followed alternative practices to the Council's eight principles and recommendations are set out below under the heading "Adherence to the ASX Principles & Recommendations of Corporate Governance".

Given that the Company has to date been small, with limited activities and limited resources and has a small Board, it has not established a series of separate committees to address specific areas of corporate governance. Consequently, corporate governance is dealt with by the Board under the terms of reference of its charter and acting as a committee in relation to the various areas or issues required to be considered. The capacity of the Company to comply with the ASX Principles & Recommendations of Corporate Governance is limited because of the present size and structure of the Board, comprising as it does, Mr E G Albers who is executive Chairman and not independent: Mr Willis who is an executive director and not independent and Mr Menzies who is also non-executive and not independent.

Separate from its own charter (the main terms of which are detailed below), the Board has developed formal charters that incorporate the terms of reference under which it addresses the areas and functions of Audit and Compliance, Remuneration and Nominations, and these are explained below. These charters introduce a formal structure of objectives and functions for the Board to apply when addressing these aspects of the Company's corporate governance, in anticipation of an expanded Board establishing these functions under separately established committees.

The Board has established itself as two committees to separately address the areas of Audit and Compliance, Remuneration and Nominations and each of the Directors is a member of those committees. The Board has not established separate committees to address risk management or health, safety and environment, with such issues currently dealt with by the Board as a whole. In all relevant situations, any interested Director(s) are expected to abstain or be absent from Board deliberations as required either by the Act or as necessary to avoid conflict or possible breach of their fiduciary duties.

Audit and Compliance Committee

The function of an Audit and Compliance Committee is to give additional assurance regarding the quality and reliability of financial information used by the Board and regarding the financial information provided by the Company pursuant to its statutory reporting requirements.

Aspects of the audit and compliance function addressed by the Board are: to consider any matters relating to the financial affairs of the Company, compliance with statutory requirements, adherence to applicable Listing Rules and issues relating to internal and external audit. Additional to those aspects, the Board examines any other matters of an audit or compliance nature that come to its attention or are referred to it.

Nominations and Remuneration Committee

The function of a Remuneration Committee is reviewing the remuneration policies and practices of the Company. Where relevant, this review covers compensation arrangements for executives, the Company's superannuation arrangements, the requirements for an employee share and option plan, performance reviews, succession planning and the fees of non-executive Directors.

When addressing these areas, the non-interested Directors who carry out these functions have access to independent advice and comparative studies on the appropriateness of remuneration arrangements. Existing director remuneration levels are as set out below in clause 3.4 below

In the event of exploration success or expansion of the Company's operations beyond those currently capable of being undertaken, the remuneration levels of Directors may increase; but not beyond the approved limit set from time to time by the Shareholders for directors' fees. It should be noted that directors remuneration as fixed in general meeting does not include salary (and associated benefits, including superannuation) payable to executive Directors.

The functions of the Committee in relation to nominations are:

- to identify and recommend candidates to fill Board vacancies as and when they arise;
- before recommending an appointment, to evaluate the balance of skills, knowledge and experience on the Board and, in the light of that evaluation, to determine the role and capabilities required for the appointment;

- to make recommendations to the Board with respect to the:
 - (i) re-appointment of any non-executive Director at the conclusion of their specified term of office;
 - (ii) re-election by Shareholders of any Director under the retirement by rotation provisions in the Company's constitution;
- to formulate succession plans for both non-executive and executive Directors, taking into account the expertise required on the Board in the future;
- to review the structure, size and composition of the Board; and
- to consider such other matters relating to Board nomination or succession issues as may be referred to it by the Board.

The Board of Directors adherence to the ASX Principles & Recommendations of Corporate Governance

Principle 1 - Lay Solid Foundations for Management and Oversight

The Board's primary role is the stewardship of the shareholders' funds with the objective of creating long term shareholder value. In fulfilling this role, the Board accepts overall responsibility for corporate governance. A board charter, which outlines the framework for its operation and of those functions delegated to the management, is outlined below.

At the date of this Prospectus, the Company's only four senior executives were 2 Directors, the Company Secretary, the Chief Financial Officer ("CFO") and a Consultant Geophysicist / Exploration Manager. Where necessary, the Company utilises contractors to provide expertise for technical, legal and administrative services. The performance evaluation of the relevant Director is undertaken together with the other members of the Board. This evaluation comprises a board performance appraisal and director self-assessments that are reviewed by the Chairman.

Principle 2 - Structure the Board to Add Value

Board Composition

At the date of this Prospectus, the Board comprised three Directors. Two are executive directors (Mr E G Albers, Chairman and Chief Executive Officer ("CEO") and Mr James Willis) plus a non-executive director who is not independent (Mr G A Menzies).

The qualifications, skills, expertise, financial and industry experience and period in office of each Director are set out in Section 7.

Executive activities undertaken by the executive directors include monitoring exploration progress, attending joint venture operator meetings, managing contractor services as required by the Company and directing the corporate and administration functions. Government liaison and permit contract services are primarily carried out by E G Albers and J M D Willis.

The Chairman administers the procedure for Directors to seek independent professional advice, at the Company's expense, to assist them to fulfill their duties and obligations.

Independence

At the present stage of the Company's development and given its size and structure at present, the resources available to the Board to carry out the Company's activities have been limited. As such the Company does not have a majority of independent directors.

The Board determined that, where these are available, the specific skills of non-executive directors may be called upon from time to time to assist the Management. The Board has established a level of remuneration paid for those services as a materiality threshold to determine a Director's non-executive status.

Role of the Chairman

Mr Albers is not an independent director. In the past, the Board has considered that his lack of independence and carrying out executive duties for the Company do not hinder the effective performance of his role as chairman and chief executive officer.

As the Company is seeking listing on ASX, the Board has determined that, after listing on ASX, the Company will seek to appoint two additional independent directors and that, in due course, one of those appointees may become Managing Director.

Given the size of the Board and the scope of the Company's activities, the Company does not have a separate nominations committee, with the functions of such a committee being undertaken by the Board under the terms of the Remuneration and Nominations Committee.

As noted in Principle 1, board performance appraisal and director self-assessment has been undertaken during the reporting period.

Principle 3 - Promote Ethical and Responsible Decision-making

The Board has established a:

- code of ethics, setting out the standards of ethical behaviour required of directors and employees;
- share transaction policy, setting out the position of the Company on trading in the Company's securities by directors and employees;
- board charter, outlining the responsibilities and activities of the board and individual directors within legal and regulatory requirements and the Company's constitution; and
- committee charter, describing the terms of reference for the operation of each of the Audit and Compliance and Remuneration and Nominations Committee.

Principle 4 - Safeguard Integrity in Financial Reporting

For each financial year, the CEO and CFO have formally recorded that the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with accounting standards.

Given the size of the Board (3 members) and the scope of the Company's activities, the Company acts as audit committee, with the functions of such a committee being undertaken by the Board under the terms of reference of a related charter. As noted above, because the Company has no independent directors, the composition of the audit committee does not comply with this 4th principle and recommendation in terms of composition.

The number of meetings of the audit committee held during each reporting period and the names of the attendees are set out in the relevant Directors' Report.

As required by the audit committee charter, the Board annually reviews the performance and ongoing independence of the external Auditors. The need (or not) for rotation of the lead partner or of the Auditors themselves forms part of that annual review.

Principle 5 – Make Timely and Balanced Disclosure

The Board has established policies and procedures designed to ensure compliance with all applicable Listing Rule disclosure requirements (and consequently continuous disclosure requirements under the Act) such that:

- all investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way.

The Chairman, a Director or the Company Secretary authorises all disclosures necessary to ensure compliance with all applicable Listing Rule disclosure requirements.

Principle 6 - Respect the Rights of Shareholders

The Board has established a policy for communicating with the Company's shareholders by:

- sending the Annual Report to shareholders;
- placing all shareholder related information and Stock Exchange announcements promptly onto the website in an accessible manner;
- ensuring shareholder participation in meetings by use of the Council's guidelines for meetings and notices; and
- encouraging shareholders at the annual general meeting to question both the Directors (about the Company's governance and business) and the external Auditors (about the conduct of the audit and the content of the audit report).

Principle 7 - Recognise and Manage Risk

The Board is responsible for overseeing the effectiveness of risk management so as to:

- identify, assess, monitor and manage risk; and
- inform investors of the nature of, and material changes to, the Company's risk profile.

The Company's activities are currently centred on advancing its inherently high-in-risk exploration projects. Apart from geological risk, material business risks include financial, operational, environmental and technological risk. Details of major risks to which the Company is subject are disclosed in Section 11 above. That list is not necessarily exhaustive. The Board considers the existing policies and procedures for risk oversight to be appropriate for the Company's current stage of development.

At each major milestone of the Company's projects, specific risk oversight and management policies are developed consistent with activities at that time. The Board categorises the various types of risks facing the Company by assessing their likelihood (as high, medium or low), gauging their consequences (as severe, significant or minor) and seeking to mitigate the related risk (by sharing risk with others (farmout or sale), raising of additional equity capital, employment of consultants, outsourcing, insurance or management process).

In relation to any financial reporting period, the Board receives formal assurance from the CEO and CFO that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8 - Remunerate Fairly and Responsibly

Given the size of the Board and the scope of the Company's activities, the Board acts as a remuneration committee, with the functions of such a committee being undertaken by the Board under the terms of reference of the Remuneration and Nominations Committee

The Board reviews the remuneration packages of Directors and Executive Officers on an annual basis.

The Company's policy for determining the nature and amount of emoluments of directors, non-executive and executive, is as follows:

- fees for non-executive directors are based on the demands and responsibilities of their role. In determining fees, regard is had for similar fee structures paid to non-executive directors in peer group companies;
- the remuneration structure for executive directors is determined having regard to industry practice, market trends and company performance;
- performance related incentive payments are based on share price performance targets but may also become based partly on other performance criteria established from time to time; and
- there is no provision of retiring allowances for directors except that Mr Albers is entitled to retirement benefits under the Albers Retirement Scheme as referred to in clause 3.9 below.

The audited Remuneration Report (that is included in each Annual Report) details all forms of remuneration provided to the Directors during the relevant reporting period.

Code of Ethics

The Company has in place a Code of Ethics ("Code") which is the framework of standards under which the Directors, Officers and Employees of the Company are expected to conduct their professional lives. The Code is not intended to prescribe an exhaustive list of acceptable and non-acceptable behaviour, rather it is intended to facilitate decisions that are consistent with the Company's values, business goals and legal and policy obligations, thereby enhancing performance outcomes.

The Code is subject to annual review by the Board and is based around articles covering the areas of:

- Conflicts of interest;
- Gifts;
- Corporate opportunities;
- Confidentiality;
- Behaviour;
- Proper use of the Company's assets and information;
- Compliance with laws and policies;
- Delegated authority;
- Additional director responsibilities;

- Information for the Board; and
- Reporting concerns.

Share Transaction Policy

The Company's share transaction policy provides guidelines for designated officers in regard to trading of the Company's securities. A designated officer conducting a trade is responsible and accountable for ensuring any trade they conduct complies with the law and this policy.

The share transaction policy covers:

- Who are designated officers;
- Trading windows;
- Trading black-outs;
- Trading at other times;
- Trading in financial products issued or created over the Company's securities by third parties; and
- Trading in associated products which operate to limit the economic risk of security holdings in the Company.

Board Charter

The Company's charter for its Board ("Charter") provides that the Directors are appointed by the Shareholders and are (individually and collectively) responsible for the activities of the Company in accordance with legal and regulatory requirements and the Company's Constitution.

It sets out that the primary role of the Board is to create shareholder wealth (with a long term bias) and, in that context, to have due regard to the interests of other stakeholders. The Board is to achieve this by:

- providing leadership of the Company through setting the Company's direction, strategies, and financial objectives within a framework of prudent and effective controls which enable risk to be recognised, assessed and managed;
- ensuring the Company has effective processes and systems in place to enable the Board to plan strategically, review current strategy, consider alternative strategies, monitor corporate performance and capabilities and recognise and oversee the management of risk;
- setting, overseeing and maintaining the Company's values, corporate governance framework; compliance with regulatory and ethical standards and ensuring that these are adhered to in the interests of the Company's shareholders, employees, customers, suppliers and the communities in which it operates;
- safeguarding the reputation of the Company;
- ensuring there is an effective balance between the delegation of responsibility for the day-to-day operation and management to the CEO and the role of the Board in monitoring, guiding and providing oversight;
- ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- ensuring that the performance of Management, and the Board itself, is regularly assessed and monitored;
- promoting a culture where transparent and timely information is shared between management and the Board and where there is opportunity to advance proposals, challenge views, assumptions and beliefs in an environment of trust, respect and openness;
- ensuring effective communication with Shareholders; and
- appointing, terminating and reviewing the performance of the CEO.

The Charter also provides specific provisions and guidance to the Board in relation to:

- Composition of the Board;
- Selection of Directors;
- Board Committees and their makeup;
- Board Authorities and Accountabilities;
- Taking Independent Advice;
- Individual Responsibilities;
- Conduct of Board Meetings and Record-keeping; and
- Review of Board and Director Performance.

The Board reviews the Charter at least once a year to ensure it remains consistent with the Board's objectives and responsibilities.

3.2 Dividend Policy

The Company will not pay dividends in the foreseeable future.

3.3 Consents

RPS Energy Pty Ltd has given and not withdrawn its written consent to the despatch of this Prospectus with its Independent Consulting Geologist's Report as contained in Section 8 being included herein and to all references thereto being included in Section 3 outlining the "Key Investment Features" and Section 6 dealing with "The Company: Its Business and Projects" and including all quotations therein contained and all other reference to its report, either expressly or by inference, being contained herein in the form and context in which they are included.

RPS Energy Pty Ltd has had no involvement in the preparation of this Prospectus other than the inclusion of his report and such references thereto and neither RPS Energy Pty Ltd nor any of its directors or employees have given any professional or other advice in respect of any other part of this Prospectus. RPS Energy Pty Ltd does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd ("BDO Audit and Assurance") has given and not withdrawn its written consent to be named herein as the auditor of the Company in the form and context in which it is so named. In addition, BDO Audit and Assurance has given and not withdrawn its written consent to the despatch of this Prospectus with references to its audit report in relation to the Financial Statements of Octanex for the year ended 30 June 2009 as contained herein being included, either expressly or by inference, in the form and context in which such audit report and all references to such audit report are so included.

Save as set out herein in relation to its auditing functions, BDO Audit and Assurance has had no involvement in the preparation of this Prospectus other than the inclusion of its report and such references thereto and it has not given any professional or other advice in respect of any other part of this Prospectus. BDO Audit and Assurance does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

BDO Kendalls Securities (NSW-VIC) Pty Ltd ("BDO Securities") has given and not withdrawn its written consent to be named herein as Independent Accountant in the form and context in which it is so named. In addition, BDO Securities has given and not withdrawn its written consent to the despatch of this Prospectus with its Independent Accountant's Report as contained in Section 10 being included herein and to all references thereto being included, either expressly or by inference, in the form and context in which such report and all references to such report are included..

Save as set out herein in relation to the preparation and inclusion of its Independent Accountant's Report, BDO Securities has had no involvement in the preparation of this Prospectus other than the inclusion of such report and such references thereto and it has not given any professional or other advice in respect of any other part of this Prospectus. BDO Securities does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

Corrs Chambers Westgarth, Solicitors, has given and not withdrawn its written consent to be named herein, in the form and context in which it is so named. In addition, Corrs Chambers Westgarth has prepared its Independent Solicitors Report on title and native title issues as contained herein and it has given and not withdrawn its written consent to the despatch of this Prospectus with its Solicitor's Report on Title and Native Title as contained in Section 9 above being included herein and to all references thereto being included, either expressly or by inference, in the form and context in which such report and all references to such report are included.

Corrs Chambers Westgarth has had no involvement in the preparation of this Prospectus other than the inclusion of its report and such references thereto and has not given any professional or other advice in respect of any other part of this Prospectus. Corrs Chambers Westgarth does not

accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

Link Market Services Limited have given and not withdrawn its written consent to be named herein as the Share Registry to the Company in the form and context in which it is so named. In addition, Link Market Services Limited has given and not withdrawn its written consent to the despatch of this Prospectus.

Link Market Services Limited has had no involvement in the preparation of this Prospectus and has not given any professional or other advice in respect of any part of this Prospectus. Link Market Services Limited does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Dr Simon Sturrock B.Sc.(Hons), Ph.D has given and not withdrawn his written consent to be named in this Prospectus as Consultant Geophysicist / Exploration Manager to the Company in the form and context in which he is so named and to the inclusion of statements as to his qualifications, experience and background being included under his name in Section 7 above in the form and context in which they are included in this Prospectus.

Mr Robert J Wright B. Bus, CPA has given and not withdrawn his written consent to be named in this Prospectus as Chief Financial Officer of the Company in the form and context in which he is so named and to the inclusion of statements as to his qualifications, experience and background being included under his name in Section 7 above in the form and context in which they are included in this Prospectus.

3.4 **Interests of Directors, Advisers and Named Persons**

Except as otherwise set out herein, no Director, expert or professional adviser named herein now has, or during the last two years has had, any interest in the promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer. Further, no sums have been paid or agreed to be paid to a Director, expert or professional adviser in cash or shares or otherwise by any person (in the case of a Director) either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the Offer or (in the case of an expert or professional adviser) for services rendered by the expert or professional adviser in connection with the promotion or formation of the Company or the Offer save and except that:

- (a) in accordance with the terms of their engagement, BDO Securities has prepared its Independent Accountant's Report as contained herein and which forms part of this Prospectus. In aggregate, it has been or will be paid professional fees of \$10,000 plus GST by the Company in relation to the preparation of that report.
- (b) BDO Audit and Assurance is auditor of the Company and has received payment of professional fees for audit and other services as follows: namely \$28,750 plus GST in relation to the audit for the financial year ended 30 June 2008 and \$96,767 plus GST in relation to the audit for the financial year ended 30 June 2009.
- (c) in accordance with the terms of its engagement, RPS Energy Pty Ltd has prepared its Independent Consulting Geologist's as contained herein and which forms part of this Prospectus. In aggregate, RPS Energy Pty Ltd has been or will be paid professional fees of \$75,000 plus GST by the Company in relation to the preparation of that report. It is disclosed RPS Energy Pty Ltd was previously engaged by DMR Corporate Pty Ltd to prepare a specialist reports in relation to the merger of Strata into the Octanex Group by scheme of arrangement and in relation to the acquisition of Exmouth Exploration Pty Ltd at a general meeting of the members of Octanex held on 10 February 2009. RPS Energy Pty Ltd will receive a total payment of approximately \$75,000 on account of professional fees in relation thereto plus re-imbursement of expenses in relation to that matter. The terms of RPS Energy Pty Ltd's engagement were on an arms length basis. None of RPS Energy Pty Ltd nor any director, officer or member of RPS Energy Pty Ltd holds any marketable securities of Octanex.
- (d) in accordance with the terms of its engagement, Corrs Chambers Westgarth has prepared its Independent Solicitor's Report as contained herein and which forms part of this Prospectus. In aggregate, Corrs Chambers Westgarth has been or will be paid

professional fees of approximately \$20,000 plus GST at their normal commercial rates in relation to the preparation of that report.

At the date hereof, no such payments have been made save as set out herein and all such payments made in the period since incorporation of the Company have been paid or are payable in cash.

3.5 Directors' Other Interests

In addition to the above, the Directors and the Company Secretary:

- (a) are entitled to be remunerated as set out below.
- (b) hold shares as set out herein.

It should be noted that none of the Directors or their Associates within the meaning of the Act may participate in the Issue and subscribe for Shares pursuant to this Prospectus.

3.6 Directors' and Officers' Share and Option Holdings

The names of each of the Directors and Officers of the Company and the number, description and amount of securities in the capital of the Company presently held by each of them or on their behalf or in which they have or will have a relevant or beneficial interest are set out in the following table.

Director / Officer	Ordinary Shares	Options to acquire Ordinary Shares exercisable at \$0.25 up to 31 December 2010
EG Albers	109,802,176	20,427,490
J Willis	2,584,980	799,170
GA Menzies	Nil	50,000
JG Tuohy	10,000	10,000

3.7 Payments to Directors

Total payments and remuneration paid to those persons who were Directors during that period and are presently Directors of the Company (whether on account of Director's fees or on account of professional services provided to Octanex or any member of the Octanex Group or on any other basis) for the 2 years ended 30 June 2008 and 30 June 2009 are as set out in the table or otherwise detailed below (including superannuation contributions).

Payments to Directors: Year Ended 30 June 2008			
Name of Director	Total amounts paid or payable in cash on any account whatsoever (including Superannuation as applicable) \$	Non Cash Benefits \$	Total Amount Paid or Payable \$
EG Albers	27,250.00	Nil	27,250.00
GA Menzies	21,800.00*	Nil	21,800.00*

Payments to Directors: Year Ended 30 June 2009			
Name of Director	Total amounts paid or payable in cash on any account whatsoever (including Superannuation as applicable) \$	Non Cash Benefits \$	Total Amount Paid or Payable \$
EG Albers	21,800.00	Nil	21,800.00
GA Menzies	52,800.00*	Nil	52,800.00*

* includes amounts accrued but not paid in the period.

3.8 Agreement between Upstream Consulting and the Company

Mr Willis, presently a director of the Company, was appointed as a director of the Company on 18th August 2009

Under the terms of an agreement entered into between Upstream Consultants Pty Ltd ("Upstream") and the Company from 31 October 2007 as amended by an agreement made 18 December 2007, Upstream receives fees for consulting services provided to the Company. The agreement has an initial term of 3 years from 13 April 2007.

Generally the Agreement may be terminated by either party on giving 12 months notice and, in addition, the Company may terminate the Agreement if the Consultant is in material breach of the terms of the Agreement and that breach continues for 14 days after notice is given specifying the breach in reasonable detail and requiring its remedy within that period.

The terms of the Agreement provide for payment of series of payments and benefits. Consultancy fees are payable to Upstream at the rate of \$1,600 per day (and pro rata on an hourly basis) excluding GST for each hour worked by the Consultant's Principal in providing the services to be provided under the Agreement. Additionally the Consultant receives an incentive payment of 1.5% of the Company's share of the net profit (inclusive of the payment of the 1.5% incentive) from settled Liquidity Event transactions in relation to the following permit interests of the Company: namely, WA-362-P, WA-363-P, WA-323-P, WA-330-P, WA-384-P, WA-385-P, WA-394-P and EPP 35.

Briefly "Liquidity Events" mean outright third party cash infusions. Farmouts without a cash payment component are not Liquidity Events. New share issues are not Liquidity Events unless they involve receipt of money from sale of existing shares.

Finally under the Agreement Upstream has been granted phantom shares and options under the Agreement which remain extant as follows.

Phantom Shares

Under the terms of the Phantom Shares, the net difference in the value of Octanex shares at the exercise date set out below and initial price shall be paid to Upstream in cash.

Tranche	Initial Price/ Assessed Value	Exercise Date
1. 750,000	\$0.40	30 June 2010
2. 500,000	\$0.2424	30 June 2010
3. 750,000	\$0.40	30 June 2011
4. 825,000	\$0.47	30 June 2011
5. 750,000	\$0.40	30 June 2012
6. 825,000	\$0.47	30 June 2012
7. 750,000	\$0.40	30 June 2013
8. 825,000	\$0.47	30 June 2013

Options

The following Options which remain extant were granted under the Agreement.

Tranche	Exercise Price	Exercisable on or before
1 750,000	\$0.50	30 June 2010
2. 500,000	\$0.3030	30 June 2010
3. 750,000	\$0.60	30 June 2011
4. 500,000	\$0.3636	30 June 2011
5. 750,000	\$0.70	30 June 2012
6. 500,000	\$0.4242	30 June 2012

3.9 Retirement Benefit Agreement between E G Albers and Company

Under a deed 28 June 1996 Mr E G Albers accepted appointment as a non-executive director of the Company on the basis set out in the deed. The deed provides that upon retirement from the

position of Director, Mr Albers will be entitled to payment of Remuneration (as defined) to which he became entitled during the Appointment (the period from appointment as a director and retirement) and to payment of all accrued Retirement Benefits under clause 10 of the deed.

Clause 10 of the deed provides that for his period of service as a non-executive director he will be entitled to be paid a retirement benefit. Under the deed a “non-executive director” is a director who is not an “eligible employee” under section 237(8) of the Corporations Law as in force when the deed was entered into. Under that section of the Corporations Law, “eligible employee” means a employee who was a “genuine full-time employee of a company”. Mr Albers is, for the purposes of the deed, a non-executive director and entitled to the retirement benefits set out therein. Mr Albers was deemed by the deed to have become a “non-executive” director in 1988 and accordingly, the level of benefits to which he would be entitled would be 5 times the average yearly emoluments paid by the Company to him during the last 3 years of his service. At present that would be a gross amount of \$109,000 less an amount of \$72,667.00 paid on account leaving a net \$36,333.00 payable. If the level of emoluments paid to Mr Albers increased there would be a corresponding effect on the amount of the retirement benefit payable to Mr Albers.

3.10 Agreement for provision of services to Company by related parties of Mr E G Albers.

As disclosed in the financial statements of the Company for the year ended 30 June 2009 various companies which are related parties of Mr Albers provide services to the Company on terms which are agreed as commercial by the Board. A summary of those matters is set out in the table below.

Related Entity	Nature of Service Provided	2009 \$	2008 \$
Capricorn Mining Pty Ltd	Management and administration services to the company	240,000	115,000
Capricorn Mining Pty Ltd	Management of exploration tenements	123,975	97,931
Exoil Limited	Office services and amenities in Melbourne	42,042	38,781
National Gas Australia Pty Ltd	Provision of office services and amenities in WA	54,070	39,366
Setright Oil & Gas Pty Ltd	Accounting, project and company secretarial services	62,030	33,185
Setright Oil & Gas Pty Ltd	Accounting, project management of joint ventures	3,110	6,524
Total Amount		\$525,227	\$330,787

3.11 Other Related Party Transactions

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

4. DIRECTORS RESPONSIBILITY STATEMENT

The Directors of the Company report that for the purposes of Section 731 of the Act, they state that they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by Section 716(2) of the Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC. Each Director of the Company consents to the lodgement of this Prospectus with ASIC and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

This Prospectus is dated the 21st day of September 2009.

13 DEFINITIONS & GLOSSARY

DEFINITIONS

Terms defined in the various Independent Experts' reports have the meanings therein ascribed to them and throughout this Prospectus unless otherwise stated or unless inconsistent or repugnant with the context in which the expression is used. Other expressions are used throughout this Prospectus that are not defined in the various Independent Experts' reports and unless otherwise stated or unless inconsistent or repugnant with the context in which the expression is used, each of the following expressions have the meaning set out below:

\$ or A\$	means references to dollar amounts in Australian currency.
US\$	means references to dollar amounts in United States of America currency.
Act	means the <i>Corporations Act 2001</i> as in force within Australia.
Allotment Date	means the date of issue of Shares and Options to Applicants under this Prospectus.
Applicant	means those individuals or entities who/that may consider making an investment in the Company by way of a purchase of Shares.
Application	means applying for an allotment of Shares under the Offer.
Application Form	means the form attached to this Prospectus that an Applicant is required to complete in order to be allotted Shares under the Offer.
Application Money	means the A\$ amount that an Applicant is required to forward with the Application Form in order to be allotted Shares under the Offer.
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.
ASX	means ASX Limited (ABN 98 008 624 691).
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.
Associates	has the meaning given to that term in the Act.
Board	means the board of directors of the Company.
Business Day	means, generally, those days other than a Saturday, Sunday, New Years Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day on which NSX shall declare and publish is not a Business Day.
Closing Date	means 11 th October 2009 unless the Directors resolve to close the issue early or extend the offer.
Company	means Octanex N.L. (ABN 61 005 632 315).
Constitution	means the constitution of the Company.
Designated Authority	means the Designated Authority responsible for the relevant Permit(s) pursuant to the Petroleum Act.
Director	means a director of the Company acting in his capacity as a director of the Company.
Directors	means the directors of the Company acting as a board of directors or otherwise acting in their role or capacity as a director of the Company.
Group	when used means any corporate entity and its controlled or subsidiary entities.
Holder Identification Number	means the unique number allocated to Shareholders and Optionholders on the Company's share and options registers.
IFRS	International Financial Reporting Standards
Issue	means the issue of Shares under this Prospectus.
Issue Price	means the price at which the Shares are allotted, being A\$0.30 (30 cents).
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 ASX, mean the Listing Rules of ASX in force from time to time.
Market Participant	means 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; and 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.
Member	means a Shareholder in the Company
Native Title	means the operation of the Native Title Act 1993 (Cwth) under the auspices of the National Native Title Tribunal.
NSX	means The National Stock Exchange of Australia Limited.
Octanex	means Octanex N.L. (ABN 61 005 632 315).
Octanex Group	means Octanex and its subsidiary entities.
Offer	means the offer of Shares under this Prospectus.

Offer Period	means the period of time within which the Offer is open to Applicants to make an Application for Shares under this Prospectus.
Offer Price	means the Issue Price.
Official List	means the list of Issuers maintained by ASX in accordance with its Listing Rules.
Official Quotation	means quotation by ASX on the Official List.
Opening Date	means 21 st September 2009.
person	includes the Crown and all bodies or persons corporate or incorporate.
Petroleum Act	means the <i>Offshore Petroleum Act 2006</i> (formerly the Petroleum (Submerged Lands) Act) and all subordinate legislation made thereunder.
Prospectus	means this prospectus as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time.
Q1, Q2, Q3, Q4	means the first, second, third and fourth calendar quarters of the year respectively.
Shareholder	means a holder of Shares.
Share Register	means the register of Members of the Company kept in accordance with the Act
Share Registry	means Link Market Services Limited or other person from time to time maintaining the Share Register.
Shares	means ordinary shares of the Company.
Stock Exchange	means any stock exchange on which the Company's securities are listed from time to time (including, but not limited to, ASX).

GLOSSARY OF TECHNICAL & INDUSTRY TERMS

basin	a depression of large size in which sediments have accumulated.
condensate	hydrocarbons that spontaneously separate out from natural gas at the wellhead and condense to a liquid.
exploration well	a well drilled to determine whether hydrocarbons are present in a particular structure.
hydrocarbons	naturally occurring organic compounds containing only the elements hydrogen and carbon existing as solids, liquids or gases.
Joint Venture	the joint owners of a Permit who carry out the exploration activity in that Permit.
Joint Venture Operating Agreement ("JVOA")	a formal agreement which governs the activities of a Joint Venture.
JPDA	the Joint Petroleum Development Area, being a zone where East Timor and Australia have entered into a provisional arrangement whereby petroleum resources in an area of the Timor Sea are shared on a 90:10 apportionment in East Timor's favour.
lead	inferred geologic feature or structural pattern requiring further investigation.
Operator	the party in the Joint Venture or the sole interest holder in the Permit charged with carrying out the exploration activities within that Permit.
Permit	is a permit issued by the Designated Authority in which the Company has an interest and within which the relevant Joint Venture carries out exploration activity.
petroleum	a generic name for hydrocarbons, including crude oil, condensate, natural gas and their products.
prospect	a feature thought to be sufficiently defined to warrant the drilling of a well without the necessity of further investigation.
reservoir	pervious and porous rocks (usually sandstone, limestone or dolomite) capable of containing significant quantities of hydrocarbons.
seal	an impermeable rock (usually claystone or shale) that prevents the passage or further migration of hydrocarbons.
sediment	solid material, whether mineral or organic, that has been moved from its position of origin and redeposited.
seismic survey	a technique for determining the detailed structure of the rocks underlying a particular area by passing acoustic shock waves into the strata and detecting and measuring the reflected signals.
source rocks	rocks (usually shales, claystone or coal) that have generated or are in the process of generating significant quantities of hydrocarbons.
spud	commence the drilling of a well.
structure	deformed sedimentary rocks where the configuration is such as to form a trap for migrating hydrocarbons.
tenement	is any form of permit or licence that can be issued by a Designated Authority with a view to the holder(s) of that tenement carrying out exploration activity.
trap	a body of reservoir rock, vertically or laterally sealed, the attitude of which allows it to retain hydrocarbons that have migrated into it.

ABBREVIATIONS

2D seismic	seismic data collected on a two-dimensional basis
3D seismic	seismic data collected on a three-dimensional basis
BCF (Bcf) or (Bscf)	billion cubic feet of gas = 28.317 million cubic metres.
GIIP	Gas Initially in Place.
m	metre.
MMbbls or mmbbls	million barrels of oil (or condensate).
pa	per annum
Tcf	trillion cubic feet (of gas).

Guide to Completing the Application Form

- A** Enter the number of Shares you wish to apply for. The Application must be for a minimum of 7,000 Shares. Applications for greater than 7,000 Shares (and Offer Options) must be in multiples of 1,000.
- B** Enter the amount of Application Moneys. To calculate the amount, multiply the number of Shares applied for by \$0.30 per Share.
- C** Enter the full name you wish to appear on the holding statement for your Shares. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**.
- D** Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** Enter your contact name. This is not required but will assist us if there are any problems with your application.
- F** Enter your telephone number. This is not required but will assist us if there are any problems with your Application.

G Payment

Make your cheque (or bank draft) payable to: "**Octanex N L Subscription Account**" and cross it "Not Negotiable" and in Australian currency.

Complete the cheque details in the boxes provided. The amount must agree with the amount shown in Box B.

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Correct forms of Registrable Name

Note that **ONLY** legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname are required for each natural person. The name of the beneficial or other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

The securities to which this Application Form relates are **ordinary Shares in Octanex N.L. ("Octanex")**. Further details in relation to Octanex and the securities offered are contained in the Prospectus dated 21 September 2009 issued by Octanex to which this Application Form is attached. The expiry date of the Prospectus is 21 October 2010 and the Closing Date of the Issue is 11 October 2009 (unless the Issue is closed at an earlier date or the Closing Date is extended). While the Prospectus is current, Octanex will, on request, send paper copies of the Prospectus, any supplementary Prospectus and the Application Form free of charge to any person requesting same.

Before completing this Application Form, Applicant(s) should read the Prospectus to which this Application Form relates. The Prospectus contains important information about investing in the Shares.

By lodging the Application Form, the Applicant(s) agrees that this Application for Shares in Octanex is upon and subject to the terms of the Prospectus, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

Once you become a shareholder in Octanex, Chapter 2C of the Corporations Act 2001 requires information about you (including your name, address and details of the shares you hold) to be included in Octanex's public register. This information must continue to be included in Octanex's public register if you cease to be a shareholder. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000*.

Lodgment of Applications

Return the Application Form with cheque(s) attached by hand or mail to:

Link Market Services Limited
Level 1
333 Collins Street
Melbourne
Victoria 3000

Application Forms must be received at the above address by no later than 5.00pm AEST on the Closing Date: 11 October 2009.

Type of Investor	Correct Form	Samples of Incorrect Form
Individual Use given names, not initials	John Alfred Smith	A Smith
Company Use company title, • not abbreviations	ABC Pty Ltd	ABC P/L, ABC Co
Trusts Use trustee(s) personal name(s), • Do not use the name of the trust	Janet Smith <Janet Smith Family A/C>	Janet Smith Family Trust
Deceased Estates Use executor(s) personal name(s), • Do not use the name of the deceased	Michael Smith <Est John Smith A/C>>	Estate of Late John Smith
Partnerships Use partners' personal names, • Do not use the name of the partnership	John Smith & Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s), • Do not use the name of clubs etc	Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use name of trustee of fund, • Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund
Put the name(s) of any joint applicant(s) and/or account description using <> as indicated above in designated spaces(s) on the Application.		

Guide to Completing the Application Form

- A** Enter the number of Shares you wish to apply for. The Application must be for a minimum of 7,000 Shares. Applications for greater than 7,000 Shares (and Offer Options) must be in multiples of 1,000.
- B** Enter the amount of Application Moneys. To calculate the amount, multiply the number of Shares applied for by \$0.30 per Share.
- C** Enter the full name you wish to appear on the holding statement for your Shares. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**.
- D** Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** Enter your contact name. This is not required but will assist us if there are any problems with your application.
- F** Enter your telephone number. This is not required but will assist us if there are any problems with your Application.

G Payment

Make your cheque (or bank draft) payable to: "**Octanex N L Subscription Account**" and cross it "Not Negotiable" and in Australian currency.

Complete the cheque details in the boxes provided. The amount must agree with the amount shown in Box B.

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Correct forms of Registrable Name

Note that **ONLY** legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname are required for each natural person. The name of the beneficial or other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

The securities to which this Application Form relates are **ordinary Shares in Octanex N.L. ("Octanex")**. Further details in relation to Octanex and the securities offered are contained in the Prospectus dated 21 September 2009 issued by Octanex to which this Application Form is attached. The expiry date of the Prospectus is 21 October 2010 and the Closing Date of the Issue is 11 October 2009 (unless the Issue is closed at an earlier date or the Closing Date is extended). While the Prospectus is current, Octanex will, on request, send paper copies of the Prospectus, any supplementary Prospectus and the Application Form free of charge to any person requesting same.

Before completing this Application Form, Applicant(s) should read the Prospectus to which this Application Form relates. The Prospectus contains important information about investing in the Shares.

By lodging the Application Form, the Applicant(s) agrees that this Application for Shares in Octanex is upon and subject to the terms of the Prospectus, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

Once you become a shareholder in Octanex, Chapter 2C of the Corporations Act 2001 requires information about you (including your name, address and details of the shares you hold) to be included in Octanex's public register. This information must continue to be included in Octanex's public register if you cease to be a shareholder. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000*.

Lodgment of Applications

Return the Application Form with cheque(s) attached by hand or mail to:

Link Market Services Limited
Level 1
333 Collins Street
Melbourne
Victoria 3000

Application Forms must be received at the above address by no later than 5.00pm AEST on the Closing Date: 11 October 2009.

Type of Investor	Correct Form	Samples of Incorrect Form
Individual Use given names, not initials	John Alfred Smith	A Smith
Company Use company title, • not abbreviations	ABC Pty Ltd	ABC P/L, ABC Co
Trusts Use trustee(s) personal name(s), • Do not use the name of the trust	Janet Smith <Janet Smith Family A/C>	Janet Smith Family Trust
Deceased Estates Use executor(s) personal name(s), • Do not use the name of the deceased	Michael Smith <Est John Smith A/C>>	Estate of Late John Smith
Partnerships Use partners' personal names, • Do not use the name of the partnership	John Smith & Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s), • Do not use the name of clubs etc	Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use name of trustee of fund, • Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund
Put the name(s) of any joint applicant(s) and/or account description using <> as indicated above in designated spaces(s) on the Application.		

Information +61 (0)3 8610 4700

OCTANEX N.L.

(ABN 61 005 632 315)

APPLICATION FORM

Broker Code

--	--	--	--

Adviser Code

--	--	--	--

Broker Reference Stamp only

This Application Form ("Form") is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the Prospectus ("Prospectus") (issued by Octanex N.L. ("Company") and dated 21 September 2009) carefully before completing this Application Form. This Application Form must not be handed on unless it is attached to or accompanied by a complete and unaltered copy of the Prospectus and any relevant supplementary Prospectus. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus and any relevant supplementary Prospectus. Any person applying for Shares declares that they have received the entire Prospectus to which this Application Form relates. None of Australian Securities and Investments Commission or National Stock Exchange of Australia Limited ("NSX") or ASX Limited ("ASX") takes any responsibility for the contents of the Prospectus. That ASX or NSX may list the securities of the Company offered for subscription under the Prospectus is not to be taken in any way as an indication of the merits of the Company or the listed securities.

OFFER CLOSES 11 OCTOBER 2009 UNLESS EXTENDED

A

Shares applied for

No of Shares

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

X

Price per Share

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

=

B

Application Moneys

Total Application Amount

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Must be a minimum of 7,000 Shares. Applications for more than 7,000 Shares must be in multiples of 1,000 Shares

C

Write here the name(s) you wish to register the Shares in

(see reverse for instructions)

Name of Applicant 1

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name of Applicant 2 or <Account Name>

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name of Applicant 3 or <Account Name>

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

D

Write here the postal address you wish to register the Shares at

PO Box/Street Number/Street Name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Suburb/Town

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

State

--	--	--

Postcode

--	--	--	--	--

E

Contact Name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

F Telephone Number

()
---	---

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

G

Cheque payment details

Please fill out your cheque details and make your cheque payable to "Octanex N L Subscription Account" and cross it "Not Negotiable".

Name of Drawer of cheque	Cheque No.	BSB No.	Account No.	Amount A\$

LODGEMENT INSTRUCTIONS: Your Application Form must be received on or before 5.00 pm AEST on the Closing Date (11 October 2009 unless extended):

Mail or Hand Deliver to Link Market Services Limited, Level 1, 333 Collins Street Melbourne Victoria 3000

Guide to Completing the Application Form

A Enter the number of Shares you wish to apply for. The Application must be for a minimum of 7,000 Shares. Applications for greater than 7,000 Shares (and Offer Options) must be in multiples of 1,000.

B Enter the amount of Application Moneys. To calculate the amount, multiply the number of Shares applied for by \$0.30 per Share.

C Enter the full name you wish to appear on the holding statement for your Shares. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**.

D Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Enter your contact name. This is not required but will assist us if there are any problems with your application.

F Enter your telephone number. This is not required but will assist us if there are any problems with your Application.

G Payment

Make your cheque (or bank draft) payable to: "**Octanex N L Subscription Account**" and cross it "Not Negotiable" and in Australian currency.

Complete the cheque details in the boxes provided. The amount must agree with the amount shown in Box B.

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Correct forms of Registrable Name

Note that **ONLY** legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname are required for each natural person. The name of the beneficial or other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

The securities to which this Application Form relates are **ordinary Shares in Octanex N.L. ("Octanex")**. Further details in relation to Octanex and the securities offered are contained in the Prospectus dated 21 September 2009 issued by Octanex to which this Application Form is attached. The expiry date of the Prospectus is 21 October 2010 and the Closing Date of the Issue is 11 October 2009 (unless the Issue is closed at an earlier date or the Closing Date is extended). While the Prospectus is current, Octanex will, on request, send paper copies of the Prospectus, any supplementary Prospectus and the Application Form free of charge to any person requesting same.

Before completing this Application Form, Applicant(s) should read the Prospectus to which this Application Form relates. The Prospectus contains important information about investing in the Shares.

By lodging the Application Form, the Applicant(s) agrees that this Application for Shares in Octanex is upon and subject to the terms of the Prospectus, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

Once you become a shareholder in Octanex, Chapter 2C of the Corporations Act 2001 requires information about you (including your name, address and details of the shares you hold) to be included in Octanex's public register. This information must continue to be included in Octanex's public register if you cease to be a shareholder. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000*.

Lodgment of Applications

Return the Application Form with cheque(s) attached by hand or mail to:

Link Market Services Limited
Level 1
333 Collins Street
Melbourne
Victoria 3000

Application Forms must be received at the above address by no later than 5.00pm AEST on the Closing Date: 11 October 2009.

Type of Investor	Correct Form	Samples of Incorrect Form
Individual Use given names, not initials	John Alfred Smith	A Smith
Company Use company title, • not abbreviations	ABC Pty Ltd	ABC P/L, ABC Co
Trusts Use trustee(s) personal name(s), • Do not use the name of the trust	Janet Smith <Janet Smith Family A/C>	Janet Smith Family Trust
Deceased Estates Use executor(s) personal name(s), • Do not use the name of the deceased	Michael Smith <Est John Smith A/C>>	Estate of Late John Smith
Partnerships Use partners' personal names, • Do not use the name of the partnership	John Smith & Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s), • Do not use the name of clubs etc	Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use name of trustee of fund, • Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund
Put the name(s) of any joint applicant(s) and/or account description using <> as indicated above in designated spaces(s) on the Application.		

This page left blank intentionally

This page left blank intentionally



ABN 61 005 632 315

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