



Octanex NL
ABN 61 005 632 315

Level 25
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: (+61 3) 9629 6100
Fax: (+61 3) 9629 6278
Email: admin@octanex.com.au
Website: www.octanex.com.au

23 February 2005

Dear Optionholder

OCTANEX NL OPTIONS – EXPIRY DATE 31 MARCH 2005

Our records indicate that you are the holder of Octanex NL ("OCT") Options. The OCT Options trade on the Newcastle Stock Exchange ("NSX") under the code OCTOA.

In accordance with the Terms and Conditions of issue of the OCT Options, they will **expire on 31 March 2005** unless you elect to exercise them before that time. If a Notice of Exercise and the required payment is not received by 5.00pm (AEST) on 31 March 2005 the Options **will automatically lapse** and no longer be available for exercise.

A form to exercise the OCT Options is attached to this letter.

The exercise price for each OCT Option is Ten Cents (A\$0.10). After you provide a Notice of Exercise and payment of the exercise price, the OCT Option will be cancelled and you will be issued with one ordinary share in Octanex NL for each OCT Option exercised. The number of OCT Options you held on 22 February 2005 and the total cost to exercise all of those Options is set out at the top of the enclosed Notice of Exercise. Please note, cheques in payment of the exercise price must be drawn in **Australian currency**.

The **last sale price** of OCT's ordinary shares was A\$0.20 (20 cents) on 17 February 2005. For more information about OCT and its share price, you should contact your stockbroker or visit our website.

If you do not wish to exercise your OCT Options before the expiry date you are urged to sell them on-market. The last date of quotation of the OCT Options will be Tuesday 22 March 2005. You should note that though the last date options may be traded is 22 March 2005, there may not be a liquid market close to this date. If you are in any doubt as to how to act, you should contact your stockbroker or other professional adviser.

If you have any questions about the mechanics for exercise of your options please contact the Company by email or on the above number.

Yours faithfully,

E G Albers

Chairman

ACT NOW

- To **exercise** your OCT Options you must **complete the enclosed Notice of Exercise** and **return it to the Share Registry** together with a cheque for the Exercise Price so that it is received no later than **5:00pm (AEST) on 31 March 2005**.
- If **you do not wish to exercise** the OCT Options **you should sell them** if you wish to realise some value for them. The last date of quotation of the OCT Options on the NSX will be **22 March 2005**. You should contact your stockbroker if you wish to sell your OCT Options.



NOTICE OF EXERCISE OF OPTIONS

Securityholder Reference Number/
Holder Identification Number:

OCTOA Options Expiry Date: 31 March 2005

Number of OCTOA Options
held at 5:00pm (AEST) on
22 February 2005:

Total cost to Exercise all Options: A\$

Octanex NL (31 March 2005 Option) expire at 5:00pm on 31 March 2005. If the Notice of Exercise of Options and required payment are not received by that time, the **Options will automatically lapse** in accordance with the Terms and Conditions set out in the Prospectus dated 7 November 2003 and will no longer be available for exercise.

Exercise Price A\$0.10

Number of Ordinary Shares to be issued on exercise

Conversion Ratio 1 for 1

PLEASE COMPLETE BELOW (using block letters) – refer overleaf for details and further instructions on how to complete this form.

I/We apply to exercise the following number of options and attach a cheque in Australian currency for the amount payable: Please allot me/us Ordinary Shares calculated on the basis of one (1) Ordinary Share in the Company for every one (1) Option which I/we exercise.

A Number of Options Exercised

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at A\$0.10 per
Option Exercised A\$

B Total payment required

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C PLEASE INSERT YOUR CHEQUE DETAILS

Cheques must be made payable to "Octanex NL Share Subscription Account" and crossed "Not Negotiable".

Cheque Number

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BSB

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Account Number

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D YOUR CONTACT DETAILS

Telephone Number where you can be contacted during
business hours

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OCT OPT001

How to complete the Notice of Exercise of Options

Please complete all relevant sections of this form USING BLOCK LETTERS. These instructions are cross referenced to each section of the form.

A. Application for shares under the Notice of Exercise of Options Form

You can apply to exercise either part of, or all of your Options. Please enter into the Box A the number of Options from your holding you wish to exercise:

- To exercise your holding in full, please write in Box A the number of Options that you currently hold.
- To exercise part of your holding, please write in Box A the number of Options you wish to exercise.

If you do not indicate the number of Options you wish to Exercise, Octanex may treat you as applying to exercise as many as your accompanying cheque will pay for. However, the number of Options Exercised will not exceed the number of Octanex Options you hold.

B. Total Payment Required for Options Exercise

Please enter in Box B the total amount of the cheque required for the payment of the Options you wish to exercise at the exercise Price of A\$0.10. To calculate the total Exercise monies required, multiply Box A by A\$0.10.

C. Cheque Details

Please enter your cheque details in Section C.

Cheques must be drawn on an **Australian branch** of a financial institution in **Australian currency** and made payable to "Octanex NL Share Subscription Account".

D. Contact Details

Please enter your daytime contact telephone number so we can contact you regarding your form, if necessary.

In accordance with the Terms and Conditions of issue of the Options, they will **expire** on 31 March 2005 unless the holder elects to exercise the Options before that time. If a Notice of Exercise and the required payment are not received by 5:00pm (AEST) 31 March 2005 the Options **will automatically lapse** and no longer be available for exercise.

How to Lodge your Notice of Exercise of Options

A reply paid envelope is enclosed for your use. If mailed within Australia, no postage stamp is required. If mailed outside Australia, the required postage must be applied. Alternatively, the completed form with the accompanying payment may be mailed to the postal address, or delivered by hand to the delivery address, set out below

Your completed form and accompanying payment must be received by the Share Registry no later than 5:00pm (AEST) on 31 March 2005. Applications received after 5:00pm (AEST) on 31 March 2005 will be rejected and exercise monies (without interest) returned to the Applicant.

Postal Address in Australia
ASX Perpetual Registrars Limited
GPO Box 2785
Melbourne Vic 3001

or

Hand Delivery in Australia
ASX Perpetual Registrars Limited
Level 4, 333 Collins Street
Melbourne

The Postal Acceptance Rule does not apply.

ASX Perpetual Registrars Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a security holder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.asxperpetual.com.au).