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Convertible Note Settlement and Release

Octanex Limited (ASX Code: OXX) is pleased to announce that it has executed a Deed of Settlement and Release with Sabah International Petroleum Limited (SIP) in relation to the SIP convertible note facility.

Octanex funded its capital contributions to Ophir Production Sdn Bhd (OPSB), the developer of the Ophir field pursuant to a Risk Service Contract (RSC) with PETRONAS, partly through a Convertible Note facility with Sabah International Petroleum Ltd (SIP). The facility was drawn to US\$8million and comprised two equal tranches of Convertible Notes, with conversion prices of \$0.15 and \$0.20).

Octanex's capacity to repay SIP (had SIP sought to redeem, rather than convert the Notes into Octanex shares) was linked to the quantum of final reimbursements OPSB receives from PETRONAS as well as GST and other refunds.

Pursuant to the Deed of Settlement and Release, Octanex has been released of its obligations under the Convertible Note Subscription Agreement in consideration for transfer to SIP of all of the shares in Octanex Pte Ltd (the 50% shareholder in OPSB), assignment to SIP of the benefit of the intercompany debt owed by Octanex Pte Ltd to Octanex and transfer of funds by Octanex to SIP totaling US\$2,089,449.

This brings to a final close Octanex's involvement with the Ophir development.

Octanex has had a strong commercial relationship with SIP over the past five years, despite the extremely disappointing outcome of the Ophir development. The Octanex board thanks SIP for its support throughout the period.

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