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WEEKLY DRILLING PROGRESS REPORT OPHIR DRILLING CAMPAIGN

Octanex Limited (**ASX Code: OXX**) provides the following weekly update for the three well development Ophir drilling campaign with respect to operations up to 06:00hrs on Friday 7 July 2017.

Weekly Operations Summary

Ophir A1 and A2 wells are being batch drilled by the Naga 2 jack up drilling rig. The Ophir A1 well spudded on 2 June 2017 and Ophir A2 well spudded on 5 June 2017.

The Ophir A2 production well has been drilled to a total depth of 3,070m MD with a horizontal length of 1,000m successfully placed in the target J20 oil reservoirs. Completions have been run and the Wellhead Christmas Tree has been installed.

After completing Ophir A2, the drilling assembly was cantilevered over the A1 well conductor to recommence drilling of the 8-1/2" horizontal production section of A1. Although oil was encountered in the target reservoir, a decision was taken to drill a side-track ("A1ST") so as to improve alignment and trajectory.

The Ophir A1ST horizontal production well has been drilled to a total depth of 3,275m MD with a horizontal length of over 1280m successfully placed in the target J20 oil reservoir. The current operation is running completion.

Forward Plan

The forward plan for the week ahead is to finish completion on the A1ST well and cantilever the drilling assembly to commence drilling the A3 well.

About the Ophir Drilling Campaign

The Ophir drilling campaign comprises three horizontal production wells. The wells are targeting the J Group stacked oil reservoir of the regionally prolific Lower Miocene Tapis formation.

The Ophir field is a four-way dip closed structure defined by 3D seismic, previously discovered and tested by the discovery well, Ophir-1 and appraised by four additional well penetrations.

Participating Interests

The Ophir field is being developed by Ophir Production Sdn Bhd, an incorporated joint venture company with ownership interests as follows

Octanex	50%
Scomi	30%
Vestigo	20%

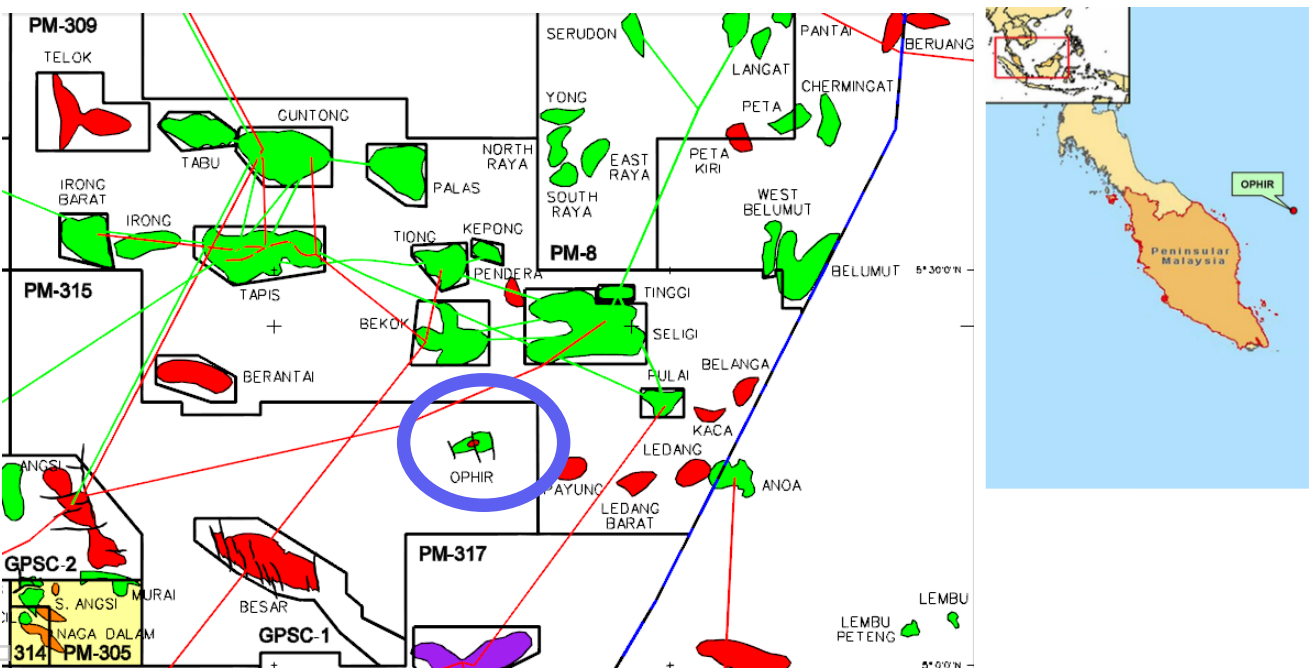
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About the Ophir Project

The Ophir field is located offshore Peninsular Malaysia, with a water depth of approximately 70m and is being developed via three production wells, a well head platform (WHP) and Floating Production Storage and Offload (FPSO) vessel.

The Ophir field is being developed pursuant to a Risk Service Contract (RSC) granted in 2014 to Ophir Production Sdn Bhd (OPSB). Octanex holds a 50% interest in OPSB and its joint venture shareholders in OPSB are Scomi with 30% and Vestigo with 20%. Scomi is a wholly-owned subsidiary of Scomi Energy Services Bhd, a Malaysian downstream oil and gas services company listed on the Main Board of Bursa Malaysia. Vestigo is a wholly-owned subsidiary of Petronas focused on the development of small, marginal and mature fields.

Petronas introduced the Risk Service Contract (RSC) in 2011 as a new petroleum arrangement designed with the objective of intensifying upstream Malaysian oil and gas activities and developing smaller, stranded oil and gas resources. The RSC model balances the sharing of risks with fair returns for the development and production of discovered small fields. Under the terms of the RSC, the Contractor is the service provider and Operator of the field, while Petronas is the resource owner. Upfront investment of capital is contributed by the Contractor, with the Contractor compensated via the reimbursement of costs plus a remuneration fee for services rendered. The remuneration fee is linked to production volume and capital cost key performance indicators.



About Octanex

Octanex is an Australian-based oil and gas company seeking to increase its exposure to production and development. Octanex's portfolio includes interests in the Ophir oil development offshore Malaysia, interests in two pre-development assets offshore Western Australia and five exploration permits offshore Western Australia.

Octanex's share of the Ophir project is fully funded via OPSB's 75% project financing from a consortium of three banks and Octanex's US\$12Million Convertible Note facility (drawn to US\$8Million) with Sabah International Petroleum, which is wholly owned by Sabah Development Bank Berhad ("SDB"). SDB itself is wholly owned by the Ministry of Finance of the Malaysian state of Sabah.