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FARMOUT OF WA-323-P AND WA-330-P TO SANTOS UNCONDITIONAL

KEY POINTS:

- **Farmout agreement is unconditional**
- **Octanex will now receive A$7,000,000 from Santos**
- **Santos to commence 3D seismic survey in Q4**

Octanex N.L. ***(ASX code: OXX)*** ("**Company**" or "**Octanex**") is pleased to announce that the farmout agreement made with Santos Offshore Pty Ltd ("**Santos Offshore**"), in relation to the WA-323-P and WA-330-P permits, has received all necessary regulatory approvals and, as a result, is now unconditional.

The regulatory approvals were those required pursuant to the Offshore Petroleum and Greenhouse Gas Storage Act 2006 ("**Act**") and the further condition that both permits were renewed on terms and conditions satisfactory to the relevant Government agencies, as well as to Santos Offshore and Octanex. As the Company announced in its last Quarterly Report, the permits were renewed on satisfactory terms and conditions on 6 April 2011 and the approvals under the Act have since been received.

Santos Offshore entered into the farmout agreement with Octanex in respect of the 100% Participating Interest the Company then held in each of the WA-323-P and WA-330-P permits ("**Permits**"). Santos Offshore is a wholly-owned subsidiary of Santos Limited ***(ASX code: STO)*** ("**Santos**").

The Permits are located in the Dampier Sub-basin offshore from Western Australia - see the *WA-323-P & WA-330-P Location Map* on the following page.

FARMOUT TERMS

Under the terms of the farmout agreement (that were subject to the various regulatory approvals and renewal of the Permits, all of which have now been received):

(i) Octanex has assigned a 75% Participating Interest in the Permits to Santos Offshore;

(ii) Octanex retains a 25% Participating Interest in the Permits and will be free carried through certain agreed phases of exploration, as described at (v), (vi) and (vii) below;

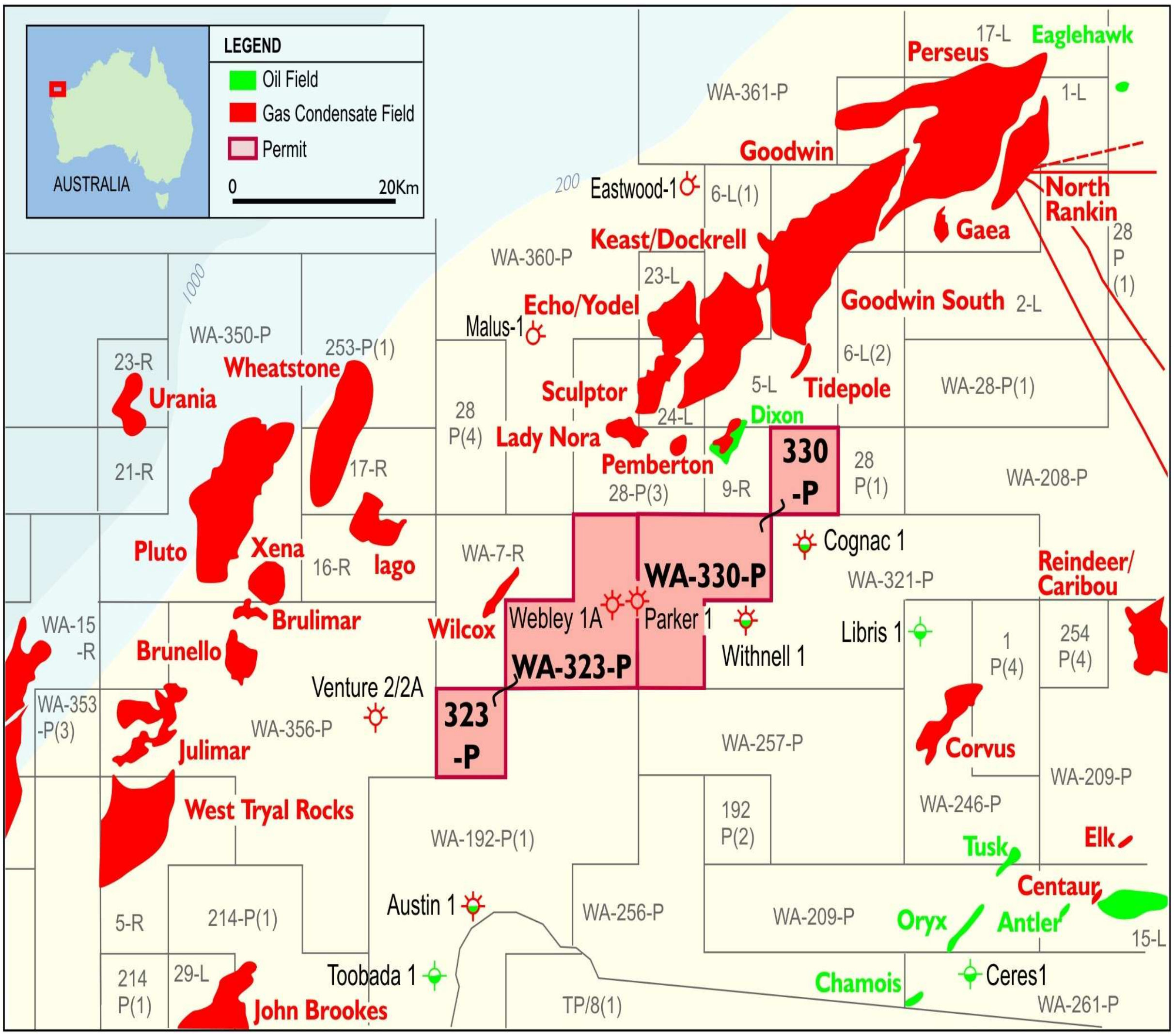
(iii) Santos Offshore becomes the Operator of the Permits and of the Joint Venture formed to explore the Permits;

(iv) Santos Offshore will reimburse the Company the agreed A$7,000,000 for prior seismic and associated expenditure incurred by Octanex in relation to the Permits;

(v) Santos Offshore will acquire (and pay 100% of the acquisition, processing, mapping and interpretation costs) a new 3D seismic survey across both Permits and that survey is currently scheduled to be acquired in Q4 of 2011;

(vi) At its cost, Santos Offshore will drill an exploration well within the first three years of the renewed term of the WA-323-P permit; and

(vii) Octanex will be free carried in respect of its 25% Participating Interest through all other exploration costs for the Permits, except any follow up wells drilled in either permit.



WA-323-P & WA-330-P Location Map

Octanex Comment

Octanex is delighted to have secured a farminee of the calibre and substance of Santos. Santos has considerable experience drilling in the Carnarvon Basin where the permits are located and, as important, experience with the marketing of gas produced from the area.

The Permits have strong geological merit, being adjacent to a number of large gas/condensate fields. While there are challenges associated with accurately imaging the sub-surface, nevertheless there is evidence of hydrocarbons having been trapped in the area and clear evidence of a working hydrocarbon system. Santos has made it clear that they are committed to an in depth exploration of the Permits, including a commitment to drill a well.

Octanex believes the Permits have substantial potential.

By Order of the Board

J.G. Tuohy
Company Secretary

10 June 2011