

OGI GROUP LTD
PREVIOUSLY GOLDEN GATE PETROLEUM LTD
ASX / MEDIA ANNOUNCEMENT

12 June 2014

Permian Asset Sale

The Company confirms to the market that the sale of the Company's Permian assets to Laredo Petroleum Inc, was completed at 3.30pm 11 June 2014 (Houston time). The final sales price is set out below:

	Note	US\$
Base Purchase Price		5,350,000
Less: Title Defects	1	(336,364)
Environmental Defects	2	(75,050)
Adjusted Purchase Price		4,938,586
Post Effective Date Net proceeds	3	(166,177)
		4,772,409
Amounts held in Escrow		
Litigation Holdback	4	(500,000)
Post Closing Adjustments	5	(267,500)
Outstanding Security	6	(492,000)
		(1,259,500)
Funds received at closing		3,512,909

Notes:

1. Title Defects

A technical review of the acreage held by production determined that the Company held a lesser amount of acreage for the SRH#2 and SRH #5. The title defect deduction reflects the reduced acreage held.

2. Environmental Defects

A review of the wells and associated equipment was performed and 9 minor issues were agreed between the parties that needed rectifying. The largest item being the closing of the reserve pits for the SRH#2, SRH #4 and SRH #5 wells for a total cost of \$45,000.

3. Post Effective Date Net proceeds

The effective date of the sale is 1 February 2014. Since that date in effect the Company has continued to operate the wells. As at the date of closing the estimated net proceeds received by the Company since 31 January 2014 was \$166,177. This figure will change over the next 30 – 60 days as final cost invoices are received and processed as part of the post-closing process.

4. Litigation Holdback

At Closing, Laredo deposited US\$500,000 (**Litigation Holdback**) of the Purchase Price into an escrow account to be held until the Company provides Laredo with a written non-appealable court order or other waiver satisfactory to Laredo evidencing that the lawsuit filed in Reagan County 112th District Court under Cause No. 1573 (Paul Page Plaintiff) has been rectified, cleared, removed, waived and otherwise eliminated. On the one year anniversary of the date of the Agreement (**Litigation Date**) or at anytime prior to the Litigation Date, if the lawsuit has been rectified, cleared, removed, waived or otherwise eliminated then the Litigation Holdback shall be paid to the Company.

COMPANY INFORMATION

OGI Group Ltd
ABN 34 090 074 785

COMPANY DIRECTORS

Chris Porter - Director
Rob Oliver - Director
Chris Ritchie – Director

MANAGEMENT

Chris Ritchie – CFO / Co Sec

STOCK EXCHANGE LISTING

Australian Stock Exchange
ASX Code: OGI

Current Shares on Issue:

191,940,064

Market Capitalization as at

11 June 2014 based on a share

price of \$0.005 per share:

AUD 959,700

CURRENT PROJECTS

Napoleonville
Bowtie West

If the lawsuit has not been rectified, cleared, removed, waived or otherwise eliminated prior to the Litigation Date then the Litigation Holdback shall be paid to Laredo. The claims, expenses or obligations related to the lawsuit attributable to, accruing or related to the period of time prior to the Effective Time and the Company shall not enter into any contract, settlement or other agreement concerning the lawsuit that would affect Laredo's potential liability for damages, due to the lawsuit without the prior written approval of Laredo. Laredo shall be responsible for any and all damages, claims, expenses or obligations related to the lawsuit attributable to, accruing or related to the period of time on and after the Effective Time.

5. Post-Closing Adjustments

At Closing, Laredo deposited into an escrow account pursuant to an escrow agreement the sum of US\$267,500 to be held to satisfy any post-Closing adjustments. On or within 90 days after Closing, the Company shall provide Laredo an accounting statement setting out all post-Closing adjustments. The statement becomes binding 30 days after the statement is given (**Final settlement Date**) unless Laredo disputes the statement. On the Final Settlement Date any amounts that would reduce the Purchase Price or other post-Closing adjustments due to Laredo shall be distributed to Laredo from the escrow amount, and the remaining portion of the escrow amount, including interest earned thereon, shall be released to the Company.

6. Outstanding Security

At Closing, the Release Document in regard to the mortgage over the SRH #3 well, from the security given for the Series 3 Convertible Notes had not been lodged in Texas. Upon this document being lodged and the mortgage removed Laredo will transfer the amount of US\$492,000 to the Company.

For on behalf of the board

Chris Ritchie
Executive Director