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WINCHESTER-1 – WA-323-P – DAMPIER SUB-BASIN

WEEKLY PROGRESS REPORT No. 12

Octanex N.L. (ASX Code: **OXX**) (Company) has been advised by Santos Offshore Pty Ltd, the Operator of the Winchester-1 exploration well being drilled in the Dampier Sub-basin permit WA-323-P, that at 06:00 hours (WST) on Tuesday, 2 July 2013, the well was at a depth of 3803m MDRT (measured depth below rotary table), with preparations underway to sidetrack the well.

As reported in the Weekly Report No. 11, following an influx into the well from an over-pressured zone, the well was shut-in and the rig was waiting on weather. During this period of shut-in, the drill string became stuck in the hole. Once operations re-commenced, efforts to free the stuck pipe were unsuccessful and a decision was made to sever the string and prepare to drill a sidetrack.

Planned operations over the coming week are to plug back the well, drill an 8½" sidetrack to initially penetrate the Triassic interval sandstone reservoirs where gas shows were encountered in Winchester-1 and then run wireline logs over the open hole section. The significance of these gas shows will be assessed on completion of the wireline logging.

Winchester-1 is a deviated well that is being drilled by the Ensco-109 jack-up rig (Figure 1), in approximately 75m of water and to a planned total depth (TD) of 4803m MDRT.



Figure 1: The Ensco-109 Jack-up Rig

Winchester-1 is targeting the hydrocarbon potential of Triassic aged reservoirs mapped within a four-way dip closed anticline structural closure. The well has been designed, *inter alia*, to target at least four potential reservoir zones, each associated with high amplitude seismic events (Figure 2). Winchester-1 is located on the northeast trending Parker Terrace, representing a structural high separated from the Rankin Trend to the east.

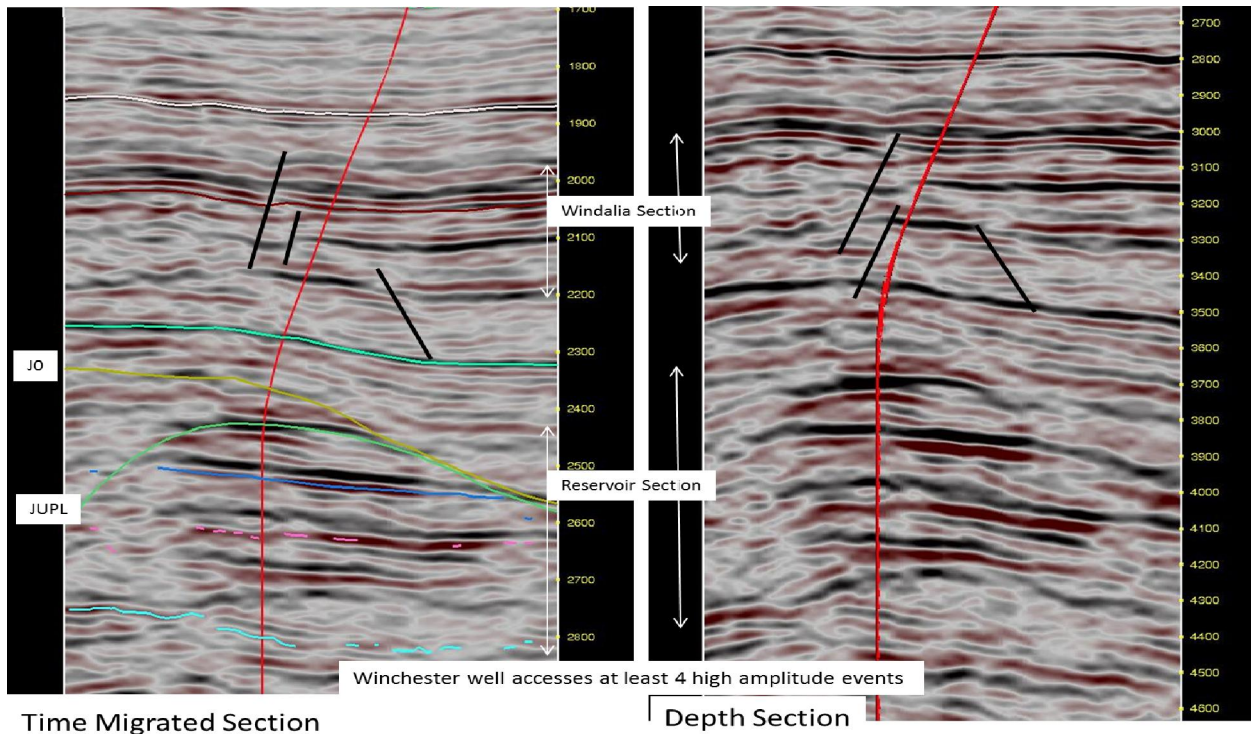


Figure 2: Winchester-1 Well Design

The Company's wholly-owned subsidiary, Winchester Resources NL, holds a 25% participating interest in the WA-323-P and WA-330-P permits (see the *Location Map* of the Permits and Winchester-1 at Figure 3 on the following page) and this interest is being free carried through the drilling of the Winchester-1 well.

The participants in the WA-323-P and WA-330-P permits and their Joint Venture are:

Santos Offshore Pty Ltd (Subsidiary of SANTOS Limited (ASX Code: STO))	75%
Winchester Resources NL (Subsidiary of Octanex N.L. (ASX Code: OXX))	25%

On behalf of the Board

J.G. Tuohy
Company Secretary

2 July 2013

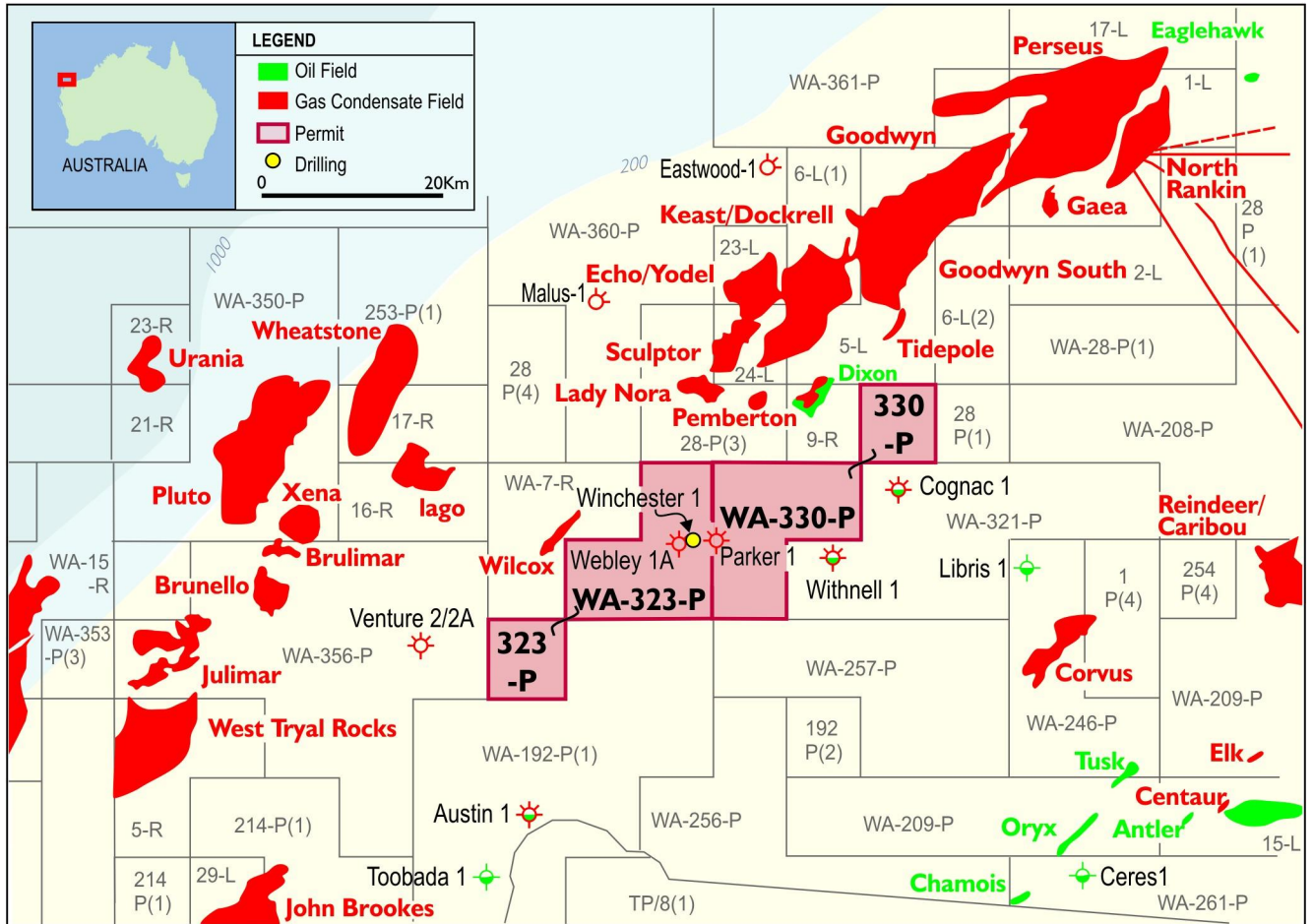


Figure 3: WA-323-P & WA-330-P and Winchester-1 Location Map