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MATUKU-1 WEEKLY PROGRESS REPORT No. 5

PEP 51906 – OFFSHORE TARANAKI BASIN, NEW ZEALAND

Octanex N.L. (**ASX Code: OXX**) (**Company**) has been advised by OMV New Zealand Limited, the Operator of the Matuku-1 exploration well being drilled in the offshore Taranaki Basin permit PEP 51906, that at 06:00 hours (NZST) on Tuesday, 7 January 2014, the well was at a depth of 3417m MDRT (measured depth below rotary table) and preparing to drill ahead in the 8½" hole.

Since the last progress report on 31 December 2013, the 12¼" section has been completed, the 9⅝" casing string run and cemented in and routine function and pressure testing of surface equipment carried out. The rig has also had to wait on weather during these operations.

Planned operations over the coming week are to commence drilling the 8½" hole through the zones of interest (*as detailed below*).

The well is targeting the hydrocarbon potential of the Kapuni Group Farewell Formation F sandstone reservoir (T10 sands); with sandstones of the Kapuni Group Kaimiro Formation D Sand (T20 sands) and Pakawau Group North Cape Formation (K90) being secondary targets – see the attached Figure 1 *Prospect Map* of Matuku and the well targets.

Matuku-1 is programmed as a vertical well that is being drilled by the Kan Tan IV semi-submersible rig in water depths of approximately 130m. The Operator currently intends drilling the well to a total depth of 4750m MDRT.

The Company's wholly-owned subsidiary, Octanex NZ Limited, holds a 22.5% participating interest in the PEP 51906 permit and this interest is being free carried by OMV through the drilling of the Matuku-1 well – see the attached Figure 2 *Location Map* for the Permit and Matuku-1.

The participants in the PEP 51906 permit and its Joint Venture are:

OMV New Zealand Limited	65.0%
Octanex NZ Limited	22.5%
Australia and New Zealand Petroleum Limited (<i>Subsidiary of New Zealand Oil & Gas Ltd (ASX Code: NZO)</i>)	12.5%

On behalf of the Board



J.G. Tuohy
Company Secretary

7 January 2014

Figure 1: *Matuku Prospect – 3D perspective of Target Zones*

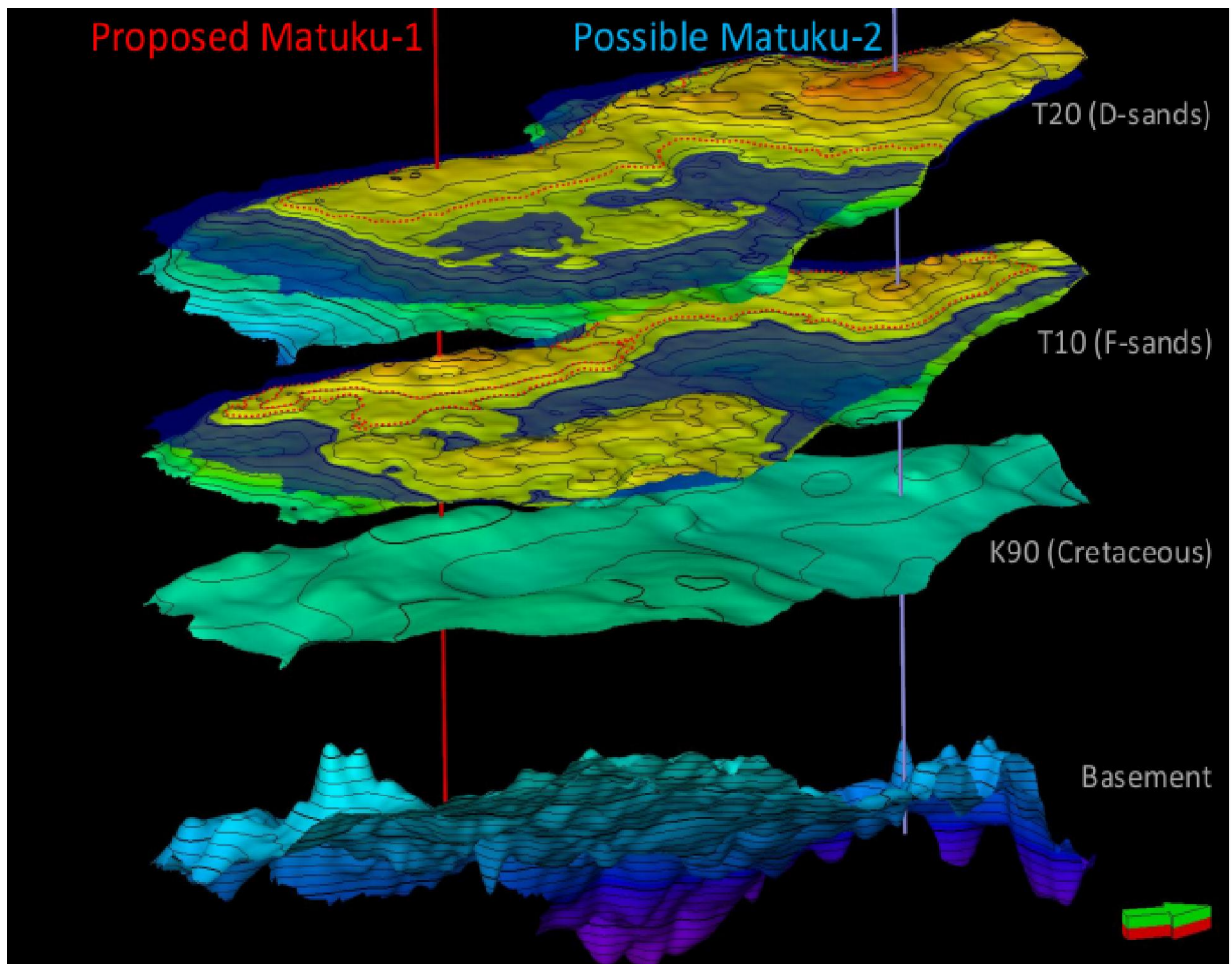


Figure 2: Location Map of PEP 51906 and the Matuku-1 Well

