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RIG CONTRACTED TO DRILL MATUKU-1

PEP 51906 – TARANAKI BASIN, NEW ZEALAND

KEY POINTS:

- **OMV New Zealand Limited (OMV) contracts a rig to drill the Matuku-1 well beginning in Q3 of 2013**
- **In a success case, OMV estimates the mean recoverable resource for the Matuku prospect as approximately 65 million barrels.**
- **Additional rig slot secured to drill a Matuku-2 appraisal well in the event of success at Matuku-1**
- **A well site survey over the Matuku-1 location is to be undertaken in December / January**
- **Octanex will be free carried through all site survey and Matuku-1 and Matuku-2 drilling operations**
- **Further attractive targets have been identified in the permit**

Octanex N.L. (**ASX Code: OXX**) is pleased to advise that, following an extensive search and evaluation process, OMV has today confirmed the Kan Tan IV semi-submersible drilling rig (see Figure 1 below) has been contracted to drill the Matuku-1 well in the PEP 51906 permit in the offshore Taranaki Basin – see the *PEP 51906 Location Map* at Figure 2.

The Kan Tan IV semi-submersible drilling unit is operated by Frigstad Offshore Ltd on behalf of the rig's owners, Sinopec. Frigstad is a private company established in Singapore in 1989 to provide management services for offshore drilling rigs. The rig is currently anchored off Singapore, having completing an extensive refurbishment programme.

The Matuku-1 well is programmed to be drilled in water depths of 135m and to a planned total depth of approximately 4850m sub-sea. The Kan Tan IV is capable of operating in water depths up to 450m and drilling to depths of approximately 7600m.

OMV is planning to drill a number of wells in the offshore Taranaki Basin, beginning in Q3 2013, with Matuku-1 to be the first well drilled in that multi-well programme. A site survey over the expected location of the Matuku-1 well is scheduled to be undertaken during the December / January period.



Figure 1 – *Kan Tan IV Semi-submersible Drilling Rig*

As advised to Octanex by OMV, and as previously announced, the estimated mean recoverable resource, if there are hydrocarbons in the Matuku prospect, is approximately 65 million barrels.

The conclusions from the extensive studies carried out by OMV in relation to the Matuku feature have continued to advance the Joint Venture's knowledge and understanding of the Matuku prospect and enhanced OMV's earlier conclusion the prospect is robust. It has a perceived low risk associated with the existence of the structure, presence of suitable reservoir rock and adequacy of seal. OMV's basin modelling studies further suggest the presence of a mature source kitchen (within the Kahurangi Trough to the immediate south and west of the prospect) mature for the generation of sufficient oil to provide the necessary charge to fill the prospect.

In the event of success at Matuku-1, the most likely follow up well to appraise a discovery would be sited on the northern lobe of the Matuku prospect – see the *Well Locations Map* at Figure 2. As part of the contract with Frigstad Offshore Ltd, there are contingent plans for the Kan Tan IV to drill Matuku-2 in the event of a discovery being made at Matuku-1.

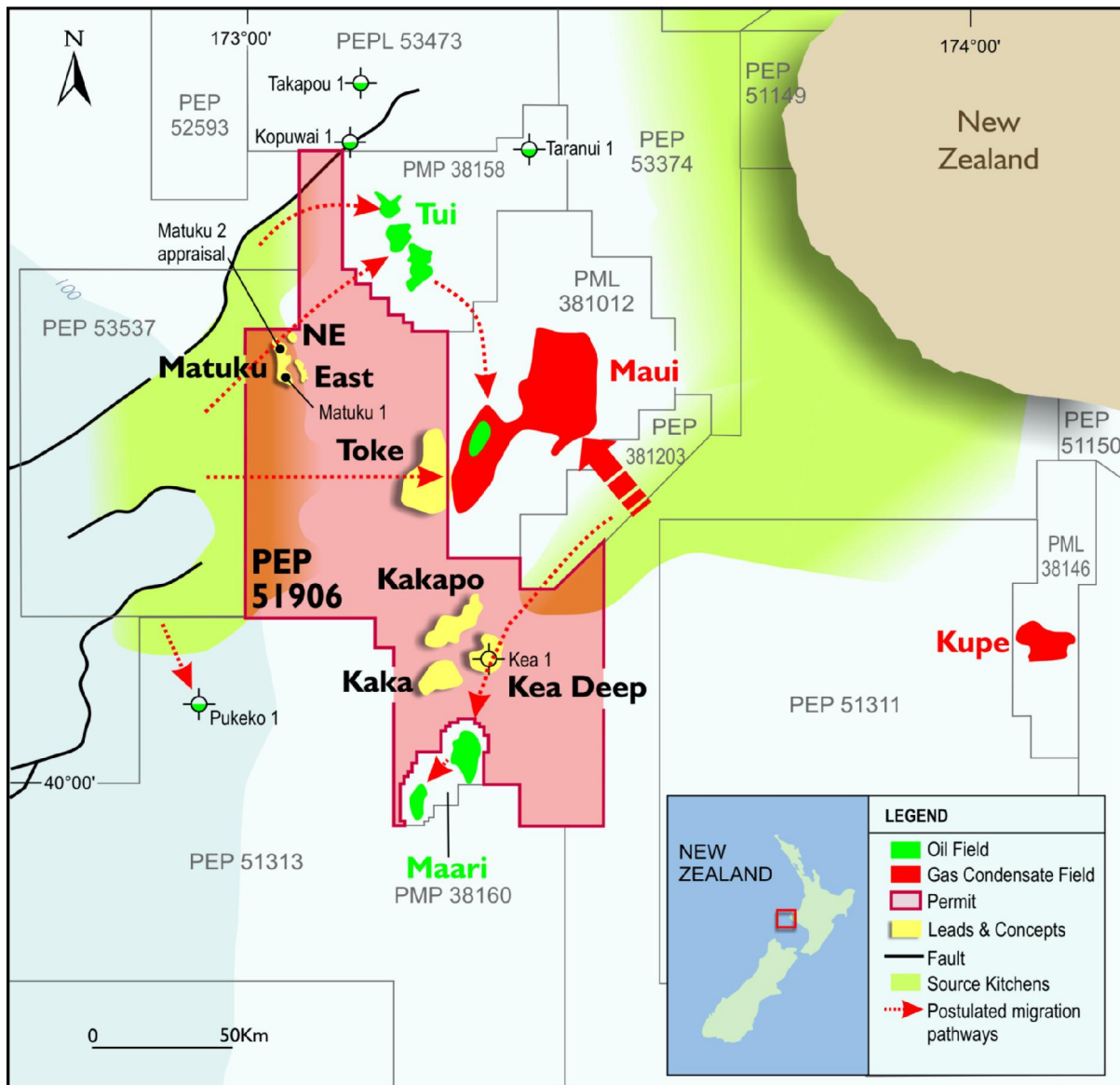


Figure 2 – PEP 51906 and Well Locations Map

Octanex, through its wholly owned subsidiary Octanex NZ Limited, holds a 22.5% participating interest in PEP 51906, with OMV holding a 65% participating interest and New Zealand Oil & Gas Limited (**NZOG**) the remaining 12.5% participating interest in the permit.

As announced on 28 November, Octanex has sold a 12.5% interest in PEP 51906 to NZOG for US\$12,500,000. The sale proceeds are payable in three tranches:

- the first, when the transfer of the permit interest receives Ministerial consent;
- the second, when all drilling consents have been received; and
- the third, when the rig is on the Matuku-1 well location.

The agreement with NZOG also includes a farmout of Octanex's interests in the adjoining PEP 53473 and PEP 52593 permits – see the *Location Map of the Octanex Taranaki Basin Permit Interests* at Figure 3. All of the agreements with NZOG are subject to their receiving the necessary Ministerial consents.

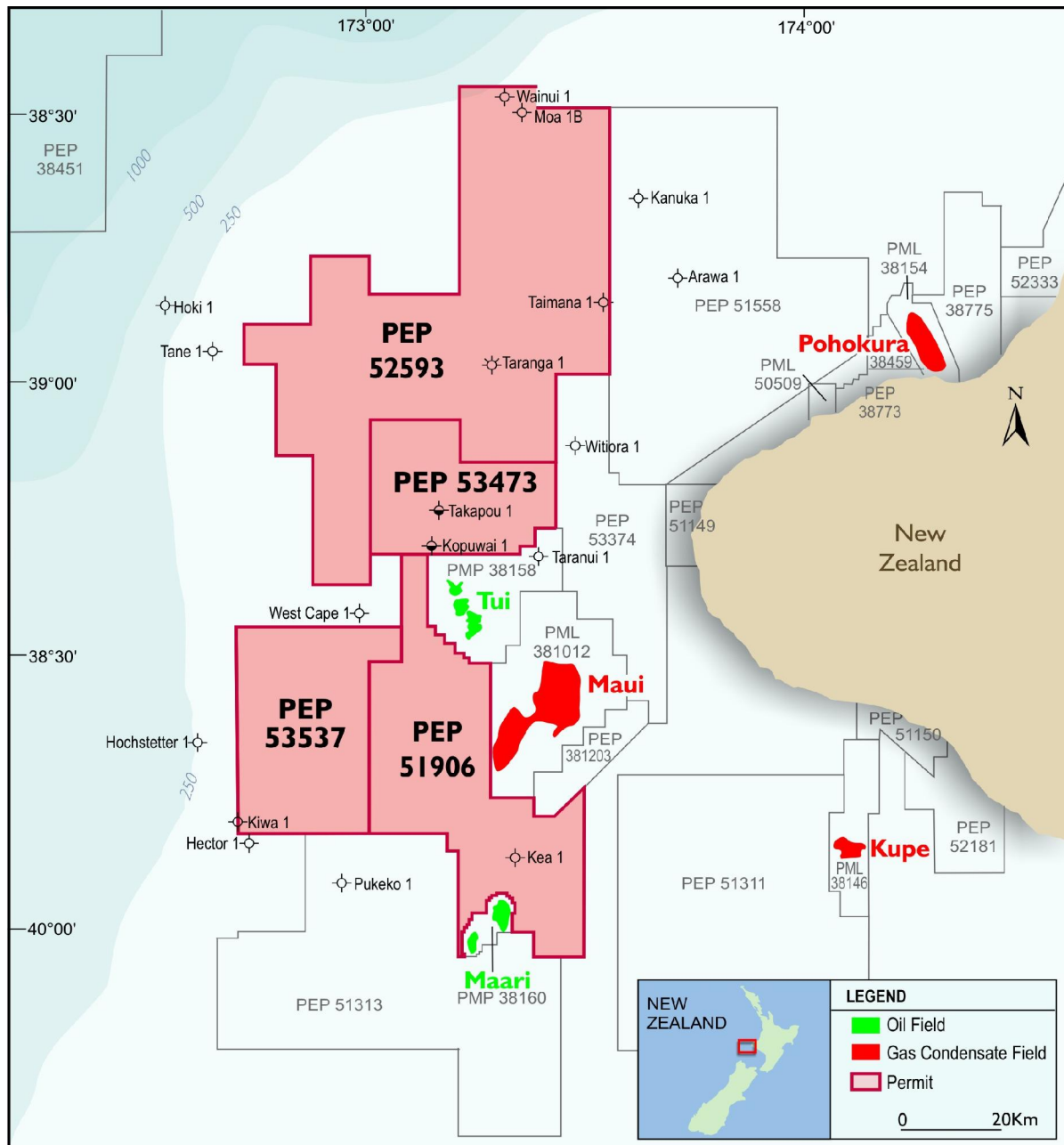


Figure 3 – Location Map of the Octanex Taranaki Basin Permit Interests

The initial farmout of the 65% interest in PEP 51906 to OMV has Octanex free carried by OMV through all phases of a new 3D seismic programme and the drilling of Matuku-1.

The more recent sale of the 12.5% interest in the permit to NZOG will not only see a significant US\$12.5M cash inflow to Octanex during 2013, but, by having the option to transfer a further 5% interest in the permit to NZOG, Octanex will also be free carried through the drilling of the Matuku-2 well, should Matuku-1 be a discovery and the follow up appraisal well drilled.

In addition to the Matuku prospect, OMV has also identified further potential follow up targets, situated to the north and east of the main Matuku feature, warranting further investigation in the event of success at Matuku-1 (Figure 2).

Octanex Comment

The successful negotiation and contracting of the Kan Tan IV semi-submersible rig by OMV is yet another milestone for the PEP 51906 Joint Venturers along the way to drilling the Matuku-1 well. The identification and maturing of the Matuku structure into a drillable prospect, OMV's commitment to Octanex to drill Matuku-1 and now the contracting of a rig, will result in that well being the first test of the potential oil accumulations within PEP 51906.

At the time the initial farmout to OMV was announced in March 2011, Octanex commented that it was *"confident OMV will be able to bring to bear a considerable amount of exploration and operational experience and knowledge regarding the hydrocarbon potential within PEP 51906"*, and so it has proved.

Octanex has always considered PEP 51906 to have the potential to contain a number of discrete oil accumulations and was therefore delighted to have secured a farminee of the substance and experience of OMV in relation to the on-going exploration of the permit. OMV had made it clear from the beginning of the Joint Venture operations it is committed to an in-depth exploration of the permit.

By Order of the BoardA handwritten signature in black ink, appearing to read 'J.G. Tuohy', written in a cursive style.

J.G. Tuohy
Company Secretary

11 December 2012