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KARORO 3D SEISMIC SURVEY COMPLETED

PEP 52593 – OFFSHORE TARANAKI BASIN

KEY POINTS:

- **Acquisition of the Karoro 3D seismic survey has been completed within the PEP 52593 permit in the offshore Taranaki Basin of New Zealand**
- **The Karoro survey follows the successful completion of the Kokako 3D seismic survey in the adjoining permit, PEP 53473**
- **The Karoro survey more than met the permit work obligation to acquire 225km² of new 3D data within PEP 52593**
- **The 3D survey was acquired by the Schlumberger vessel, *"MV Western Monarch"***
- **Octanex is being partially carried through all of the cost of the Karoro survey**

Octanex N.L. ***(ASX Code: OXX)*** (**Company**) is pleased to advise that the second new 3D seismic survey to be acquired in the Company's offshore Taranaki Basin permits has been completed. The 3D survey, named Karoro, is located within and adjacent to PEP 52593 (**Permit**) – see Figure 1: *Location Map of PEP 52593 and the Karoro 3D Survey Area*.

The Karoro survey follows the Kokako survey that was successfully completed on 21 April 2013 in the Company's adjoining permit, PEP 53473 – see Figure 2.

The Company's 50% interest in the Permit is held by its wholly-owned subsidiary, Octanex NZ Limited (**Octanex NZ**). New Zealand Oil & Gas Limited ***(ASX Code: NZO)*** (**NZOG**) holds the other 50% interest and is the Operator of the Permit, and of the PEP 52593 Joint Venture exploring the Permit.

PEP 52593 covers an area of over 3,500km² and is located to the north of PEP 51906 (in which Octanex NZ holds a 22.5% carried interest) and adjoins the northern and western boundaries of PEP 53473 (in which Octanex NZ holds a 50% partially carried interest) – see Figure 1.

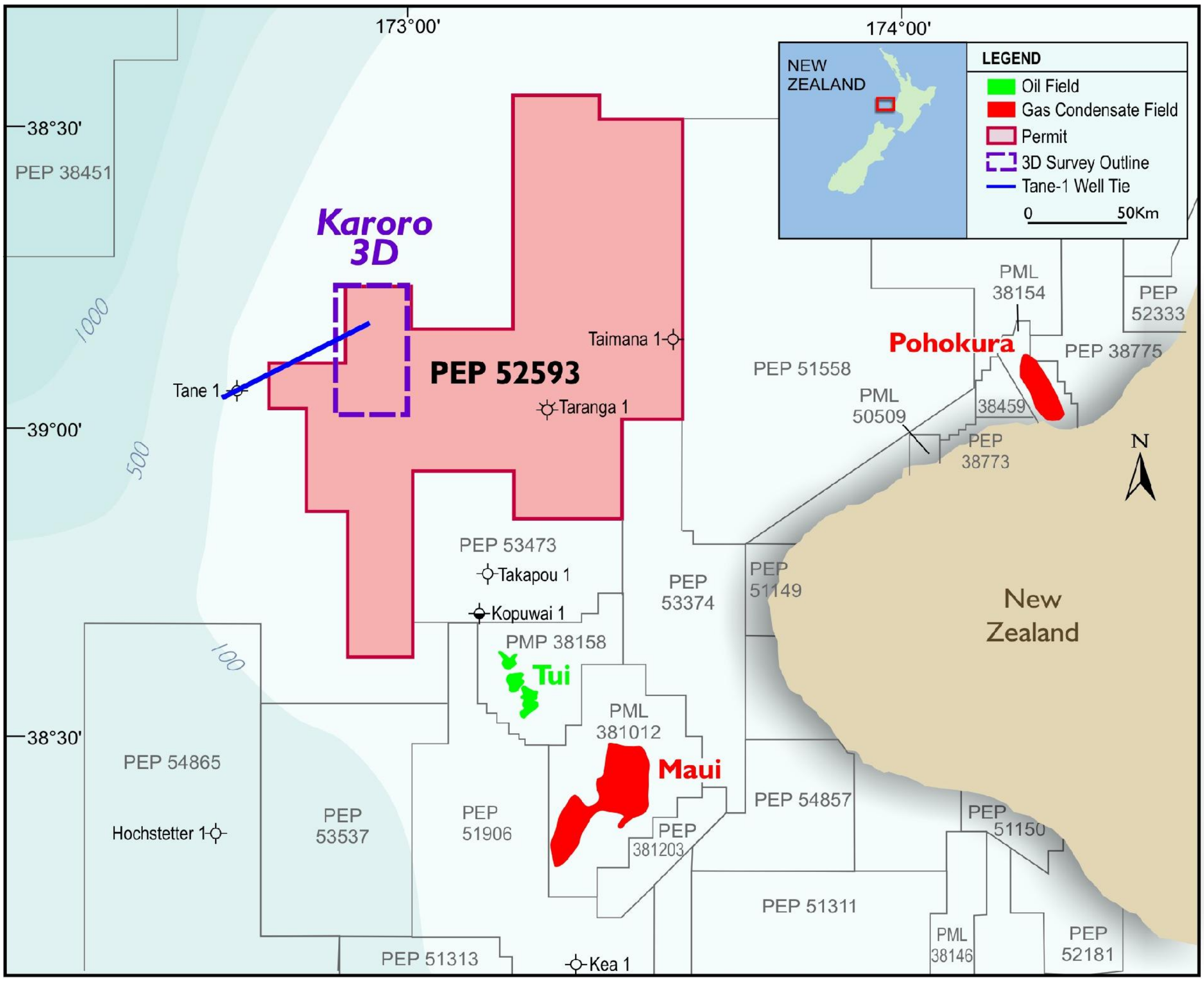

Figure 1: ***Location Map of PEP 52593 and Karoro 3D Survey Area***

The Karoro survey acquired a total of approximately 290km² of new 3D data, of which approximately 269km² is within the area of PEP 52593. A tie line to the Tane-1 well, located outside of the Permit boundary to the west, was also acquired as part of the survey – see Figure 1.

The new 3D data acquired within the Permit more than fulfils the permit work obligation of 225km² of new 3D.

The Karoro survey was acquired by the Schlumberger-owned vessel *"MV Western Monarch".* As with the previous Kokako 3D survey, the vessel utilised a 10-streamer array of 8.3km long streamers. The survey took approximately 10 days to shoot and, again like the Kokako survey, was completed on time and within budget. Additionally, no health, safety or environmental incident occurred during either survey.

Completion of the Karoro survey concludes the 3D surveying programme that Octanex and NZOG committed to for 2013.

The main focus of the Karoro 3D survey is the attractive Karoro lead identified within the northwest area of the permit – see Figure 2: *Location Map of PEP 52593 Leads and Wells*. The Karoro lead has been mapped on 2D seismic as a potential anticlinal depth closure within the extend of the North Cape Sand reservoir play that was penetrated in the nearby Tane-1 and Hoki-1 wells – see Figure 2.

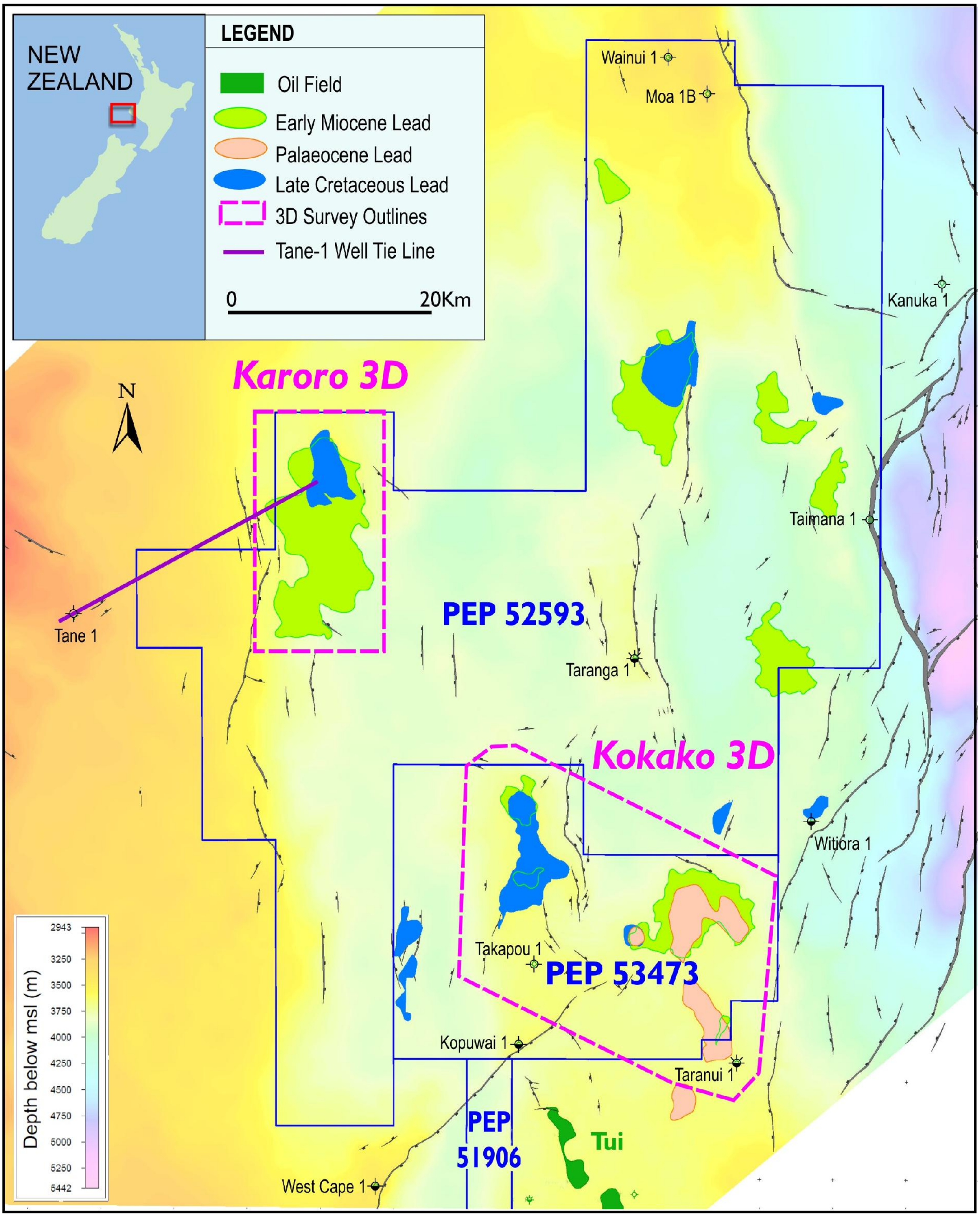

Figure 2: ***Location Map of PEP 52593 Leads (at top Kapuni F Sand horizon) and Wells***

The new 3D data is planned to assist in determining whether the Karoro lead may be a valid structural closure and whether the North Cape Sand has preserved porosity; the aim being to elevate the lead to the status of a drillable prospect.

Seismic sections, displaying the interpreted North Cape Sand horizon at the Karoro lead, are displayed below in Figures 3 and 4.

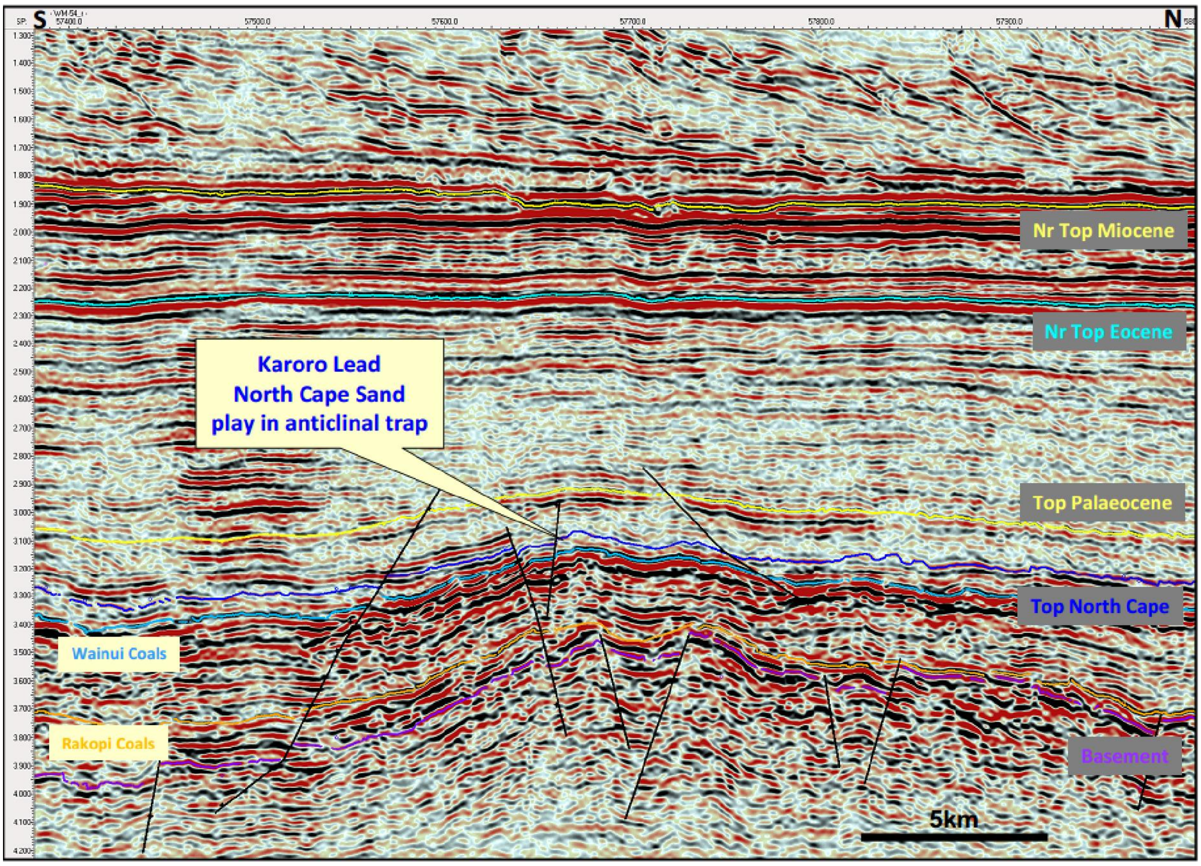

Figure 3: ***North to South seismic line over the Karoro Lead***

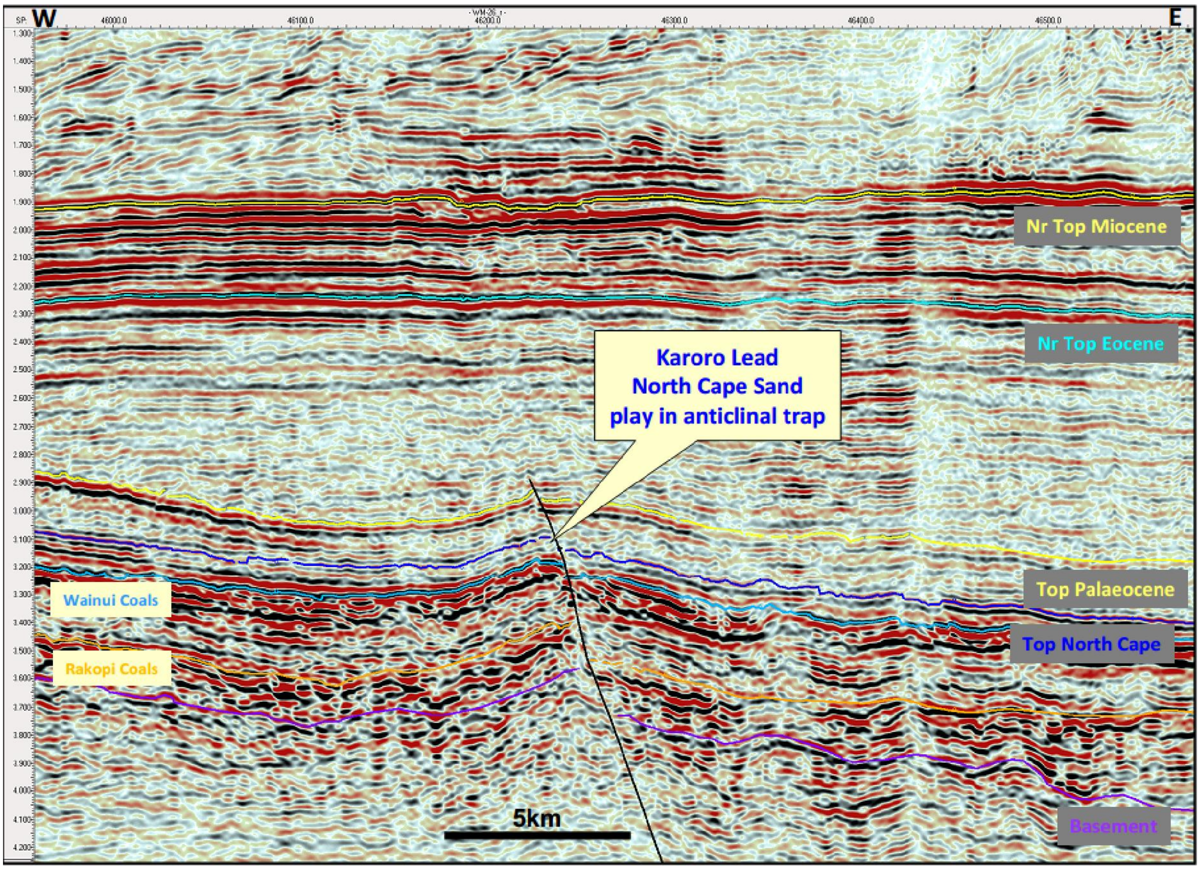

Figure 4: ***West to East seismic line over the Karoro Lead***

The PEP 52593 Joint Venture has until 31 March 2014 to process, interpret and map the required 225km^2 of new data and to build its inventory of leads and prospects.

Under the terms of the previously announced farmin agreement, Octanex NZ assigned a 50% interest in PEP 52593 to NZOG in consideration of NZOG agreeing to fund 60% of all on-going exploration costs in the Permit, until such time as the Permit is either surrendered, or a commitment is made to the Secretary of Energy to drill a well in the Permit.

Octanex NZ will therefore contribute 40% towards the costs of the Karoro 3D survey, with NZOG meeting 60% of the total costs of acquisition, processing, interpretation and mapping of the survey data.

On behalf of the Board

J.G. Tuohy
Company Secretary

2 May 2013