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

WEEKLY PROGRESS REPORT No. 14

Octanex N.L. ***(ASX Code: OXX)*** (**Company**) has been advised by Santos Offshore Pty Ltd, the Operator of the Winchester-1/ST-1 exploration well being drilled in the Dampier Sub-basin permit WA-323-P, that at 06:00 hours (WST) on Tuesday, 16 July 2013, the well was at a depth of 3730m MDRT (measured depth below rotary table) and continuing with wireline logging operations.

Operations over the last week have seen the 8½" sidetrack hole re-drill the Triassic interval sandstone reservoirs, where gas shows were also encountered in Winchester-1, and the commencement of wireline logging over the open hole section.

Planned operations over the coming week are to analyse the log data and the significance of the gas shows, run and cement in a 7" liner, perform leak-off tests and then drill ahead in a 6¾" hole.

Winchester-1/ST-1 is a sidetrack to Winchester-1. It is being drilled by the Ensco-109 jack-up rig (Figure 1), in approximately 75m of water.

Figure 1: ***The Ensco-109 Jack-up Rig***

Winchester-1/ST-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 potential reservoir zones, each associated with high amplitude seismic events (Figure 2). Winchester-1/ST-1 is located on the northeast trending Parker Terrace, representing a structural high separated from the Rankin Trend to the east.

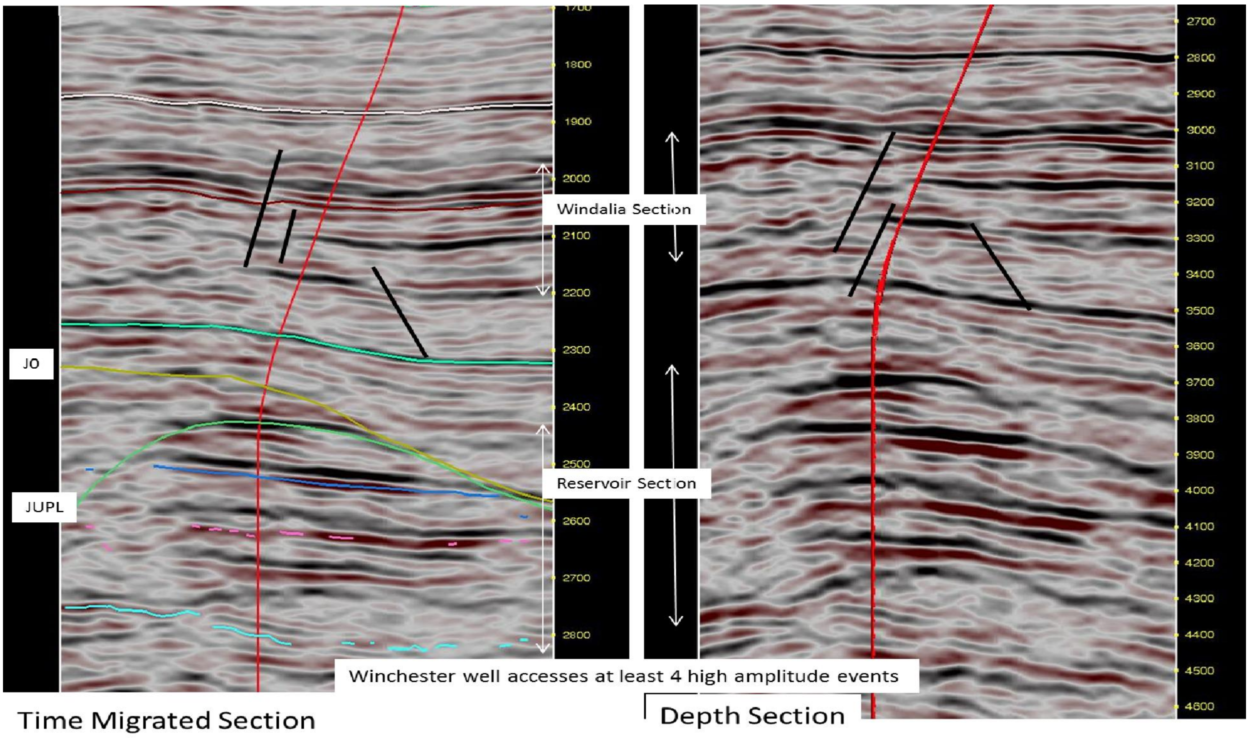

Figure 2: *Winchester-1 Well Design*

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/ST-1 at Figure 3 on the following page) and this interest has been free carried through the drilling of the Winchester-1/ST-1 well to the current depth. The Company will contribute its 25% share of the costs of drilling the 6¾" section of the well, up to a maximum of A$5,000,000.

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

16 July 2013

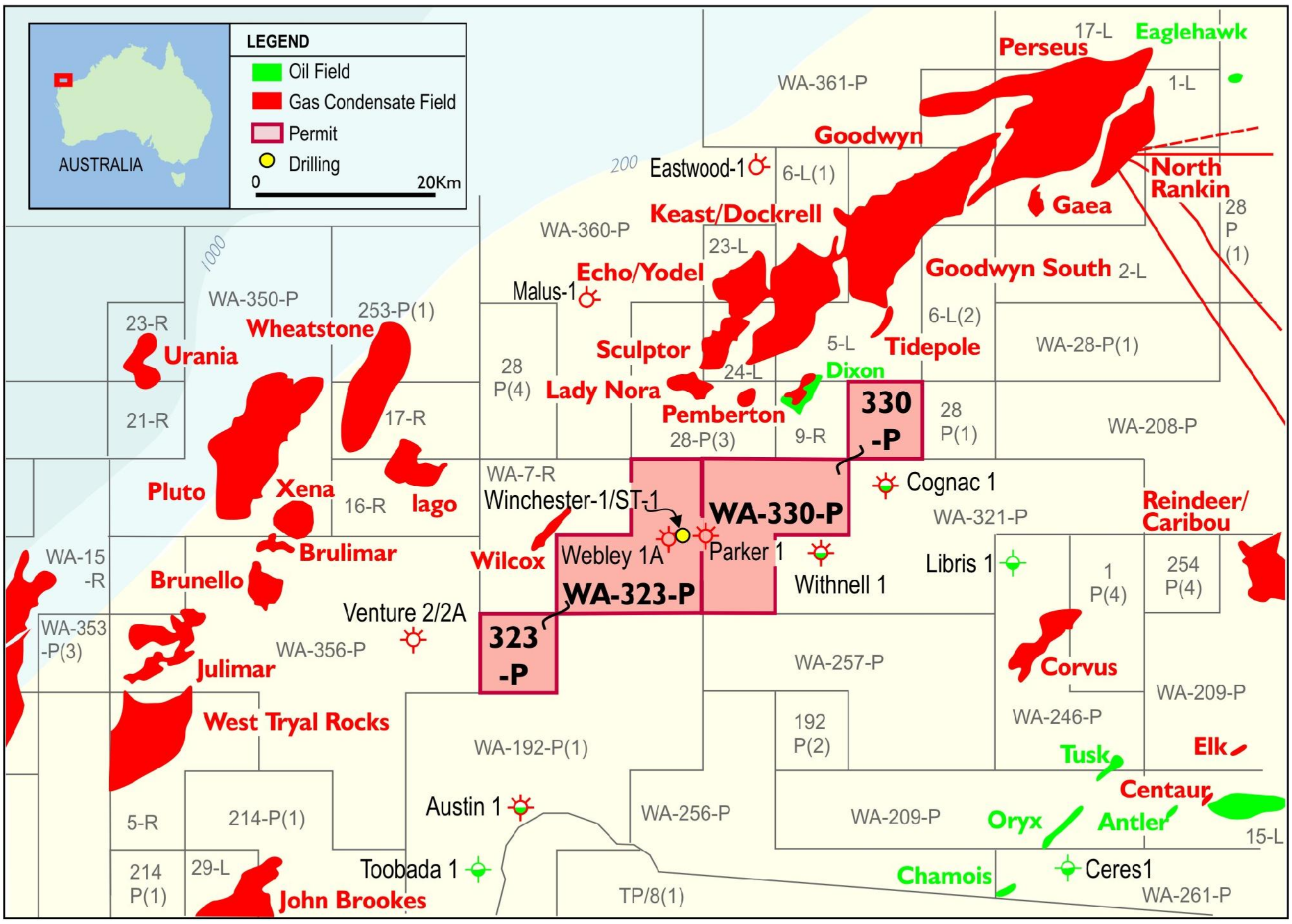

Figure 3: ***WA-323-P & WA-330-P and Winchester-1/ST-1 Location Map***