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DISCOVERY AT WINCHESTER

DEEPENING OPERATIONS UNDERWAY

KEY POINTS:

- Wireline logs, pressure data and samples have confirmed a gas discovery at Winchester-1/ST-1
- Preparations are underway to deepen the well in order to evaluate the deeper Triassic Mungaroo reservoir objectives

Octanex N.L. (ASX Code: OXX) (Octanex) is pleased to advise that data obtained from wireline logs, pressure testing and formation sampling of the Winchester-1/ST-1 exploration well, being drilled in the Dampier Sub-basin permit WA-323-P (Figure 1), have confirmed the presence of hydrocarbons encountered while drilling the Winchester-1/ST-1 sidetrack.

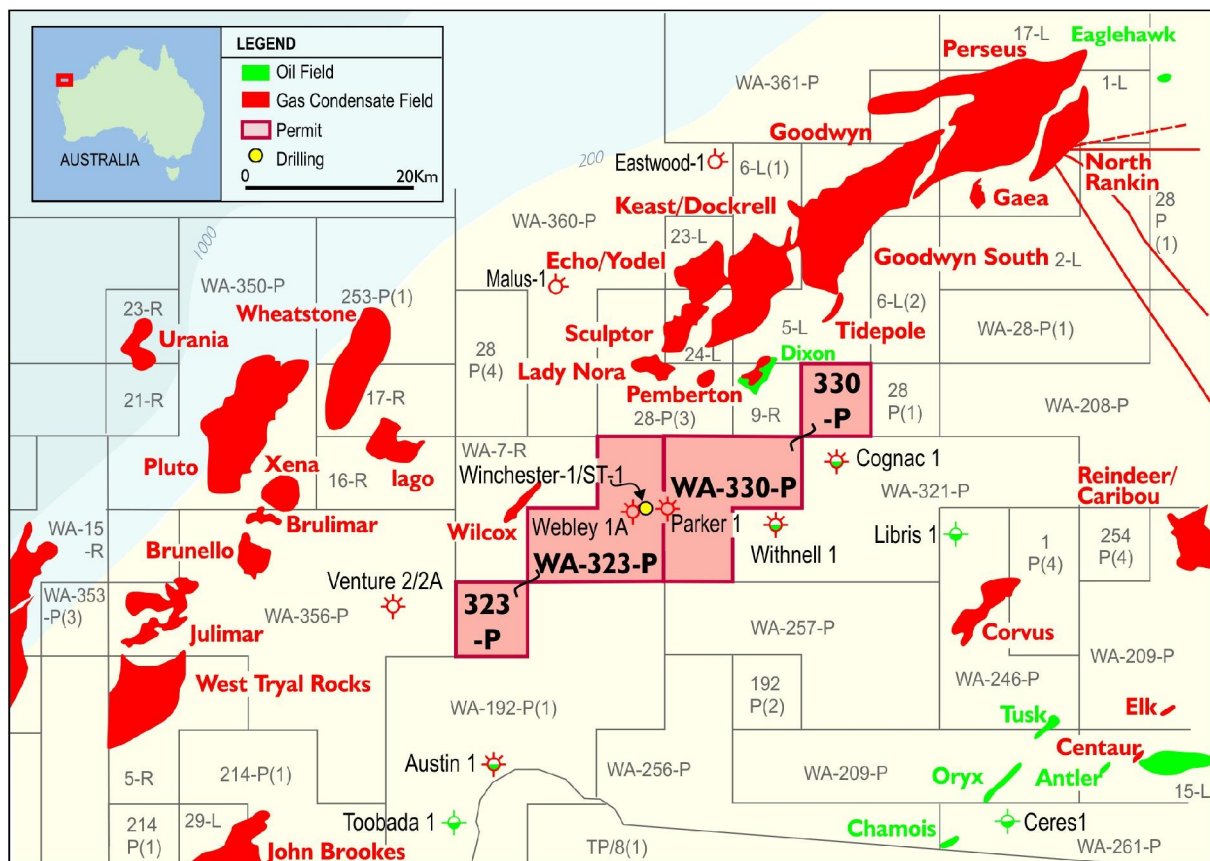


Figure 1: WA-323-P & WA-330-P and Winchester-1/ST-1 Location Map

Santos Offshore Pty Ltd (**Santos**) is the Operator of the Winchester-1/ST-1 well being drilled in approximately 75m of water by the Ensco-109 jack-up rig. The well is located on the northeast trending Parker Terrace, representing a horst block structural high separated from and situated to the southeast of the productive Rankin Trend.

The wireline logging, pressure testing and formation sampling was carried out over the 3614m to 3721m MDRT (measured depth below rotary table) logged section of the Winchester-1/ST-1 sidetrack. Octanex has been advised by Santos that the wireline logging of the section includes a 107m gross interval, containing approximately 40m of confirmed net gas pay.

The hydrocarbons were encountered in stacked sands of the Late Jurassic Angel Formation and the Late Triassic Mungaroo Formation, with sample hydrocarbons recovered to surface during the logging operations. The multiple gas samples recovered are being analysed.

Winchester-1/ST-1 is targeting the hydrocarbon potential of Triassic aged, sandstones of the Mungaroo Formation, mapped within a tilted horst structure that is sealed by onlapping and draped Jurassic claystones of the Athol and Dingo formations. The well has been designed, *inter alia*, to target stacked reservoir zones associated with a series of high amplitude seismic events (Figure 2).

Preparations are underway to deepen the Winchester-1/ST-1 sidetrack in order to drill those further potential reservoir zones.

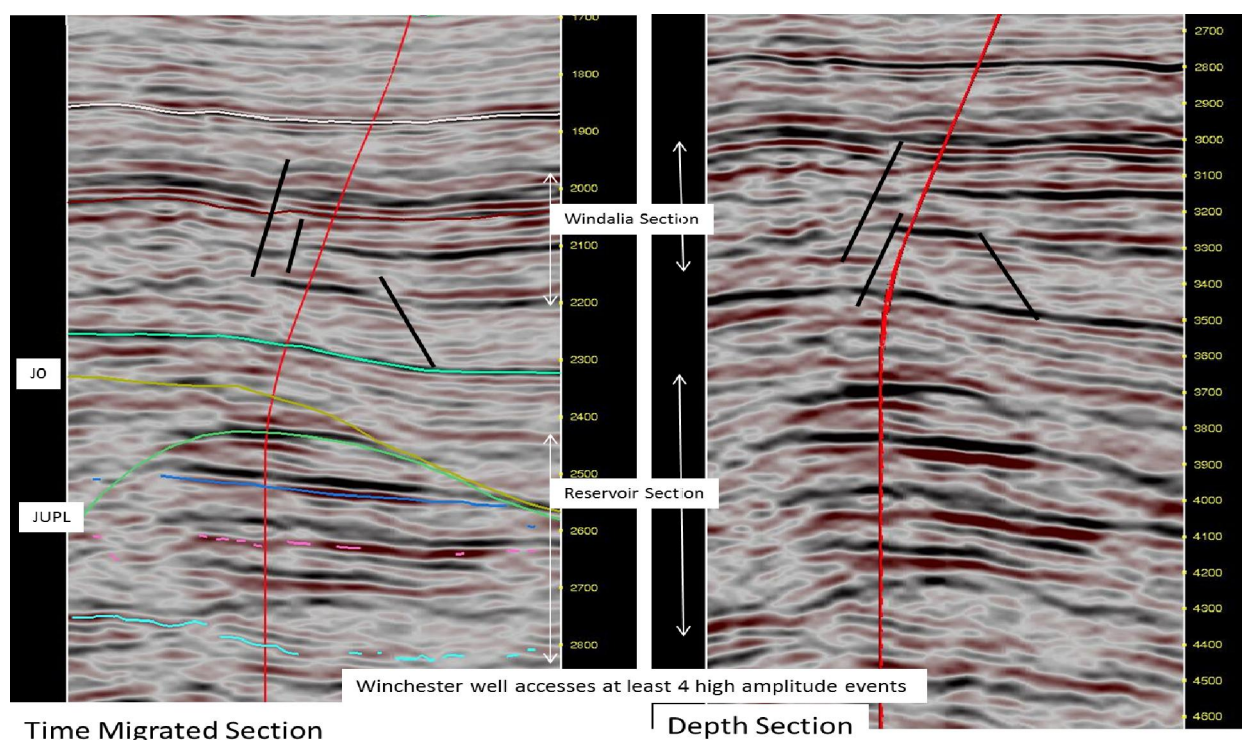


Figure 2: Winchester-1 Well Design

The Winchester discovery is well located to existing pipeline and processing infrastructure and likely future infrastructure extensions. This bodes well for commercialisation of the discovery, particularly so if the further drilling adds to the size of the resource and should it prove to be rich in gas liquids.

Octanex's wholly-owned subsidiary, Winchester Resources NL, holds a 25% participating interest in the WA-323-P and WA-330-P permits (Figure 1) and its Joint Venture. This interest has been free carried through the drilling of the Winchester-1/ST-1 well up to the end of the wireline logging operations.

Octanex has agreed to contribute its 25% share of the costs of deepening operations, up to a maximum of A\$5,000,000.

In welcoming the positive results achieved to date from drilling the initial section of the Winchester-1/ST-1 sidetrack, Octanex Chairman Geoffrey Albers commented: *"We congratulate Santos in overcoming the numerous technical challenges this well has posed and their perseverance has already paid dividends for the Joint Venture."*

"Drilling on may lead to a more substantial discovery and the results thus far have enabled the Joint Venture to agree to deepen the sidetrack to chase additional prospective reservoirs," he said. *"This will provide the opportunity to capture potential upside. We have therefore agreed to make a [capped] financial contribution with the aim of achieving that outcome,"* Mr Albers said.

In its announcement of the discovery at Winchester, the Santos Head of Exploration, Bill Ovenden, commented: *"..wireline logging has confirmed a gas discovery with excellent reservoir quality at Winchester."*

The Santos Vice President Western Australia and Northern Territory, John Anderson, also said: *"..a gas discovery at Winchester is a significant outcome, and potential commercialisation options could include the expansion of Santos' existing production through jointly owned infrastructure, or alternatively via proximal existing third party LNG infrastructure, which surrounds WA-323-P."*

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%
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Winchester Resources NL (Subsidiary of Octanex N.L. (ASX Code: OXX))	25%
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On behalf of the Board



J.G. Tuohy
Company Secretary

18 July 2013