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

WEEKLY PROGRESS REPORT No. 16

Octanex N.L. (ASX Code: **OOX**) (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, 30 July 2013, the well was at a depth of 3880m MDRT (measured depth below rotary table) and drilling ahead.

Operations over the last week have seen the 7" liner run and cemented in, with blow-out preventer testing and a leak-off test performed prior to drilling ahead in a 6" hole from 3771m MDRT.

Planned operations over the coming week are to complete drilling the 6" hole to an anticipated total depth of 4378m MDRT and then run wireline logs over the open hole section.

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.

Analysis of the log data obtained over the interval 3455m to 3771m MDRT is on-going and expected to take some weeks to complete.



Figure 1: The Ensco-109 Jack-up Rig

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). 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.

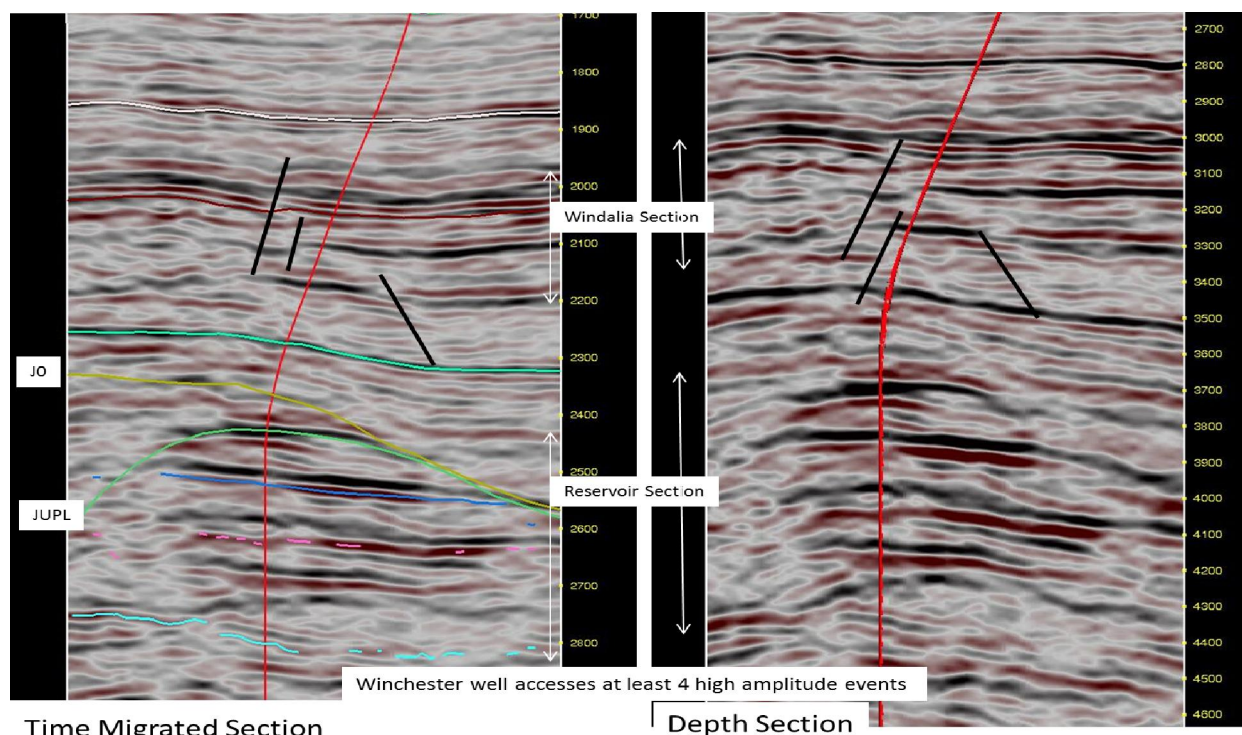


Figure 2: Winchester-1 Well Design

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). This interest has been free carried through the drilling of the Winchester-1/ST-1 well, up to commencing drilling the 6" hole. The Company will contribute its 25% share of the costs of drilling the 6" 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

30 July 2013

