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MATUKU-1 WEEKLY PROGRESS REPORT No. 4

PEP 51906 – OFFSHORE TARANAKI BASIN, NEW ZEALAND

Octanex N.L. ***(ASX Code: OXX)*** (**Company**) has been advised by OMV New Zealand Limited, the Operator of the Matuku-1 exploration well being drilled in the offshore Taranaki Basin permit PEP 51906, that at 06:00 hours (NZST) on Tuesday, 31 December 2013, the well was at a depth of 3365m MDRT (measured depth below rotary table) and drilling ahead in the 12¼" hole towards the planned section depth of approximately 3404m MDRT.

Since the last progress report on 24 December 2013, a cement plug has been set as a result of suspected junk in the hole and the well then drilled on in the 12¼" hole.

Planned operations over the coming week are to complete the 12¼" section, run and cement in the 9⅝" casing string and then carry out a leak-off test prior to drilling the 8½" hole through the zones of interest (*as detailed below*).

The well is targeting the hydrocarbon potential of the Kapuni Group Farewell Formation F sandstone reservoir (T10 sands); with sandstones of the Kapuni Group Kaimiro Formation D Sand (T20 sands) and Pakawau Group North Cape Formation (K90) being secondary targets – see the attached Figure 1 *Prospect Map* of Matuku and the well targets.

Matuku-1 is programmed as a vertical well that is being drilled by the Kan Tan IV semi-submersible rig in water depths of approximately 130m. The Operator currently intends drilling the well to a total depth (**TD**) of 4750m MDRT.

The Company's wholly-owned subsidiary, Octanex NZ Limited, holds a 22.5% participating interest in the PEP 51906 permit and this interest is being free carried by OMV through the drilling of the Matuku-1 well – see the attached Figure 2 *Location Map* for the Permit and Matuku-1.

The participants in the PEP 51906 permit and its Joint Venture are:

OMV New Zealand Limited	65.0%
Octanex NZ Limited	22.5%
Australia and New Zealand Petroleum Limited *(Subsidiary of New Zealand Oil & Gas Ltd **(ASX Code: NZO)**)*	12.5%

On behalf of the Board

J.G. Tuohy
Company Secretary

31 December 2013

Figure 1: *Matuku Prospect – 3D perspective of Target Zones*

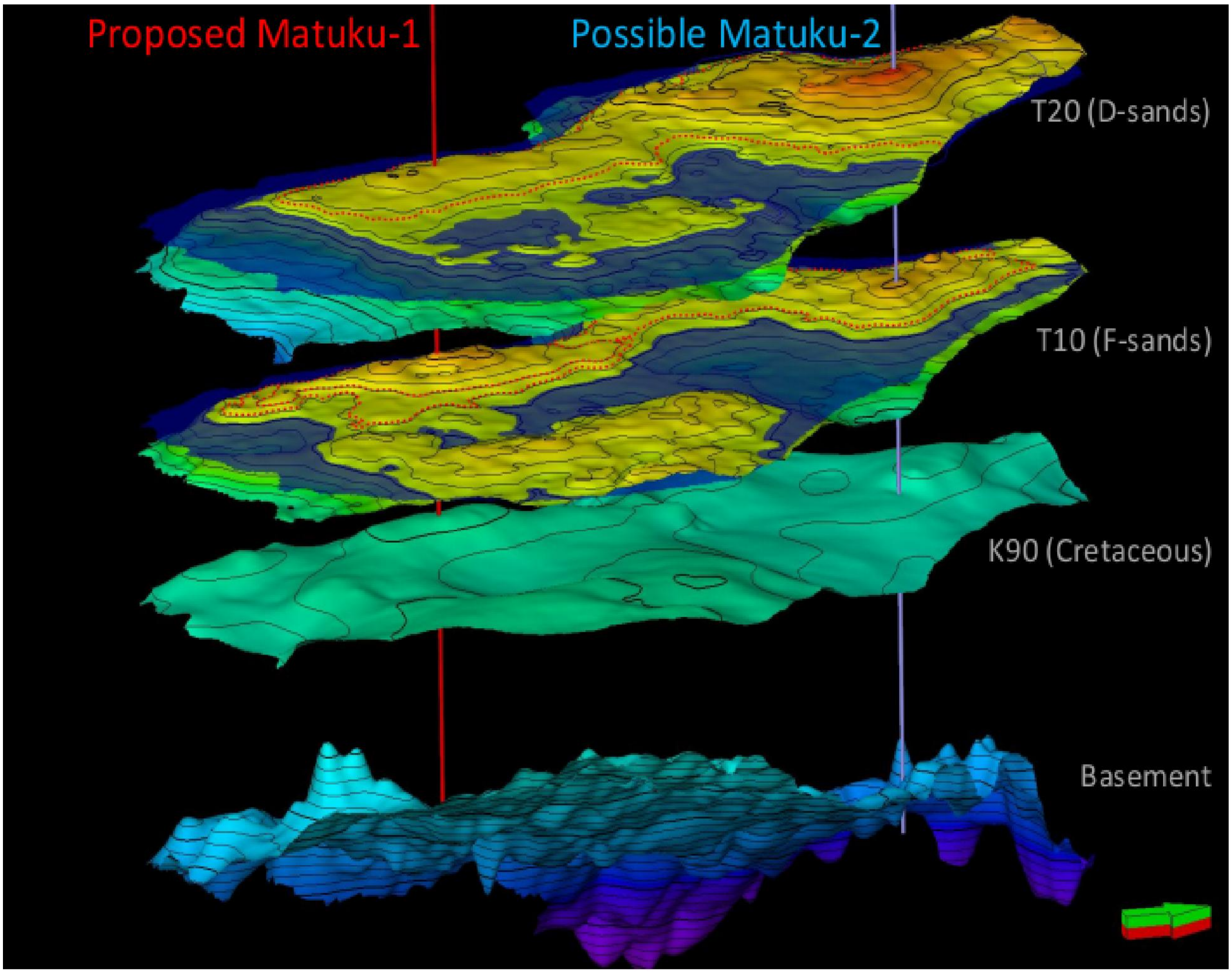

Figure 2: ***Location Map of PEP 51906 and the Matuku-1 Well***