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OMV COMMITS TO DRILL MATUKU-1

PEP 51906 – TARANAKI BASIN, NEW ZEALAND

KEY POINTS:

- **OMV New Zealand Limited (OMV) commits to Octanex to drill the Matuku prospect**
- **OMV negotiating to secure a rig to drill the Matuku-1 well in Q3/Q4 of 2013**
- **A well site survey over the Matuku-1 location is to be undertaken in December / January**
- **Octanex will be free carried through all site survey and Matuku-1 drilling operations**
- **The Matuku prospect has been confirmed by OMV, the permit Operator, as a valid structural closure**
- **In a success case, OMV estimates the mean recoverable resource for the Matuku prospect as approximately 65 million barrels.**
- **A follow up appraisal well location and further attractive targets have been identified in the permit**

Octanex N.L. (**ASX Code: OXX**) is pleased to advise that OMV has today confirmed to Octanex that it will drill the Matuku-1 well in PEP 51906. OMV has also advised Octanex of its continuing extensive search and evaluation process in an effort to secure a semi-submersible rig to drill the well. OMV is planning to drill a number of wells in the offshore Taranaki Basin, beginning in Q3 2013, with Matuku-1 to be the first well drilled in that multi-well programme.

A site survey over the expected location of the Mutuku-1 well is scheduled to be undertaken during the coming December / January period.

Under the terms of a Farmin Agreement between Octanex and OMV, OMV had to make a commitment by 19 November 2012 to drill a well within PEP 51906, or reassign its 65% participating interest to Octanex. OMV has now made that drilling commitment to Octanex and Octanex will be free carried through all of the site survey and drilling operations.

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Octanex, through its wholly owned subsidiary Octanex NZ Limited, holds a 35% participating interest in PEP 51906, with OMV holding the remaining 65% participating interest in the permit. OMV acquired its interest in PEP 51906 through a farmin to Octanex's then 100% interest in the permit.

Octanex and OMV later acquired their interests in the adjoining permit, PEP 53537, as a result of the companies jointly applying for and being granted that permit. OMV is the Operator of both PEP 51906 and PEP 53537 – they are displayed in the following *Location Map of the Octanex Taranaki Basin Permit Interests* (Figure 1).

Octanex NZ Limited holds a 100% participating interest in the other two permits in the portfolio, PEP 52593 and PEP 53473 (Figure 1).

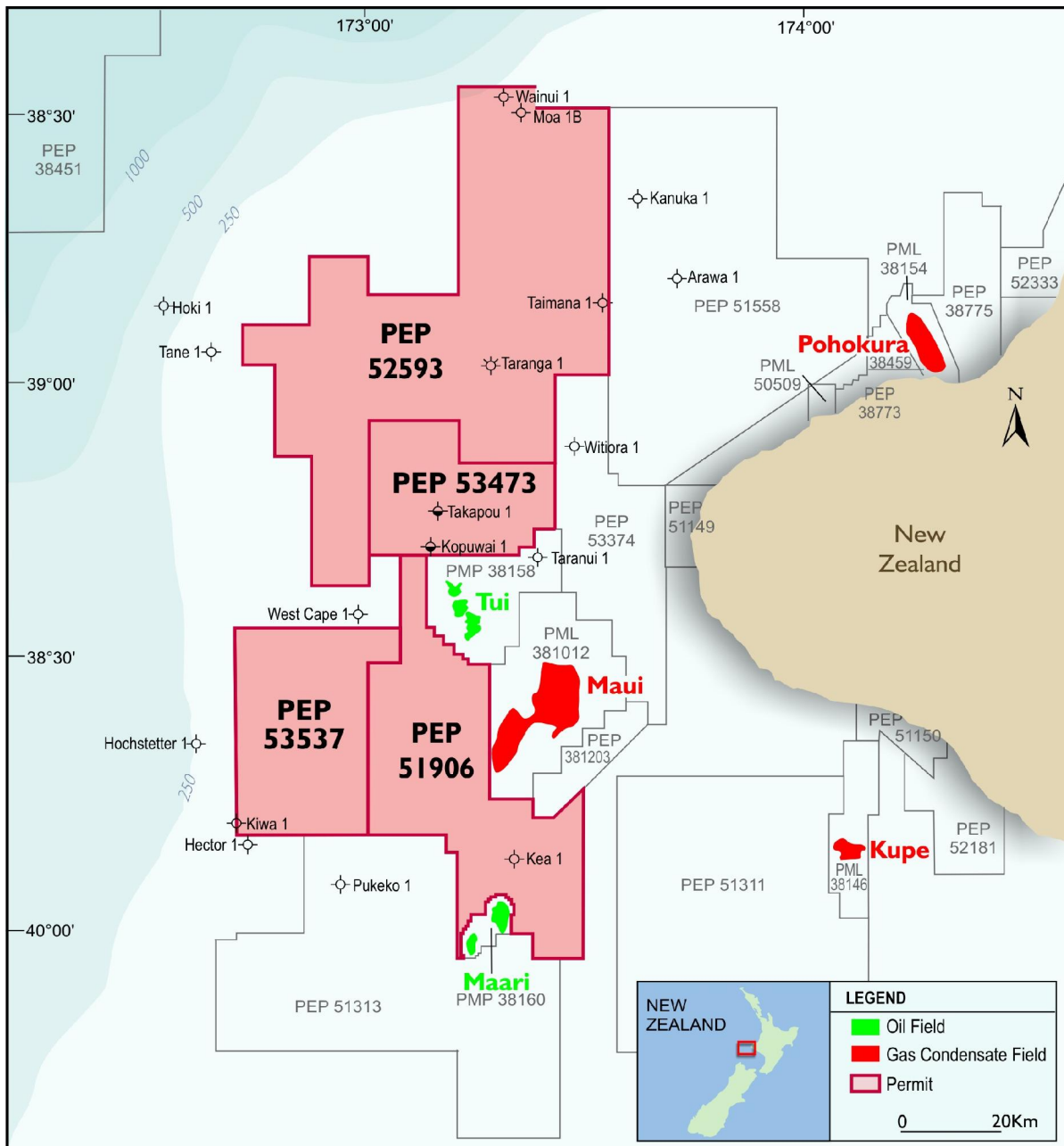


Figure 1 – Location Map of the Octanex Taranaki Basin Permit Interests

Part of the farmin terms relating to PEP 51906 required OMV (at its cost) to acquire, process, interpret and map a new 3D seismic survey over the Matuku structure within PEP 51906. OMV completed this work in early 2012. As a result of the work done on the new 3D data, OMV advised Octanex that OMV's mapping has confirmed Matuku as a valid structural closure at the target levels – see the *Matuku Prospect Seismic Profile* at Figure 2.

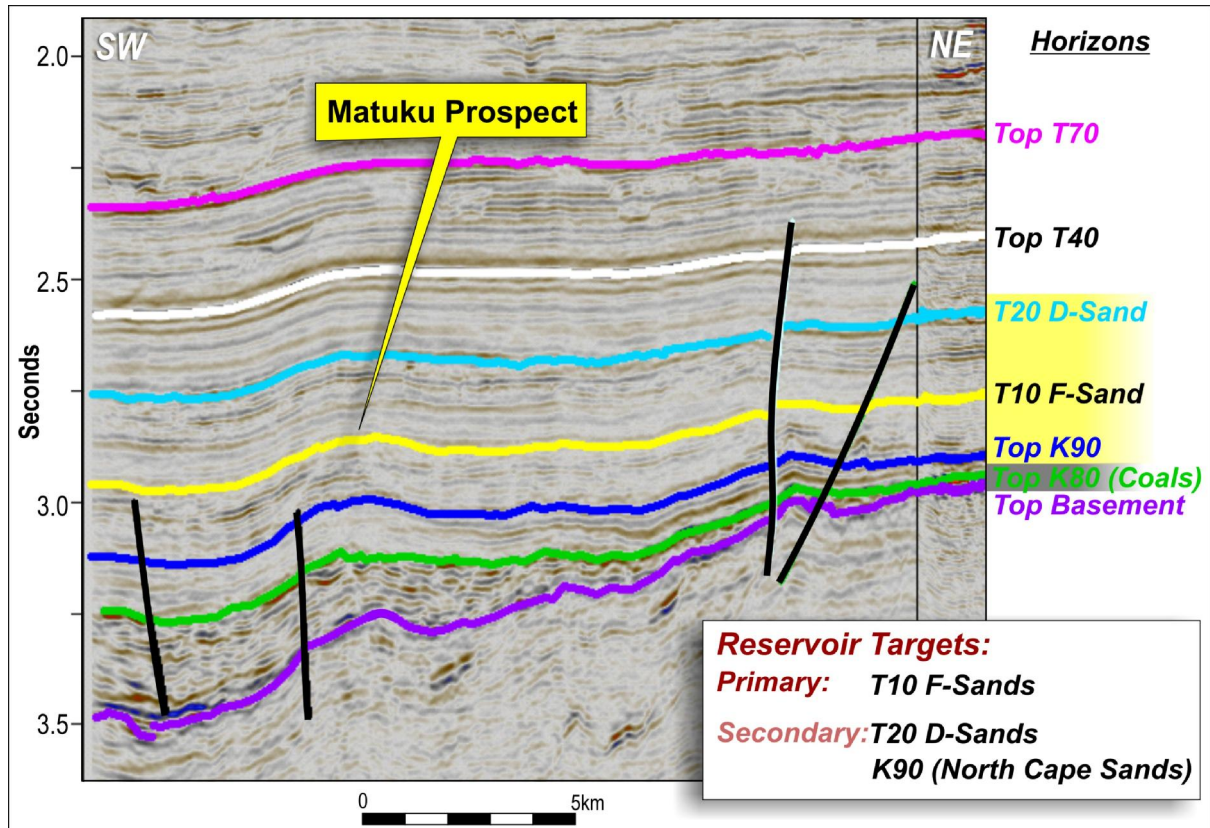


Figure 2 – Matuku Prospect Seismic Profile

In conjunction with the interpretation and mapping of the Matuku 3D data, OMV has continued a variety of studies including basin modelling, vitrinite reflectance analysis and a wide-ranging assessment of the potential for adequate reservoir within the area of the Matuku prospect. The most recent conclusions from these studies have further advanced the Joint Venture's knowledge and understanding of the Matuku prospect and enhanced OMV's earlier conclusion that the prospect is robust. It has a perceived low risk associated with the existence of the structure, presence of suitable reservoir rock and adequacy of seal.

OMV's basin modelling studies further suggest the presence of a mature source kitchen (within the Kahurangi Trough to the immediate south and west of the prospect) mature for the generation of sufficient oil to provide the necessary charge to fill the prospect.

As advised by OMV, the estimated mean recoverable resource, if there are hydrocarbons in the Matuku prospect, is approximately 65 million barrels.

The rig that is finally secured for Matuku-1 is programmed to drill the well in water depths of 135m and to a planned total depth of approximately 4850m sub-sea.

In the event of success at Matuku-1, the most likely follow up well to appraise a discovery would be sited on the northern lobe of the Matuku Prospect – see the *Matuku-1 and Potential Matuku-2 Well Locations Map* at Figure 3. There are contingent plans for the drilling of Matuku-2 in the event of a discovery being made at Matuku-1.

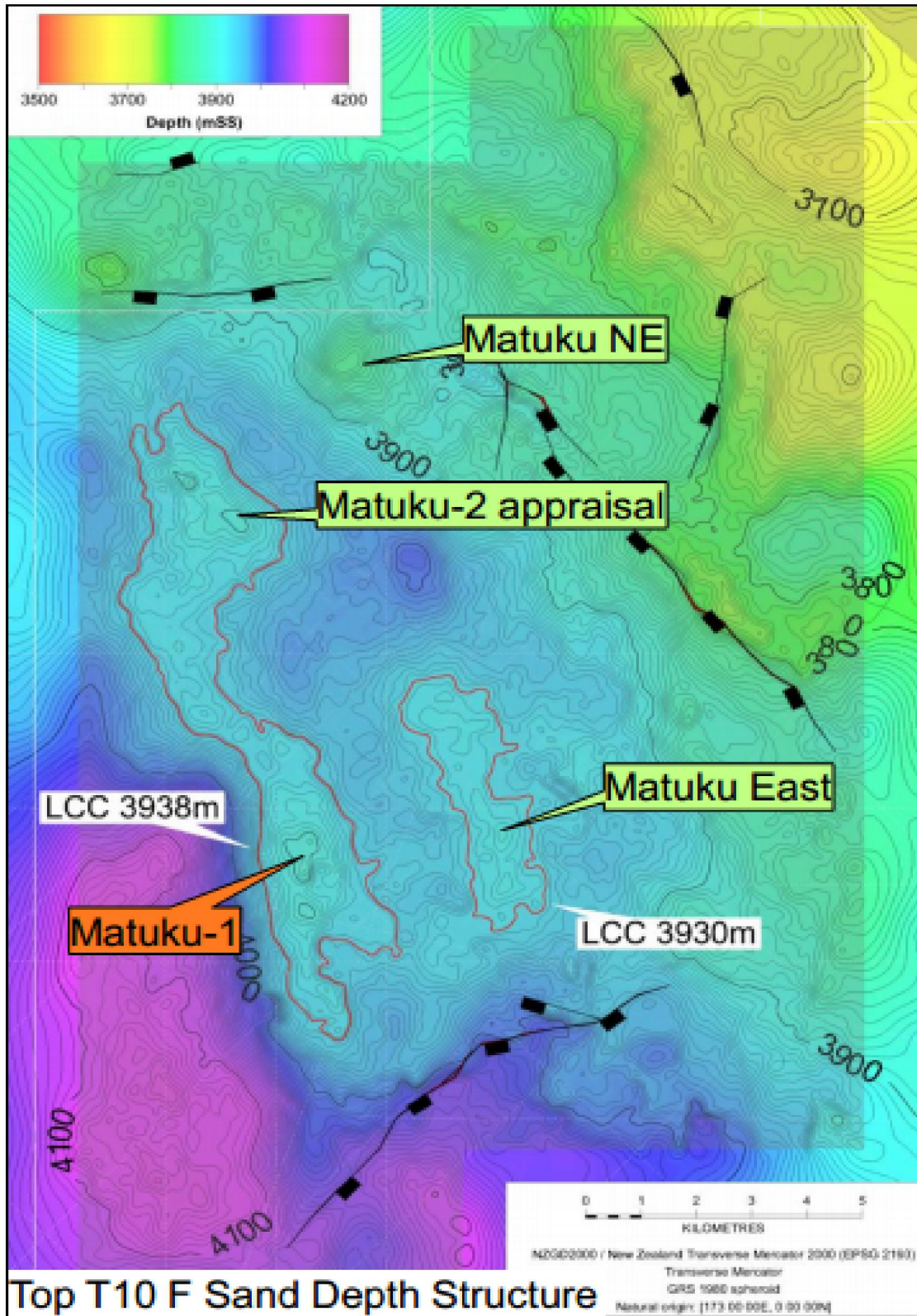


Figure 3 – Matuku-1 & Potential Matuku-2 Well Locations and follow up Targets Map

OMV has also identified further potential follow up targets, situated to the north and east of the Matuku Prospect, warranting further investigation in the event of success at Matuku-1 (Figure 3).

PEP 53537 abuts PEP 51906 (see Figure 1) and is being explored in parallel with the work undertaken in PEP 51906. As a consequence, a discovery at Matuku would have significant positive implications for the prospectivity of PEP 53537.

Octanex Comment

The commitment made by OMV to Octanex, to drill the Matuku-1 well into the Matuku prospect, is the culmination of farmout discussions that Octanex and OMV commenced late in 2010. At the time the actual farmout agreement was entered into in March 2011, Octanex commented that it was *“confident OMV will be able to bring to bear a considerable amount of exploration and operational experience and knowledge regarding the hydrocarbon potential within PEP 51906”*, and so it has proved.

Octanex has always considered PEP 51906 to have the potential to contain a number of discrete oil accumulations and was therefore delighted to have secured a farminee of the substance and experience of OMV in relation to the on-going exploration of the permit. OMV had made it clear from the beginning of the Joint Venture operations that it was committed to an in-depth exploration of the permit.

The identification and maturing of the Matuku structure into a drillable prospect, and OMV's commitment to Octanex to drill Matuku-1, will result in that well being the first test of the potential oil accumulations within PEP 51906.

By Order of the Board



J.G. Tuohy
Company Secretary

16 November 2012

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