

OCTANEX N.L.
(ABN 61 005 632 315)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (**Meeting**) of the Members of Octanex N.L. (**Company**) will be held at The Institute of Chartered Accountants in Australia on Level 3 of 600 Bourke Street, Melbourne, Victoria on Thursday 24 November 2016 commencing at 11:30am (ADST).

AGENDA

ORDINARY BUSINESS

Annual Financial Report

To receive and consider the Consolidated Financial Statements of the Company for the year ended 30 June 2016 and the reports of the Directors and Auditor thereon

Resolution 1.: Adoption of the Remuneration Report for the year ended 30 June 2016

To consider and if thought fit, to pass the following as a non-binding and advisory Resolution in accordance with section 250R of the Corporations Act:

“To adopt the Remuneration Report as included in the Directors’ Report for the year ended 30 June 2016.”

Resolution 2.: R-election of R.L Clark as a Director of the Company

To consider and if thought fit, to pass the following as an Ordinary Resolution:

“That Ms Raewyn Louise Clark, who retires as a Director pursuant to the Constitution and, being eligible, offers herself for re-election and is hereby elected as a Director of the Company.”

Resolution 3.: Re-election of G. Guglielmo as a Director of the Company

To consider and if thought fit, to pass the following as an Ordinary Resolution:

“That Mr Giustino Guglielmo, who retires as a Director pursuant to the Constitution and, being eligible, offers himself for re-election and is hereby elected as a Director of the Company.”

SPECIAL BUSINESS

Resolution 4.: Approval of Issue of Options to Ms R.L Clark or her nominee

To consider and if thought fit, to pass the following as an Ordinary Resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1,

approval is given to grant Ms R.L. Clark (or her nominee) 2,300,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.08 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum.

Resolution 5.: Approval of Issue of Options to Mr J.M.D Willis or his nominee

To consider and if thought fit, to pass the following as an Ordinary Resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Mr J.M.D Willis (or his nominee) 1,250,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.08 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum.

Resolution 6.: Approval of Issue of Options to Mr G Guglielmo or his nominee

To consider and if thought fit, to pass the following as an Ordinary Resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Mr G Guglielmo (or his nominee) 940,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.08 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum.

Resolution 7.: Approval of Issue of Options to Mr D.C Coombes or his nominee

To consider and if thought fit, to pass the following as an Ordinary Resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Mr D.C Coombes (or his nominee) 920,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.08 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum.

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Resolution 8.: Approval of Issue of Options to Datuk K. How Kow or his nominee

To consider and if thought fit, to pass the following as an Ordinary Resolution:

"That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Datuk K. How Kow (or his nominee) 880,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.08 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum.

Resolution 9.: Approval of Issue of Options to Ms S Kler or her nominee

To consider and if thought fit, to pass the following as an Ordinary Resolution:

"That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Ms S Kler (or her nominee) 880,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.08 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum.

Resolution 10.: Approval of a 10% Placement Capacity under Listing Rule 7.1A

To consider and if thought fit, to pass the following Resolution as a special Resolution:

"That for the purposes of Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company's share capital, calculated in accordance with Listing Rule 7.1A and on the terms and conditions set out in the Explanatory Memorandum, is approved."

Resolution 11.: Change of status

To consider and if thought fit, to pass the following as a special Resolution:

"That, subject to the passing of Resolutions 12 and 13, in accordance with the provisions of Section 162 of the Corporations Act 2001, the Company change its type from that of a public no liability company to that of a public company limited by shares."

Resolution 12.: Adoption of a new Constitution for the Company

To consider and if thought fit, to pass the following as a special Resolution:

"That, subject to Resolution 11 set out above and Resolution 13 set out below being passed as

Special Resolutions and being effected, that, in lieu of the present Constitution of the Company, there be adopted as the Constitution of the Company, a Constitution in the form of the proposed Constitution marked with the letter "A", a copy of which Constitution shall be tabled at the meeting and signed by the Chairman of the Company for the purposes of identification."

Resolution 13.: Reduction and Consolidation

To consider and if thought fit, to pass the following as a special Resolution:

"Subject to Resolutions 11 and 12 on this notice of meeting being passed by the requisite statutory majorities, it is hereby resolved;

- (a) *pursuant to sections 256B and 256C of the Corporations Act 2001 (Cwth) ("the Act") and the Company's Constitution, that the share capital of the Company be reduced by cancelling uncalled capital amounting to \$0.10 per share on each of the 67,078,910 ordinary shares paid to \$0.15 in the share capital of the Company ("partly paid shares) (or such lesser numbers of such shares as may be extant at the time of the passing of this Resolution), without any return of capital or other distribution being made in relation to any of such shares, **AND THAT***
- (b) *simultaneously with the reduction of share capital pursuant to (a) coming into effect pursuant to the Act, the 67,078,910 ordinary shares paid to 15c (or such lesser number referred to in (a)) shall thereupon be consolidated into 40,247,346 ordinary fully paid shares ranking pari passu with the existing ordinary fully paid shares of the Company (or such other number of shares which shall result from the consolidation of each member's shareholding of such shares), on the bases that each five partly paid shares held by any member shall be consolidated into three shares, with any fractional entitlement to a share to which any member may become entitled resulting from such consolidation, being rounded up to the next whole share.*

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act

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NOTES

Requisite majorities

Resolutions 1 through 9 are Ordinary Resolutions and will be passed only if supported by a simple majority of the votes cast by Shareholders entitled to vote on the Resolutions.

Resolutions 10-13 are special Resolutions and will be passed only if supported by 75% of the votes cast by Members present and eligible to vote at the Meeting.

Voting exclusion statements

Resolution 1 - Remuneration Report

A vote may not be cast (in any capacity) on Resolution 1 by or on behalf of any of the following persons:

- (a) a member of the *Key Management Personnel*, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of a member of the Key Management Personnel.

However, a person described in (a) or (b) may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- (d) the vote is not cast on behalf of a person described in (a) or (b).

Resolution 4 – Grant of Options to RL Clark

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 3 on by Ms RL Clark and any Associate of Ms Clark within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 – Grant of Options to JMD Willis

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 5 by Mr JMD Willis and any Associate of Mr Willis within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 – Grant of Options to Mr G Guglielmo
In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 6 on by Mr G Guglielmo and any Associate of Mr Guglielmo within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (c) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the Shareholder expressly authorizes the Chairman to vote in accordance with the Chairman's stated voting intentions.

Resolution 7 – Grant of Options to Mr D Coombes

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 7 on by Mr D Coombes and any Associate of Mr Coombes within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (e) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (f) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the Shareholder expressly authorizes the Chairman to vote in accordance with the Chairman's stated voting intentions.

Resolution 8 – Grant of Options to K How Kow

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of

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ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 8 on by Datuk K How Kow and any Associate of Datuk How Kow within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (g) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (h) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the Shareholder expressly authorizes the Chairman to vote in accordance with the Chairman's stated voting intentions.

Resolution 9 – Grant of Options to Ms S Kler

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 6 on by Ms S Kler and any Associate of Ms Kler within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (i) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (j) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the Shareholder expressly authorizes the Chairman to vote in accordance with the Chairman's stated voting intentions.

The Chairman of the Meeting intend to vote all undirected proxies in favour of Resolutions 4, 5, 6, 7, 8 and 9.

Resolution 10 – 10% Placement Capacity

The Company will not disregard a vote if it is cast as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

At the date of the Notice the Company had not approached any Member or an identifiable class of

Members to participate in the issue of equity securities. No Member's vote will therefore be excluded under the voting exclusion statements in the Notice.

Members should be aware that the Directors and their Associates may not participate in the placement of any equity securities pursuant to this Resolution by virtue of the restrictions contained in LR 10.11 relating to placements of securities to related parties.

Resolution 13 - Reduction and Consolidation

In accordance with the provisions of section 256C(2) of the Corporations Act 2001 no votes are to be cast in favour of this resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates.

Accordingly no member holding any partly paid shares, and no Associate of any member holding any partly paid shares shall be entitled to vote on this resolution. However, the Company will not disregard a vote if:

- i. it is cast by any such person as a proxy for a member who is entitled to vote on the resolution in accordance with the directions on the proxy form; or
- ii. it is cast by the person chairing the Meeting (the Chair) as proxy for a member who is entitled to vote on the resolution where the Chair or any of the Chair's Associates hold partly paid shares and the proxy form directs how the proxy is to vote on the resolution and the Chair votes in accordance with those directions on the proxy form.
- iii. it is cast by the person chairing the Meeting (the Chair) as proxy for a member who is entitled to vote on the resolution and neither the Chair nor any of the Chair's Associates hold any partly paid shares and the direction on the proxy form is a direction to the proxy to vote in accordance with the directions thereon or otherwise as the proxy decides.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

By order of the Board

OCTANEX N.L.



Robert Wright
Company Secretary
20 October 2016

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Explanatory Notes to the Business of the Meeting

Note 1: Annual Financial Report of the Company

The Consolidated Financial Statements and related reports for the last financial year are contained in the Company's 2016 Annual Report and will be laid before the Meeting. While no Resolution is required, Members are encouraged to ask questions of the Directors and the Auditor and make comments on the Consolidated Financial Statements and reports.

The Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2016, (or his representative) will attend the Meeting. The Chairman will also allow a reasonable opportunity for Members to ask the Auditor questions about the:

- (a) conduct of the audit;
- (b) preparation and content of the Auditor's Report;
- (c) accounting policies adopted by the Company in relation to the preparation of the Consolidated Financial Statements; and
- (d) independence of the Auditor in relation to the conduct of the audit.

To assist the Directors and the Auditor in responding to questions, please submit your questions by mail to Octanex N.L., Level 21, 500 Collins Street, Melbourne 3000 or by fax to +61 (0)3 8610 4799 or by email to admin@octanex.com.au so they are received by no later than 5:00pm (ADST) on Thursday, 17 November 2016, being five (5) business days prior to the Meeting.

As required under section 250PA of the Corporations Act, at the Meeting the Company will distribute a list setting out the questions directed to the Auditor that have been received in writing from Members, being questions the Auditor considers relevant to the content of the Auditor's Report or the conduct of the audit of the Consolidated Financial Statements for the year ended 30 June 2016. The Chairman will allow reasonable opportunity for the Auditor to respond to the questions set out in this list.

Note 2: Resolution 1 - Remuneration Report

The Remuneration Report, which is included in the Directors' Report section of the Company's 2016 Annual Report, will be laid before the Meeting. While the Resolution to adopt it is not binding on the Company or the Directors, Members are encouraged to ask questions and make comments on the Remuneration Report. You should also note that the following voting restrictions apply in relation to voting on the Remuneration Report.

Note 3: Resolutions 2 and 3 - Re-election and election of Directors

The Company's Constitution (**Constitution**) requires that at every Annual General Meeting one third of the Directors (other than the Managing Director) shall, by rotation, retire from office and provides that such Director or Directors are eligible for re-election. Ms Clark and Mr Guglielmo retire by rotation and are seeking re-election at the Meeting. The Directors, other than Ms Clark and Mr Guglielmo, unanimously recommend all Members vote in favour of the re-election of Ms Clark and Mr Guglielmo. Biographical information for each of Ms Clark and Mr Guglielmo can be found in the Company's annual report and on the company's website: www.octanex.com.au.

Note 5: Resolutions 4,5,6,7,8 and 9: Proposed grant of options to each of Ms Clark, Mr Willis, Mr Guglielmo, Mr Coombes, Datuk Kow How and Ms Kler or their respective nominees

Background

The Company does not pay directors fees to directors and the Board believes that the grant of Options to the Directors in Resolutions 4 to 9 is reasonable and appropriate and constitutes an important incentive for Directors.

The Board considers that the grant of the Options is a cost effective method of aligning the interests of Directors and shareholders whilst maintaining the Company's cash reserves.

Terms of options

The proposed terms of grant of options are as follows:

- (a) The option entitles the holder to subscribe for one ordinary share in Octanex N L (ABN 61 005 632 315) (**the Company**) upon the payment of an amount of \$0.08.
- (b) The option will lapse at 5.00pm (ADST) on 24 November 2019 (**Expiry Date**).
- (c) The options are not transferable to any person other than an Associate of the grantee (within the meaning of the Corporations Act 2001) without the prior approval of the Board of Directors of the Company.
- (d) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option or in the payment of any dividend without having exercised the option prior to the record date to determine entitlements to any such entitlements or distributions.
- (e) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of

the issued capital of the Company, the options will be re-organised in respect to number and exercise price as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

- (f) The option shall be exercisable at any time during the period ending on or before the Expiry Date (**Exercise Period**) by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the optionholder accompanied by an Option Certificate or Holding Statement and a cheque made payable to the Company for the subscription monies for the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the optionholder to the balance of the options held by him.
- (g) The Company shall allot the resultant shares and deliver a statement of shareholdings with a Holders' Identification Number within 5 business days of exercise of the options.
- (h) The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

Application of Listing Rules 10.11 and 10.13

In compliance with Listing Rules 10.11 and 10.13 the following information is provided in relation to Resolutions, 4, 5, 6, 7, 8 and 9 on the Notice of Meeting.

- (a) The names of the grantees of the Options are as set out in Resolutions Resolutions 4, 5, 6, 7, 8 and 9;
- (b) The maximum number of Options which will be issued under Resolution 4 is 2,300,000 options. The maximum number of Options which will be issued under Resolution 5 is 1,250,000 options. The maximum number of Options which will be issued under Resolution 6 is 940,000 options. The maximum number of Options which will be issued under Resolution 7 is 920,000 options. The maximum number of Options which will be issued under Resolution 8 is 880,000 options. The maximum number of Options which will be issued under Resolution 9 is 880,000 options. In aggregate, a total of 7,170,000 options will be granted under Resolutions 4, 5, 6, 7, 8 and 9.
- (c) The date by which Octanex will issue the Options will be will be not later than 24 December 2016 which is not later than one (1) month after the date of the Meeting.
- (d) The grantees of the Options the subject of Resolutions 4, 5, 6, 7, 8 and 9 are each

directors of Octanex as named in the Resolutions (or their respective nominees who will be their respective Associates within the meaning of the Corporations Act).

- (e) The Options are issued free of cost as incentive Options. The exercise price of each Option is \$0.08.
- (f) No funds will be raised by the grant of the Options.
- (g) A voting exclusion for each Resolution is included in the Notice of Meeting.

In relation to each of Resolutions 4, 5, 6, 7, 8 and 9, if approval is given by such Resolution to grant options to the director named in such Resolution (or to that director's nominee) under Listing Rule 10.11 further approval to grant such options is not required under Listing Rule 7.1.

The options proposed to be granted have been valued based on current share prices using Black Scholes binomial model. That valuation has determined a value of \$0.0111 for each option with total values as shown in the table below:

Name of Director	No. of Options	Black Scholes Valuation
RL Clark	2,300,000	\$25,534
JMD Willis	1,250,000	\$13,877
G Guglielmo	940,000	\$10,435
DC Coombes	920,000	\$10,213
K How Kow	880,000	\$9,769
S Kler	880,000	\$9,769
Total	7,170,000	\$79,597

Separate from director's remuneration various director related entities received payment for services provided on normal commercial terms and conditions as set out in note 20 to the Annual Financial Statements.

Each named Director holds existing securities in the capital of the Company as follows.

Name of Director	No. of Fully Paid Shares held	No. of Partly Paid Shares held	No. of Options* held
RL Clark	57,551	Nil	2,000,000
DC Coombes**	165,000	41,500	500,000
JMD Willis**	2,398,130	1,198,752	500,000
G Guglielmo	3,000,000	200,000	
K How Kow	50,000		
S Kler	50,000		

* exercisable at \$0.1534 expiry 15 October 2018

Option Valuation

The valuation of the options as at 14 October 2016 using a binomial model shows a value per option of \$0.0111 per option, based on the following assumptions:

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- the current share price of \$0.04;
- an exercise price of \$0.08;
- the options being granted on 25 November 2016 and expiring on 24 November 2019;
- a risk free rate of 1.55% for Commonwealth Treasury Bond yields with a maturity approximating the expiry date of the options.
- a volatility factor of 72% calculated by reference to the average volatility of various other relevant companies.

Recent market prices of Octanex shares on ASX

During the 90-day period to 30 September 2016, the shares traded in a range of \$0.03 to \$0.04 per share. Volume weighted average share price ("VWAP") for various periods are set out below:

VWAP Period	VWAP	Volume	Value Traded \$
7 Day	\$ 0.0337	111,000	3,743
30 Day	\$ 0.0326	501,000	16,348
60 Day	\$ 0.0326	513,700	16,752
90 Day	\$ 0.0342	623,100	21,294

Related Party Requirements of Chapter 2E of the Corporations Act 2001

The requirements of Section 219 of the Act as set out in Chapter 2E thereof require that certain information must be provided to members to enable them to vote in relation to each of the Resolutions to be put to the meeting.

Each Director named in the Resolution proposing the grant of options to that Director has an interest in the outcome of that Resolution. The nature of the financial benefit which may be obtained by each of the named Directors as related parties of the Company is that those Directors (or their nominees) will be granted the options which have values as summarised above.

It is important for members to recognise that for the value in the related party benefit constituted by the grant of the options to be realisable by the optionholder, that the options must be exercised as they are, generally, not transferable.

The acquisition by any person of options does not change voting power. That voting power will only change in accordance with changes in the relevant interests in shareholdings of any member or of those of his associates.

Director's recommendations

The Corporations Act requires in Section 219, inter alia, that, in relation to each director of the company, it must be set out herein:

- (h) if the director wanted to make a recommendation to members about the proposed Resolution—the recommendation and his or her reasons for it; or
- (a) if not—why not; or
- (b) if the director was not available to consider the proposed Resolution—why not.

Accordingly the following information is provided. Insofar as each Resolution relating to the issue of options to the specific Director named in the Resolution is concerned, that Director in each case refrains from making any recommendation on the outcome of that Resolution because that Director is interested in the outcome of the Resolution.

Mr Albers, who is not being granted any options under any of the Resolutions, is qualified to make a recommendation and he recommends to members that they vote in favour of each of the Resolutions proposing the grant of options to the named Directors.

Mr Albers makes this recommendation because he recognises that Octanex requires that the Board are focussed as a cohesive team on value creation and that it is in the interests of all members of Octanex that all directors have incentives to create value for all members in which they themselves have the capacity to potentially benefit. Mr Albers notes that the exercise price of the options is above the market value of a fully paid share in Octanex and that, for the options to have any significant value to the named Directors, the price for Octanex fully paid shares as reflected by trading on ASX must exceed the exercise price of \$0.08.

Notwithstanding the above, and that Mr Albers and his Associates intend to vote in favour of the grant of such options to each such Director, all of the directors believe that the members should consider the matters set out herein when deciding how to vote on each of the Resolutions.

ADDITIONAL INFORMATION

The directors are not aware of any other information that:

- (a) is reasonably required by members in order to decide whether or not it is in the Company's interests to pass each of the proposed Resolution; and,
- (b) is known to the Company or to any of its directors;

that has not previously been disclosed either direct to members or generally to the market in accordance with the Company's continuing disclosure obligations under the Listing Rules of ASX.

Note 4: Resolution 10 - 10% Placement Capacity under Listing Rule 7.1A

Under Resolution 10, the Company is seeking Members' approval of a Special Resolution to renew the Company's capacity to issue the maximum number of additional equity securities permitted under ASX Listing Rule 7.1A. This Listing Rule (LR) permits the placement of new equity securities (calculated in accordance with LR 7.1A.2) of up to 10% of the number of fully paid ordinary shares (**Shares**) in the Company on issue 12 months before the issue date or the date of

agreement to issue the additional equity securities (**10% Placement**). As Resolution 10 is a Special Resolution, it requires approval of 75% of the votes cast by Members present and eligible to vote at the Meeting. The 10% Placement may comprise any equity securities as defined by ASX Listing Rules.

As at the date of the Notice, the Company has not issued any equity securities under LR 7.1A.2 pursuant to the approval provided by Members at the 2015 Annual General Meeting.

Eligibility criteria

Under LR 7.1A an eligible entity may, subject to shareholder approval by way of special Resolution, make such a 10% Placement in addition to the 15% new issue capacity available to ASX-listed entities under LR 7.1. An eligible entity for the purposes of LR 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is not included in the S&P/ASX 300 Index and has a market capitalisation of significantly less than \$300 million, so is an eligible entity.

Placement capacity under Listing Rule 7.1A

As at the date of this Notice, the Company had 299,544,471 ordinary shares on issue of which 202,465,561 were fully paid. Therefore, in addition to any equity securities it can issue under LR 7.1, if Resolution 10 is approved, the Company will have capacity to issue up to 20,246,556 equity securities under LR 7.1A, being up to 10% of the 202,465,561 fully paid ordinary shares presently on issue. However, the number of equity securities that may be issued under LR 7.1A may increase beyond 20,246,556, as the actual number of fully paid shares on issue may increase by the date of any issue that may be made should Resolution 11 be approved.

Minimum issue price

In accordance with LR 7.1A, equity securities issued under the 10% Placement can only be issued at a price that is equivalent to not less than 75% of the volume weighted average price (**VWAP**) of the Company's equity securities of the same class calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- the date on which the issue price of the equity securities is agreed; or
- the issue date (if the equity securities are not issued within five trading days of the date on which the issue price is agreed).

Placement period

Shareholder approval of the 10% Placement under LR 7.1A is valid from the date of the Meeting until the earlier to occur of:

- 12 months after the date of the Meeting; and
- the date of approval by Members of a transaction under LR 11.1.2 (a significant change to the nature or scale of activities) or LR 11.2 (disposal of main undertaking), or such longer period if allowed by ASX. (The approval of Members to the 10% Placement under LR 7.1A will cease to be valid in the event that Members approve a transaction under LR 11.1.2 or 11.2.)

Shareholder approval under LR 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or it is included in the S&P/ASX 300 Index at some time during the placement period; provided the Company meets the criteria under LR 7.1A on the date of the Meeting.

Dilution to existing shareholdings

If Resolution 10 is approved by Members and the Company issues equity securities under the 10% Placement, there is a potential risk of economic and voting dilution to existing Shareholders as a result.

Further, as the market price of the equity securities may be significantly lower on the issue date of the 10% Placement than on the date of approval at the Meeting, and because equity securities may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on current market prices.

The economic dilution will reflect that existing Shareholders who do not participate in the 10% Placement will have their underlying economic interests in the Company's assets diluted pro rata to the dilution in their shareholdings.

Additionally, as the issue price of any equity securities issued under the 10% Placement capacity may be at a discount to the equivalent VWAP of the Company's Shares traded over the 15 trading days prior to their issue price being set or the equity securities being issued, a further economic effect of such a placement may be a reduction in the market price or value of their then existing equity holding in the capital of the Company. Whether such a reduction in market price or value occurs, and if so for how long it continues, will depend on factors not presently known, including the purpose for which the 10% Placement may be made. The converse outcomes may also occur.

It is not possible to set out further economic effects which may arise from the 10% Placement, as they are unknown in advance of such a placement being made.

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Details of all issues of equity securities by Octanex during the 12 months preceding the date of the meeting as required by Listing Rule 7.3A6.

No equity securities were issued by Octanex during the 12 months preceding the date of the meeting, however, in December 2015 7,200,000

partly paid shares became fully paid shares through the voluntary payment of the unpaid amount of \$0.10 on each share, and in February 2016, 3,000,000 shares held by the trustee of the Octanex Trustee Share Scheme became fully paid following the purchase of those shares.

Table showing various hypothetical scenarios as required by Listing Rule 7.3A.2

As required by LR 7.3A.2, the table below shows a number of hypothetical scenarios for the 10% Placement where Variable "A" in the formula in LR 7.1A.2 (representing the Company's share capital) has increased by either 50% or 100% and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of this Notice.

DILUTION				
Variable "A" in LR 7.1A.2 is presently 225,265,561 fully paid shares		10% Placement Issue Price \$0.02 (being a 50% decrease from current Share Price)	10% Placement Issue Price \$0.04 (being the current Share Price)	10% Placement Issue Price \$0.08 (being a 100% increase in Issue Price above current Share Price)
Current Capital comprises 299,544,471 shares No increase in capital.	Number of Shares	20,246,556	20,246,556	22,526,556
	Funds raised (excluding capital raising costs) ¹	\$404,931	\$809,862	\$1,576,859
Variable A remains 202,465,561 fully paid shares 50% increase in capital ² to 449,316,707 shares by issue of 149,772,236 fully paid shares. Variable A increases to 352,237,797 fully paid shares	Number of Shares ^{2 3}	35,223,780	35,223,780	35,223,780
	Funds raised ¹	\$704,476	\$1,408,951	\$2,465,665
100% increase in capital ² to 599,088,942 shares by issue of 299,544,471 fully paid shares.	Number of Shares ³	50,201,003	50,201,003	50,201,003
	Funds raised ¹	\$1,004,020	\$2,008,040	\$3,514,070

¹ Rounded to nearest whole dollar

² All Shares placed are fully paid.

³ No of Shares rounded to nearest whole Share

The table has been prepared on the following hypothetical assumptions but the Company does not represent the assumptions will necessarily occur:

- the Company issues the maximum number of Shares available under the 10% Placement.
- any increase in Variable A (being the Company's issued share capital at the time of issue under the 10% Placement) is due solely to an issue of fully paid Shares which is an exception in LR 7.2; for example a pro-rata rights issue. However, a 15%

placement under LR 7.1 does not increase Variable "A" for the purposes of calculating the placement capacity under LR 7.1A. It should be noted that Variable A could increase as a result of the partly paid shares trading under ASX Code OXXCB becoming fully paid or the Trustee Shares referred to in Note 15 to the Company's Financial Statements being sold by the Trustee as fully paid shares or by the exercise of any options granted or agreed to be granted by the Company.

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- the table shows only the effect of issues of fully paid shares under LR 7.1A, not under the 15% placement capacity available to ASX listed entities under LR 7.1.
- the table does not show the dilution that may be caused to any particular Shareholder by reason of placements of Shares under LR 7.1A, based on that Shareholder's holding at the date of the Meeting. For instance, Shareholders will have different outcomes depending on whether or not they participate in a pro-rata issue which has the effect of increasing Variable "A"; and
- the current price for fully paid shares is assumed to be \$0.04, being the price on 13 October 2016 when this Notice was prepared.

Purpose of the 10% Placement

The Company may seek to issue equity securities under the 10% Placement:

- at a cash issue price, in which case the Company would use the funds for existing projects, to fund new venture opportunities, as working capital generally or for other corporate purposes; or
- for a non-cash consideration, such as for the acquisition of new assets or investments, subject to any applicable ASX requirements.

In either case, the cash issue price or the value of the non-cash consideration must comply with the minimum issue price noted above.

The most probable purpose of a 10% Placement will be to fund ongoing working capital generally or, if the Company should make any acquisition(s), fund or partially fund such acquisition(s).

If equity securities under the 10% Placement are issued for a non-cash consideration then the Company will provide, and release to the market, a valuation of the non-cash consideration that demonstrates the issue price of the equity securities under the 10% Placement complies with the requirements of LR 7.1A. Such a valuation may be provided by an independent expert or by the Directors, provided in the latter case the Directors have appropriate expertise to value the relevant non-cash consideration and the report contains a similar level of analysis and is of a similar standard to an independent expert's report.

Allocation policy

The allottees of any equity securities to be issued under the 10% Placement capacity have not yet been determined. However, the allottees of equity securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

No priority of application will be accorded to existing shareholders and, unless the 10% Placement was made with disclosure, the allottees will be excluded offerees under section 708(8), 708(10) or 708(11) of the Corporations Act.

Subject to the above provisos, the Company will determine the allottees and the manner of their selection at the time of the issue of the 10% Placement, having regard for the following factors:

- the purpose of the issue of equity securities;
- alternative methods for raising funds available to the Company at that time including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of equity securities on the control of the Company;
- the circumstances of the Company including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisors (if applicable).

Recommendation

As at the date of the Notice containing these Explanatory Notes, the Company has no plans to raise additional capital utilising the 10% Placement authority provided by Resolution 10. However, many eligible resource companies are, as a matter of corporate prudence, seeking to obtain this form of available shareholder approval to enable capital raisings to be made, if appropriate, during the 12 months following the Meeting. Accordingly, Members' approval of Resolution 10 is considered prudent.

The Directors believe Resolution 10 will provide the Company with the flexibility to raise capital quickly if advantageous terms are available or if required for funding the Company and where doing so is in the best interests of the Company.

The Directors unanimously recommend that all Members vote in favour of Resolution 10.

Note 5: Resolutions 11, 12 & 13 – Change of status, adoption of a new constitution and reduction and consolidation of share capital

Resolution 13 proposes that Octanex's share capital be restructured by cancelling the uncalled amount of 10c per share on each of the 67,078,910 ordinary shares paid to 15c in the share capital of the Company ("partly paid shares") and that such resultant shares then be consolidated into 40,247,346 ordinary fully paid shares ranking pari passu with the Company's presently issued

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ordinary fully paid shares. Each five partly paid shares will convert into three fully paid shares.

This proposed cancellation and consolidation of share capital is proposed in conjunction with a change of company type under which Octanex proposes to change from a No Liability company to a Limited Liability company (Resolution 11).

Your Board considers that such a change is appropriate in order to facilitate the expansion of Octanex's operations and its change of emphasis from a company focussed on exploration activities to a company focussed on pre-development and development of assets.

Details of Fully and Partly Paid Shares on Issue

Octanex has the following issued shares all of which are listed on ASX. These are:

- (a) 232,465,561 fully paid ordinary shares trading under ASX code OXX;
- (b) 67,078,910 partly paid ordinary shares trading under ASX code OXXCB.

These shares have been progressively issued for cash and in exchange for assets and other instruments since incorporation of the Company. Having regard only to shares issued for cash;

- 100,681,077 of the 232,465,561 fully paid ordinary shares have been issued for an aggregate issue price of \$12,701,558, being an average of \$0.1262 (12.62 cents).
- All of the 67,078,910 partly paid shares were issued at a price of \$0.25, with an amount of \$0.15 paid up on each, with an amount of \$0.10 remaining outstanding.

The partly paid shares have thus had more cash paid up on each of them than the average fully paid share issued for cash. This has been a factor in the formulation of the Proposal.

The Proposal also seeks to maintain the goodwill of our shareholders. There is a high degree of commonality of ownership between fully paid shares and partly paid shares. 85% of the partly paid shares are held by members also holding fully paid shares in the Company.

Terms of Partly Paid Shares

Save in relation to voting, the rights of a holder of a partly paid share are the same as those of the holders of a fully paid share, including equal participation in dividends and all distributions and reductions of capital, on the same terms as fully paid shares.

The terms of the Octanex partly paid shares include the right only to pro rata voting.

As announced to ASX on 16 September 2015, calls on the amount outstanding will not be made until after *First Oil* is produced at the Ophir field, offshore Malaysia, or 31 December 2018, whichever is earlier.

Reasons Underlying the Proposal

No Liability companies are an Australian creation made to facilitate capital raising by mineral exploration companies. While No Liability companies are well understood and commonly used for exploration activities in Australia, they are not known or understood elsewhere.

A fundamental restriction on the activities of No Liability companies is that No Liability companies are restricted to activities which fall within the definition of "*mining purposes*" as defined in the Corporations Act. "Mining Purposes" includes the exploration for hydrocarbons.

Three primary factors underlie the Proposal. These are

- (a) the continued evolution of Octanex's activities away from exploration activities to a focus on pre-development and development assets.
- (b) the expansion of Octanex's activities beyond those activities falling within the definition of "*mining purposes*".

In this context, as Octanex's activities broaden it will become further involved in activities beyond the restrictive scope of "mining purposes". As a consequence, change from No Liability type to Limited Liability type becomes necessary to avoid breach of the Corporations Act.

- (c) the broadening of the area of Octanex's operations to South East Asia, where the status and nature of No Liability companies are not understood.

Having regard to the above issues, the Directors consider that it is appropriate that Octanex converts to the status of a public company limited by shares (a Limited Liability company).

Independent Directors recommend you vote in favour of the proposal

The Independent Directors' recommendations in relation to this Proposal are set out in detail in this memorandum.

Four of Octanex's directors (Mr E G Albers, Mr JMD Willis, Mr G Guglielmo and Mr D C Coombes) or their Associates, hold both fully paid and partly paid shares and abstain from making any recommendation in relation to the Proposal.

Those Directors (Ms RL Clark, Mr KK How and Ms SK Kler), who do not hold partly paid shares, and whose Associates do not hold partly paid shares ("**Independent Directors**"), each consider themselves qualified to make recommendations in relation to the Proposal.

Each of the Independent Directors recommends that members vote in favour of Resolutions 11, 12 and Resolution 13, which must be passed as a Special Resolution for the Proposal to be implemented. Details of their recommendations and the reasons for those recommendations are set out below.

Perceived advantages and disadvantages to Octanex of implementation of the proposal

Advantages: Perceived advantages to Octanex from implementation of the Proposal are:

- (a) Octanex's capital structure is simplified.
- (b) The difficulties associated with operating as a company with No Liability status, which is a concept unknown outside Australia, are removed.
- (c) The scope and range of Octanex's future activities will no longer be limited strictly to mining purposes and it will have legal capacity to fully engage in any activities which it is appropriate for it to engage in.
- (d) There will be no change in voting power or voting power of any individual shareholder
- (e) By reducing the total number of shares on issue the asset backing of each share increases.
- (f) Seeks to maintain the goodwill of our shareholders. There is a high degree of commonality of ownership between fully paid shares and partly paid shares. 85% of the partly paid shares are held by members also holding fully paid shares in the Company

Disadvantages: The cancellation of the uncalled capital may affect the capacity of Octanex to raise funds from the holders of partly paid shareholders by making calls.

However, the Independent Directors consider this potential disadvantage to be largely illusory. As holders of partly paid shares in Octanex, as a No Liability company, are not legally obliged to pay calls, they will only do so if it is in their interests to do so. Realistically, for any holder of partly paid

shares to be prepared to pay any call, the price of a fully paid share at the time of the call being made would need to exceed the amount of the uncalled capital by a reasonable margin to induce any partly paid shareholder to pay any call.

If the partly paid shares were called and forfeited, and then offered for sale at auction, it is likely that buyers of those forfeited shares would not buy them unless it was advantageous for them to do so. Forfeited shares sold at auction as fully paid shares would not sell for a price in excess of the then current share price and may only be saleable at a discount to the current share price for fully paid shares. Equally possible, if trading in the fully paid shares is illiquid, the forfeited shares may not be saleable at a price acceptable to Octanex as vendor, or at all.

In the opinion of each of the Independent Directors, the advantages to Octanex of the Proposal being implemented outweigh the disadvantages of the Proposal being implemented.

Perceived advantages and disadvantages to members of implementation of the proposal

As well as affecting Octanex as an entity, the Proposal also, separately, affects the holders of fully paid shares, and the holders of partly paid shares.

Advantages for fully paid shareholders of implementing the Proposal:

The advantages for fully paid shareholders of implementing the Proposal are perceived as follows:

- (a) The dividend and distribution rights of the existing holders of fully paid shares increase in value. This is because partly paid shares rank equally for dividends and distributions with fully paid shares, as if they were fully paid. The Proposal will result in 67,078,910 partly paid shares being consolidated into 40,247,346 fully paid shares (subject to rounding of fractions), thus reducing the number of shares on which dividends may be payable by 26,831,564.

This could be of significant value to fully paid shareholders should Octanex be in a position to pay dividends or distributions of any kind. It is not possible to quantify such advantage (if any) at present.

- (b) The net asset backing of all fully paid shares will effectively increase if the Proposal is implemented. Again, this could be of significant value to fully paid shareholders.

- (c) There will be no change in voting power in relation to the consolidation of the partly paid shares.
- (d) It is considered that it will simplify the Company's share capital structure and increase the attractiveness of the Company to investors by removing the confusion associated with No Liability status and the perceived overhang likely to result from forfeiture following a call on the partly paid shares.

Disadvantages for fully paid shareholders of implementing the Proposal:

The disadvantage for fully paid shareholders of the Proposal being implemented is the potential loss of capacity to raise capital from a call on the partly paid shares (after First Oil at Ophir, or 31 December 2018). However, as discussed in relation to advantages and disadvantages of the Proposal being implemented in relation to Octanex, this is substantially illusory, given the prime purpose of "No Liability" status is to ensure that partly paid shareholders are under no obligation whatsoever ("no liability") to pay such a call.

In the opinion of the Independent Directors, the advantages for holders of fully paid shares of the Proposal being implemented outweigh the disadvantages for holders of fully paid shares of the Proposal being implemented.

Advantages for partly paid shareholders of implementing the Proposal:

The perceived benefits for the partly paid shareholders of the Proposal being implemented are:

- (a) The holdings of partly paid shareholders are likely to increase in value if the Proposal is implemented. The present market value of a partly paid share, based on the last sale of partly paid shares as recorded on ASX, is \$0.004 (0.4 of a cent). The last sale price of a fully paid share as recorded on ASX is \$0.04 (4 cents). Under the Proposal each five partly paid shares will convert into three fully paid shares, thus 1,000 partly paid shares that have a present market value of \$4 will convert into 600 fully paid shares with a present market value of \$24.
- (b) Partly paid shareholders will be relieved of the threat of having their shares forfeited. While they have no legal liability to pay any call made upon them, Octanex, as a No Liability company, has the right to forfeit any such shares on which the call is not paid.
- (c) There will be no loss of voting power

- (d) Partly paid shareholders will not lose the benefit of the \$0.15 that they have already paid up in cash on the partly paid shares. That capital will, in effect, represent the capital for the fully paid share would they hold after consolidation. This will equate to \$0.25 for each such fully paid share, which is significantly in excess of the average issue price of the fully paid shares previously issued by the Company for a cash consideration.

Disadvantages for partly paid shareholders of implementing the Proposal:

- (a) A partly paid shareholder might be better off retaining his or her partly paid shares (rather than implementation of the Proposal) and pay a \$0.10 call if the price of a fully paid share in Octanex increases to more than \$0.25, provided that such a shareholder was prepared to pay or risk the payment of an additional \$0.10 per share. The table below illustrates this by setting out a range of comparative values in relation to an assumed holding of 1,000 partly paid shares (or 600 fully paid shares).

		RISK OR PAYMENT OF CALL		
Market price of fully paid shares \$	Number of partly paid shares	Value of 1,000 Shares if 10c call paid \$	Cost of call (\$0.10/share)	(Loss) or Increase in value of shares \$
0.04	1,000	40	(100)	(60)
0.05	1,000	50	(100)	(50)
0.10	1,000	100	(100)	-
0.15	1,000	150	(100)	50
0.20	1,000	200	(100)	100
0.25	1,000	250	(100)	150
0.30	1,000	300	(100)	200

CONVERSION – NO CALL	
Equivalent number of fully paid shares post consolidation	Value of 600 fully paid shares \$
600	24
600	30
600	60
600	90
600	120
600	150
600	180

COMPARISON
Notional advantage (disadvantage) to value of partly paid shares under Proposal \$
84
80
60
40
20
-
(20)

(b) Other disadvantages for partly paid shareholders include the loss of the right to dividends and distribution rights ranking equally with fully paid shareholders

(c) The propensity and advisability of any partly paid shareholder to pay a further \$0.10 per share is a matter that only a partly paid shareholder can decide. Such a partly paid shareholder would need to consider the past share price history and make a judgment about possible future share price movements and longevity. Set out below is a table that shows the highs and lows for each of the company's fully paid shares and partly paid shares since 2014. Past price performance is not indicative of future price performance.

Fully Paid Shares

Year	High (\$)	Low (\$)
2014	0.265	0.05
2015	0.072	0.04
2016 (part)	0.041	0.03

Partly Paid Shares

Year	High (\$)	Low (\$)
2014	0.15	0.009
2015	0.015	0.008
2016 (part)	0.004	0.001

In the opinion of the Independent Directors, the advantages for holders of partly paid shares of the Proposal being implemented outweigh the disadvantages for holders of partly paid shares of the Proposal being implemented.

Recommendations of independent directors

The Independent Directors consider that:

(a) on balance, implementation of the Proposal is in Octanex's interests for the reasons stated;

(b) on balance, implementation of the Proposal has advantages and benefits for holders of fully paid shares which outweigh the advantages for fully paid shareholders of not implementing the Proposal;

(c) on balance, implementation of the Proposal has advantages and benefits for holders of partly paid shares which outweigh the advantages for partly paid shareholders of not implementing the Proposal;

(d) the Proposal is fair and reasonable to the members as a whole as required by section 256B(1)(a) of the Corporations Act, as discussed below.

(e) it would be unfair and unreasonable to the holders of the partly paid shares to propose they be treated in any other way than that proposed.

The Independent Directors unanimously recommend to all holders of fully paid shares entitled to vote on resolutions 11, 12 and 13 that they all vote in favour of each such resolution so that the Proposal can be implemented.

Capacity to carry out the proposal under the Corporations Act reduction of capital: section 256b of the Corporations Act

Under section 256B(1) of the Corporations Act, a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction:

(a) is fair and reasonable to the company's shareholders as a whole; and

(b) does not materially prejudice the company's ability to pay its creditors; and

(c) is approved by shareholders under section 256C.

In relation to (a), the Proposal can be implemented if it is "fair and reasonable to the company's

shareholders as a whole". This test is a composite test which takes into account the interests of both holders of fully paid shares and holders of partly paid shares.

The Supreme Court of Victoria has held that, where it is considering a selective reduction of capital, "*the Court must be positively satisfied, in the event of challenge, that "the reduction" — not the consideration — is "fair and reasonable to the company's shareholders as a whole"*", with the onus on the company doing the reduction to establish this.

It has been held by the Supreme Court of Victoria in *Elkington v Costa Exchange Ltd* [2011] VSC 501 that "*fair and reasonable*" in section 256B of the Corporations Act should be treated as a composite term. This interpretation is consistent with the Explanatory Memorandum to the Company Law Review Bill 1997 (which introduced s256B) and with earlier authorities.

In relation to (b), the Proposal has no effect on Octanex's ability to pay its creditors as no distribution of assets or reduction of shareholder funds is being made as a result of the cancellation of the uncalled capital, and, although Octanex is theoretically releasing holders of partly paid shares from the threat of their partly paid shares being forfeited for non-payment of future calls, the holders of partly paid shares do not have any contractual or legal liability to pay calls, whatsoever. Consequently, no liability is being released and thus there is no detriment to creditors.

In relation to (c), if the Resolution 13 is passed as a Special Resolution, then Section 256B(1)(c) will be satisfied.

Other Corporations Act requirements: section 256c – voting exclusions

Under section 256B(2) of the Corporations Act, the reduction of share capital constituted by cancellation of the uncalled capital, is a selective reduction and in accordance with Section 256C(2) it must be passed as a Special Resolution at a General Meeting of the company with no votes being cast in favour of the resolution by any person whose liability to pay amounts unpaid on shares is to be reduced, or by their associates. As a result, the Notice of Meeting contains a voting exclusion clause to the above effect.

Section 162 of the Corporations Act: change of type from No Liability to Limited Liability.

Resolution 11 provides for a change of type for Octanex from a public No Liability company to a public company limited by shares or Limited Liability company.

Under the Corporations Act, No Liability companies are incorporated only for mining purposes. This significantly restricts the scope of activities. The change of type of company from No Liability to that of a Limited Liability company will allow Octanex to broaden its scope of activities in future, if it should wish to do so.

The primary benefits of No Liability status have historically been to allow the issue of shares at a discount and to be able to issue partly paid shares without the holder of such shares not being contractually liable to pay calls made on the shares.

The first historic benefit disappeared many years ago when the par value concept was abolished, enabling companies to issue shares at any price.

The second historic advantage has now become almost irrelevant because of the increased flexibility enabling companies to raise capital and, as a result of a general aversion by investors to subscribe for partly paid shares.

There are no voting restrictions on Resolution 11.

Related party provisions: Chapter 2e of the Corporations Act

Four of Octanex's directors (Mr E G Albers, Mr DC Coombes, Mr G Guglielmo and Mr JMD Willis) or their Associates hold partly paid and fully paid shares as follows.

Name of Director	No of Partly Paid Shares held	No of Fully Paid Shares to be received on conversion of partly paid shares (subject to rounding)
EG Albers and Associates	44,637,357	26,782,414
JMD Willis and Associates	1,198,752	719,251
G Guglielmo and Associates	200,00	120,000
DC Coombes and Associates	41,500	24,900

Those persons can be considered to receive a financial benefit from implementation of the Proposal because the effect of the Proposal is that their partly paid shares will no longer be capable of being forfeited against them for non-payment of calls (if and when made) and because the partly paid shares convert into fully paid shares on the basis of three fully paid shares for each five present partly paid shares.

Under section 210 of the Corporations Act, Members approval is not needed to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or

- (b) are less favourable to the related party than the terms referred to in paragraph (a).

Further, under section 215 of the Corporations Act, Members approval is not needed to give a financial benefit if:

- (a) the benefit is given to the related party in their capacity as a member of the public company; and
- (b) giving the benefit does not discriminate unfairly against the other members of the public company

The "benefit" which those Directors and their Associates receive is precisely the same benefit which all 344 partly paid shareholders will receive if the Proposal is implemented. That benefit is given to those Directors and their Associates in their capacity as members of Octanex.

Each of those Directors abstained from voting at the Board meeting at which it was proposed that the Proposal be put to members for approval and each of those Directors and their Associates are excluded from voting on resolution 13 under which the uncalled share capital is proposed to be cancelled and the resultant shares consolidated into fully paid shares, as set out in the resolution.

Further, by definition, if the Proposal is fair and reasonable to members as a whole, as required by section 256B(1) (a) of the Corporations Act, it will not be discriminatory. As a consequence, the transaction falls within the exception set out in section 215 of the Corporations Act.

However, the following information is provided in accordance with section 219 of the Corporations Act in like manner as if that section applied.

- (a) The related parties who benefit from the implementation of the Proposal are each of Mr E G Albers, Mr JMD Willis, Mr G Guglielmo and Mr D C Coombes and their respective Associates within the meaning of the Corporations Act.

In this context:

- Mr Albers and his Associates will not be subject to the threat of having a total of 44,637,357 partly paid shares forfeited against them as these shares will consolidate into approximately 26,782,414 fully paid shares.
- Mr Willis and his Associates will not be subject to the threat of having a total of 1,198,752 partly paid shares forfeited against them as these shares will consolidate into 719,251 fully paid shares.

- Mr G Guglielmo and his Associates will not be subject to the threat of having a total of 200,000 partly paid shares forfeited against them as these shares will consolidate into 120,000 fully paid shares.
- Mr D C Coombes and his Associates will not be subject to the threat of having a total of 41,500 partly paid shares forfeited against them as these shares will consolidate into 24,900 fully paid shares.

- (b) The nature of the financial benefit is the increased present value of the fully paid shares to be received contrasted with the present market value of the partly paid shares held. At the date hereof

- (i) the last sale price for a fully paid share trading under ASX Code OXX was \$0.04 (4 cents).
- (ii) the last recorded sale price for a partly paid share was \$0.004 (0.4 of a cent).

It should be recognised that trading in Octanex's securities is highly illiquid and that the current share prices may not be a true indication of value.

It should also be noted that the cost base for most of such holdings exceeds the market value (see table below).

The potential financial benefit to each of such persons represents the difference between the current market value of the partly paid shares held and the current market value of the fully paid shares which might be received on implementation of the Proposal as follows.

Name of Director	Number of Partly Paid Shares	Market value of Partly Paid Shares held (14 Oct 2016) (\$)	Cost base of Partly Paid Shares (\$)	Market value of Fully Paid Shares on conversion of Partly Paid Shares (\$)	Putative Financial Benefit - Market (\$)	Enduring Financial Benefit (Loss) – Cost* (\$)
EG Albers and Associates	44,637,357	178,549	6,695,604	1,071,297	892,747	(5,624,307)
JMD Willis and Associates	1,198,752	4,795	179,8133	28,770	23,975	(151,043)
G Guglielmo and Associates	200,000	800	3,000	4,800	4,000	1,800
DC Coombes and Associates	41,500	166	6,225	996	800	(5,229)

* Being the cost base of the partly paid shares less the market value of the fully paid shares on conversion of the partly paid shares

- (c) The directors who have an interest in the outcome of the proposed resolution are each of Mr E G Albers, Mr JMD Willis, Mr G Guglielmo and Mr D C Coombes and their benefit is that they will each become the holders of additional fully paid shares as set out above with a lift in the value from the value of the partly paid shares, at the present date.
- (d) Within the knowledge of the directors, there is no other information reasonably required by members in order to decide whether or not it is in the interest of the members to pass the proposed resolution.

Each of the directors, other than each of Mr E G Albers, Mr JMD Willis, Mr G Guglielmo and Mr D C Coombes (who all abstain from making any recommendations), have recommended to members that they should vote in favour of resolution 13.

Adoption of new Constitution.

The change of status requires that Octanex's Constitution be altered to comply with statutory requirements for a limited public company.

The primary differences between Octanex's present Constitution, and the Constitution proposed to be adopted at the meeting, relate to provisions dealing with partly paid shares and the rights and obligations of holders of partly paid shares in the event of calls and forfeiture. They reflect that, in a limited liability company, there is a contractual obligation to pay calls.

On each of resolutions 11 and 12 being passed by the requisite statutory majorities, and the cancellation of uncalled share capital and consolidation of shares under resolution 13 being given effect under the Corporations Act, Octanex will no longer have any partly paid shares on issue.

Given that Octanex is adopting a new Constitution which is in substantially identical terms to the current Constitution, save that, in accordance with

advances in technology, Octanex will permit direct voting under its Constitution.

Under Rule 7.8 of Octanex's present Constitution, a resolution put to the vote of a General Meeting must be decided on a show of hands unless a poll is demanded before the vote is taken or before or immediately after the declaration of the result of the show of hands.

Under Rule 7.9 of the present Constitution but to any rights or restrictions attached to any shares, at a General Meeting, on a show of hands, every member present in person or by proxy, attorney or representative has one vote; and on a poll, every member present has one vote for each fully paid share held by the member and in respect of which the member is entitled to vote and a fraction of a vote for each partly paid share held by the member and in respect of which the member is entitled to vote, equivalent to the proportion which the amount paid up (not credited) on the share bears to the total amounts paid and payable (excluding amounts credited).

Under Rule 7.10 each member entitled to vote at a meeting of members may attend and vote in person or, where a member is a body corporate, by its duly appointed corporate representative attending and voting in person) or by proxy or by attorney.

Direct Voting

While Octanex's share registry provides facilities for online completion and lodgment of proxies, it does not provide for direct voting. Section 250J of the Corporations Act governing how votes are cast is a replaceable rule and the proposed Constitution permits direct voting by all shareholders without the need for any lodgment of a proxy provided the shareholders authenticates its right to vote by provision of required details (SRN, correct address, shareholding).

Additionally the proposed amendments provide that a shareholder lodging a valid direct vote so that:

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- shareholders lodging a direct vote will be deemed to be present at the meeting for all purposes (including for constituting a quorum);
- where a resolution is put to a meeting to be voted on, on a show of hands, they will be deemed to have voted on a show of hands according to the manner in which they have voted on when direct voting;
- where a poll is carried out in respect of any resolution on any notice of meeting, the direct voting form completed at the time of voting will be deemed to constitute the poll slip required to be completed on any poll being taken insofar as the subject of the poll is a resolution voted upon.

There are other minor changes to the Constitution.

The proposed Constitution contains the same provisions as the present Constitution relating to proportional takeover schemes, and the following information is provided as required by section 648G of the Corporations Act.

Proportional takeovers:

The Constitution contains proportional takeover approval provisions which will apply for a period of three years from incorporation after which time they will cease to have effect unless renewed. The Corporations Act sets out the terms of the relevant provisions to be included in the Constitution. Section 648G of the Corporations Act requires that a company provides its members with sufficient information to make an informed decision on whether to support or oppose a resolution to approve inclusion or adoption of proportional takeover approval provisions in its Constitution. For your information those matters required to be dealt with under section 648G to enable you to make that informed decision are set out below as they are relevant to your approval of the Schemes as the Octanex Shares and your rights will be affected by them.

Why is there any need for proportional takeover approval provisions?

In a proportional takeover bid, the bidder offers to buy a proportion only of each member's shares in the target company.

This means that control of a company could pass without members having the chance to sell all their shares to the bidder. The bidder could take control of a company without paying an adequate amount for gaining control.

In order to deal with this possibility, a company may provide in its Constitution that if a proportional takeover bid is made for shares in the company, members must vote on whether to accept or reject the offer and that decision will be binding on all the

members. The benefit of the provision is that members are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

What is the effect of the proportional takeover approval provisions?

If a proportional takeover bid is made, the directors must ensure that members vote on a resolution to approve the bid more than 14 days before the bid period closes. The vote on a resolution to approve a proportional takeover is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held securities in the class of security being bid for, is entitled to vote, but the bidder and its Associates (within the meaning of the Corporations Act) are not allowed to vote. If the resolution is not passed, binding acceptances already received under the bid are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts under the bid are taken to have been withdrawn by the bidder. If the bid is approved, or is taken to have been approved, those transfers must be registered if they comply with the Corporations Act and the company's Constitution.

Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if the resolution is not voted on, the bid will be taken to have been approved. The proportional takeover approval provisions do not apply to full takeover bids and only apply for 3 years after the date of adoption of the Constitution. The provisions may be renewed, but only by a Special Resolution.

Known proposals by any person to acquire or increase an existing substantial interest

At the date of this Information Memorandum there are no proposals which would result in the acquisition by any person of shares in Octanex to which these the proportional takeover approval provisions would or could apply.

Potential advantages and disadvantages

The Directors consider that the proportional takeover approval provisions have no potential advantages or disadvantages for them. They remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

Potential advantages: Possible potential advantages of the proportional takeover approval provisions for members are:

- (a) members will have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) the provisions may help members avoid being locked in as a minority;

- (c) knowing the view of the majority of members may help each individual member assess the likely outcome of the proportional takeover bid and to decide whether to accept or reject that offer.
- (d) In certain circumstances, the requirement for approval of a proportionate takeover could give members some leverage to increase the consideration being offered.

Potential disadvantages: Possible potential disadvantages for members include:

- (a) proportional takeover bids for shares may be discouraged;
- (b) members may lose an opportunity of selling some of their shares at a premium; and
- (c) the chance of a proportional takeover bid being successful may be reduced

Members should also consider and note that the proportionate takeover provisions do not apply to mergers which are governed by the provisions of sections 410 to 415 of the Corporations Act, to which members are referred.

The Octanex Board considers that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages.

Additional Shareholder protection

Section 648G(6) of the Corporations Act provides a right for members to oppose a company altering its Constitution by inserting or renewing proportional takeover approval provisions by providing that members who together hold not less than 10% (by number) of the issued securities in a class of securities in the company to which the provisions apply may, within 21 days after that day, apply to the Court to have the purported alteration or renewal set aside to the extent to which it relates to that class. However until or unless and until an order is made by the Court setting aside the purported alteration or renewal to that extent, the company is generally taken for to have validly altered its Constitution by inserting or renewing those provisions.

ASX Listing Rule requirements: waiver of Listing Rule 7.24.2

ASX Listing Rule 7.24.2 prohibits any reorganisation of capital which has the effect of cancelling unpaid capital on partly paid shares, but has granted waivers from that rule in the past in cases where the entity proposing the reorganisation and cancellation is a No Liability company which is proposing to change its type to that of a Limited Liability company.

A No Liability company can convert to a Limited Liability company *“only if all the issued shares are fully paid up)”*

Accordingly Octanex has sought from the ASX, and obtained, a waiver of ASX Listing Rule 7.24.2 to enable it to cancel the uncalled capital on its partly paid shares in accordance with the provisions of section 256B(1) of the Corporations Act 2001 (as referred to below) so as to enable it to convert from a *“public no liability company”* (“No Liability company”) to a *“public company limited by shares”* (“Limited Liability company”) under section 162 of the Corporations Act for the reasons set out herein.

The waiver has been released to the market and is available in the ASX register of waivers. In granting the waiver, ASX stated that its reasoning for granting the waiver was as follows:

“The Company intends to convert its status from a no liability company to a limited liability company. It has uncalled and unpaid partly paid ordinary shares on issue, which need to be cancelled in order to convert to a limited liability company. The Partly Paid Ordinary Shares were issued at \$0.25 each and have had \$0.15 paid up on each with \$0.10 unpaid. The proposed cancellation of the uncalled capital and the subsequent consolidation of five Partly Paid Ordinary Shares into three Fully Paid Ordinary Shares do not offer significant advantage to a particular class of shareholders. The economic interest of existing fully paid ordinary shares in the Company will not be materially impacted. Waiver is granted on the condition that the proposal is approved as a Special Resolution at a shareholders’ General Meeting.”

When will the proposal take effect

Assuming all of resolutions 11, 12 and 13 are passed by the requisite statutory majorities, then an indicative timetable for implementation of the proposal is set out in the table below. This timetable is subject to change, and any changes will be communicated to the market via ASX release.

Event	Date
Date of Meeting	24 November 2016
Lodgment of all resolutions with ASIC as required under Corporations Act	25 November 2016
Cancellation of uncalled capital on partly paid shares and consolidation of shares	12 December 2016
Despatch of Transaction Confirmation Statements to affected Members	15 December 2016
Estimated date of change of type from No Liability Status to Limited Liability Status.	25 January 2017

Tax consequences of proposal for partly paid shareholders

There are minimal tax consequences for holders of partly paid shares resulting from the Proposal. The only tax consequence known to the Directors is

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that the cost base of three fully paid shares resulting from the conversion of five partly paid shares would have a cost base for any one new fully paid share equal to an additional 60% of the cost base of an original partly paid share. For example, if the cost base was \$0.15 for a partly paid share, then the cost base for the new fully paid share would be \$0.25.

Each member holding partly paid shares should seek their own independent professional advice as to the tax consequences of the Proposal as it affects them.

None of Octanex, or any of its Directors or Officers, are in a position to give any tax advice in relation thereto.

Effect on share capital structure of Octanex

The change that the Proposal will have on the share capital structure of Octanex will be that the 67,098,910 partly paid shares will be consolidated into approximately 40,247,346 fully paid shares, increasing the number of fully paid shares on issue by that number to 272,712,907, but completely eliminating the partly paid shares. The exact number of fully paid shares arising under the Proposal will be dependent on rounding of fractional entitlements.

Effect on control of Octanex

The Proposal will have no effect on the control of Octanex, as the partly paid shares carry proportionate voting rights. Likewise, the Proposal will have no effect on the voting power of any member of the Company.

Voting Generally

- The Company has determined that, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cwth), the holders of shares of the Company who are on the Company's share register as at 11:30am (ADST) on 22 November 2015 will be taken for the purposes of the Meeting to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote at the Meeting.
- A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
- A proxy duly appointed need not be a Member.
- A proxy form accompanies this Notice and, to be effective, the executed proxy form and any document necessary to show the validity

of the proxy form must be lodged with the Company not less than 48 hours before the time appointed for the Meeting. Any proxy form lodged after that time will be treated as invalid.

- Directors and Officers of corporate shareholders should note that unless the corporate shareholder either:

- (a) completes and lodges with the Company a valid form of appointment of proxy in accordance with the instructions on the enclosed proxy form; or
- (b) completes and either lodges with the Company prior to the Meeting a form of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act or causes such personal representative to attend the Meeting with such form of appointment; or
- (c) has appointed an attorney,

and such proxy, personal representative or attorney attends the Meeting, then such corporate shareholder will be unable to exercise any votes at the Meeting.

- Proxy and corporate appointment of representative forms may be returned to the Company in the manner detailed at point 6 on the reverse of the proxy form.
- Corporate shareholders should comply with the execution requirements set out above and on the reverse of the proxy form and otherwise comply with the provisions of Section 127 of the Corporations Act, as detailed at point 7 on the reverse of the proxy form.
- Completion of a proxy form will not prevent individual Members from attending the Meeting in person if they wish. Where a Member completes and lodges a valid proxy form and attends the Meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the Meeting.
- Where a proxy form or form of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

PROXY FORM
OCTANEX N.L.
 (ABN 61 005 632 315)

The Company Secretary
 Octanex N.L.
 Level 21
 500 Collins Street
 Melbourne, Victoria 3000

I/We (name of Member)

of (address).....

being a Member/Members of Octanex N.L. (**Company**) HEREBY APPOINT

(name) or, failing that person, then the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at The Institute of Chartered Accountants in Australia on Level 3 of 600 Bourke Street, Melbourne, Victoria on Thursday 24 November 2016 commencing at 11:00 am (ADST) and at any adjournment thereof.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

To indicate your instructions mark

If no directions are given my/our proxy may vote as he/she thinks fit or may abstain. Otherwise my/our proxy is to vote as follows:

	FOR	AGAINST	ABSTAIN
Resolution 1: Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Re-election of R.L Clark as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Re-election of G. Guglielmo as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Approval of Issue of Options to Ms R.L Clark or her nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: Approval of Issue of Options to Mr J.M.D Willis or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6: Approval of Issue of Options to Mr G Guglielmo or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7: Approval of Issue of Options to Mr D.C Coombes or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8: Approval of Issue of Options to Datuk K. How Kow or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9: Approval of Issue of Options to Ms S Kler or her nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10: Approval of a 10% Placement Capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11: Change of status	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12: Adoption of a new Constitution for the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13: Reduction and Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Chair's voting intention in relation to undirected proxies

Subject to the operation of the express voting exclusions contained in the Explanatory Notes to the Notice of Meeting, the Chair's intention is to vote an undirected proxy in favour of each resolution to be put to the Meeting, even if he has an interest in the outcome of the resolution/s. You should be aware that votes so cast by the Chair of the Meeting as your proxyholder will not be disregarded because of that interest.

If no direction is given above or if more than one box is marked in relation to a resolution, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of that resolution at the Meeting and any adjournment thereof.

If you are appointing more than one proxy, you must complete the following statement

My total voting right is _____ shares. This Proxy is appointed to represent _____ % of my voting right or if 2 proxies are appointed Proxy 1 represents _____ % and Proxy 2 represents _____ % of my total votes. If no direction is given above or if more than one box is marked in relation to a resolution, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of that resolution at the Meeting and any adjournment thereof.

Signature(s)

Date

Individual or
Joint Shareholder 1

Director/ Sole Director with no
Company Secretary

Joint Shareholder 2

Director/Company Secretary

Joint Shareholder 3

Sole Director & Sole Company
Secretary

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INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Member entitled to attend and vote at a General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
2. A duly appointed proxy need not be a Member.
3. This proxy form and any document necessary to show the validity of the form must be lodged with the Company not less than 48 hours before the time appointed for the meeting. Any proxy lodged after that time will be treated as invalid.
4. In the case of joint holders of shares in the Company, all holders must sign.
5. Directors and Officers of corporate shareholders should note that unless the corporate shareholder either:
 - (i) completes and lodges with the Company a valid form of appointment of proxy; or
 - (ii) completes and either lodges with the Company a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act (**Act**) or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (iii) has appointed an attorney,and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
6. Proxy and corporate representative appointment forms may be returned to the Company by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Octanex N.L. at its Registered Office:

Level 21
500 Collins Street
Melbourne
Victoria 3000
Facsimile: +61 (0)3 8610 4799
7. Corporate shareholders should comply with the provisions of Section 127 or Section 204A of the Act as applicable. Section 127 of the Act provides that a company may execute a document without using its common seal if the document is signed by:
 - two directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director. In this case the signatory must state this next to their signature.Section 204A of the Act permits a proprietary company that does not have a company secretary to validly execute an instrument appointing a proxy if it is executed by the sole company director of that company and the person signing the proxy states that next to their signature.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Act, a document must appear to have been executed in accordance with section 127(1) or (2) or section 204A of the Act. This effectively means the status of the person(s) signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) or section 204A as applicable. In all cases the person or persons signing the instrument of proxy will be deemed to have warranted and represented to the Company that the proxy is executed in accordance with sections 129(5) and (6) of the Act or section 204A of the Act as relevant.
8. Where a Member completes and lodges a valid proxy form and attends a meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at that meeting.
9. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

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