



OCTANEX

Quarterly Activity Report 30 September 2019

ASSETS AND ACTIVITIES OVERVIEW

Ascalon Gas, Bonaparte Basin

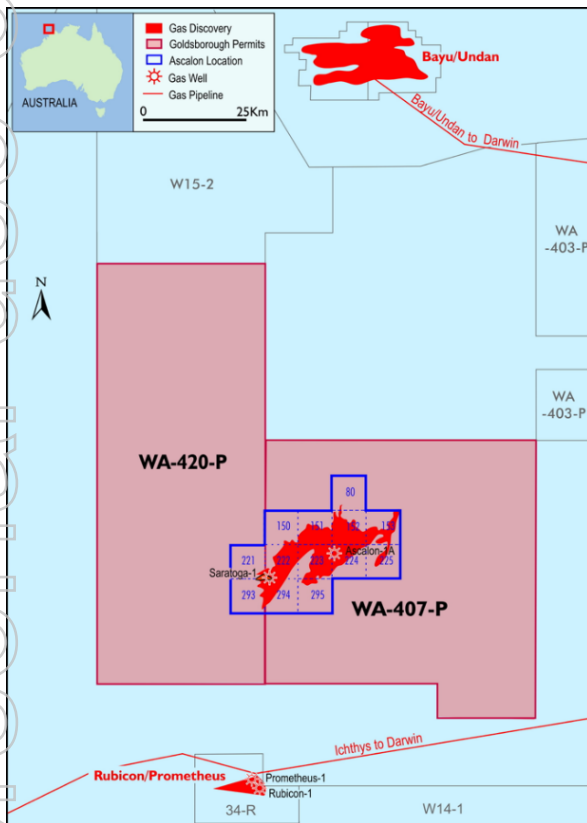


Figure 1 Ascalon gas accumulation location map

The Ascalon gas accumulation is located mostly within exploration permit WA-407-P and extends into the adjacent WA-420-P.

Ascalon has an aerial extent of 320 km², a proven source/charge, trap, seal and a high reservoir pressure (10,500 psi), which is 3,500 psi over normally pressured and may be due to a much deeper closing contour and greater gas in place.

Proximity to existing infrastructure and gas resources presents opportunities for the future development of Ascalon options. Located in shallow water (68 m), wells can be drilled using a jack-up rig, while unmanned wellhead platform development options indicate reduced CAPEX and OPEX potential.

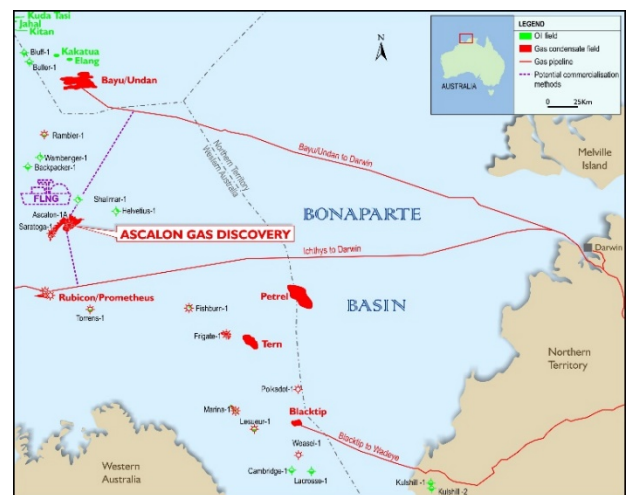


Figure 2 Ascalon proximity to gas infrastructure

Ascalon-1A, drilled in 1995 by Mobil, encountered 155m TVD¹ gross section in the same Permian formation as the Petrel and Tern Gas accumulations. However, approximately 60% of the shallower reservoir was not flow tested due to mechanical issues.

Octanex's activities during the quarter included technical studies focussed on support for development of a drilling objective for an Ascalon appraisal well.

Octanex continues to seek a joint venture party to join it in appraising Ascalon.

¹ True Vertical Depth

Octanex Limited.

Activities Report for the Quarter ended 30 September 2019

Resource exploration

Octanex has expanded its strategy to include the objective of developing green-fields gold exploration projects. To this end it has commenced the integration of data aimed at understanding regional geology, including recent government data and research, together with historical exploration results and is targeting large exploration project areas with the following attributes:

- proximal to recent discoveries within underexplored parts of proven gold provinces;
- major regional faults close to regional anticlines, greenstone belts, domal granite intrusions and fault bends where gold deposits are known to accumulate;
- undrilled gold-in-soil anomalies from limited historical company exploration in order to provide an early focus for drilling and exploration; areas with thin transported cover in order to enable cost-effective geochemical screening for underlying large deposit signatures; and
- hosting structural targets identified from aeromagnetic data

During the quarter, Octanex made application for a number of exploration tenements in the largely unexplored eastern part of the Eastern Goldfields Superterrane in Western Australia, one of the most endowed gold provinces in the world. Octanex's applications target the Sefton Lineament within the Burtville Terrane (Figure 3).

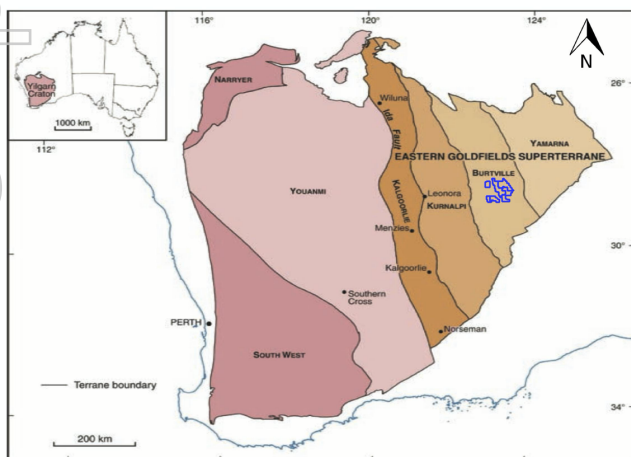


Figure 3 Sefton Project Applications (shown in blue)

Previous exploration in the application areas is limited and on-ground activity has consisted largely of part-coverage geochemical surveys with little or no drilling. In some cases, significant soil anomalies from historical company work have not been drilled. Significant work had been undertaken by the Government in recent years, providing Octanex with access to a large data base of Government data that includes full coverage aeromagnetic data; relatively recent geological mapping; and gravity, seismic, geochronology and in some cases geochemical data.

Octanex has commenced aeromagnetic data interpretation with the objective of identifying priority structural targets for early drill and geochemical evaluation. Although focussing mainly on gold, the Company's structural focus creates potential for locating shear-associated intrusions with associated potential for rare earth metals, niobium and tantalum.

Rae Clark

Rae Clark
Executive Director
& Chief Operating Officer
31 October 2019

Additional Information Required by Listing Rules 5.3.3 and 5.4.3

Mineral Tenements held/applied for at the end of the quarter and their location

Tenement	Octanex interest	Tenement status
Offshore Western Australia (Bonaparte Basin)		
WA-407-P	100%	Granted
WA-420-P	100%	Granted
Western Australia (Mount Margaret District)		
E 38/3416	100%	Application
E 38/3417	100%	Application
E 38/3418	100%	Application
E 38/3431	100%	Application
E 38/3432	100%	Application
E 38/3433	100%	Application

Tenements acquired during the quarter and their location

Tenement	Octanex interest	Tenement status
Western Australia (Mount Margaret District)		
E 38/3416	100%	Application
E 38/3417	100%	Application
E 38/3418	100%	Application
E 38/3431	100%	Application
E 38/3432	100%	Application
E 38/3433	100%	Application

Tenements disposed of during the quarter and their location

Nil.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter:

Nil

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

OCTANEX LIMITED

ABN

61 005 632 315

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	66	66
1.2 Payments for		
(a) exploration & evaluation	(61)	(61)
(b) development		
(c) production		
(d) staff costs	(131)	(131)
(e) administration and corporate costs	(385)	(385)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other – prepaid tenement rent	(103)	(103)
1.9 Net cash used in operating activities	(611)	(611)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from investing activities		

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from financing activities		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,791	1,791
4.2	Net cash used in operating activities (item 1.9 above)	(611)	(611)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,180	1,180

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,180	1,791
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,180	1,791

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

(57)

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

(343)

8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	50
9.2	Development	
9.3	Production	
9.4	Staff costs	140
9.5	Administration and corporate costs	100
9.6	Other – Advance to joint venture company	-
9.7	Total estimated cash outflows	290

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		See Activity Report		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		See Activity Report		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 October 2019

Print name: R.J. Wright

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.