



Quarterly Activity Report 31 December 2019

ASSETS AND ACTIVITIES OVERVIEW

Ascalon Gas, Bonaparte Basin

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.

Ascalon-1A, drilled in 1995 by Mobil, encountered 155m TVD¹ gross section in the same Permian formation as the

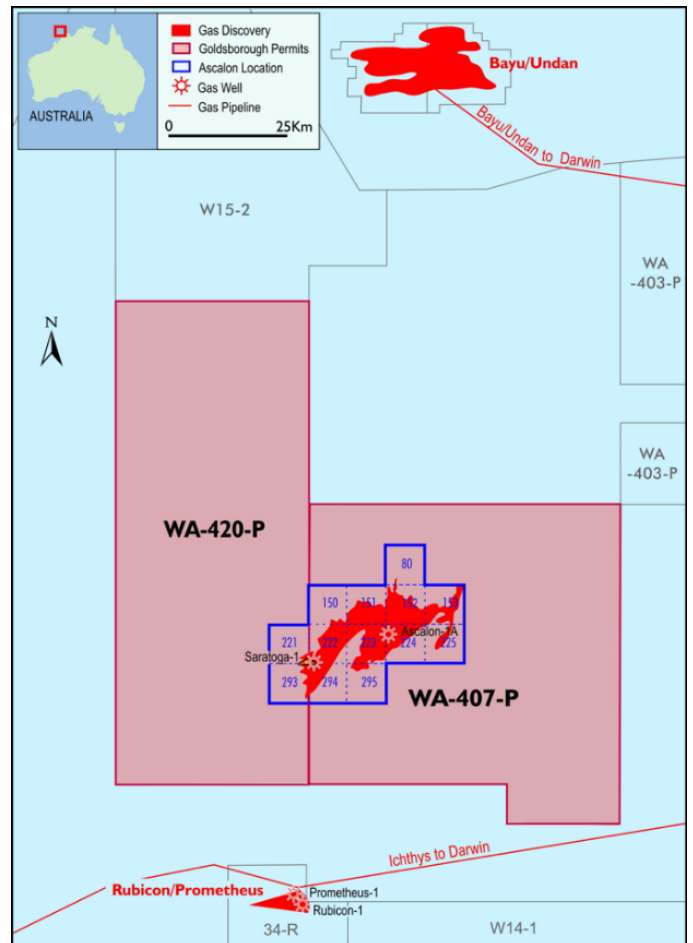


Figure 1 Ascalon gas accumulation location map

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.

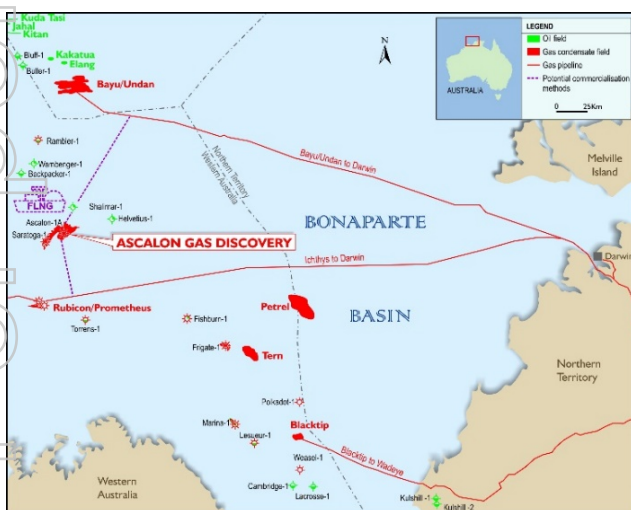


Figure 2 Ascalon proximity to gas infrastructure

¹ True Vertical Depth

WA-407-P is in year 5 of its initial term, with year 6 commencing in February 2020. The year 6 work program for WA-407-presently includes the drilling of an appraisal well. Octanex has applied to vary the conditions of year-6 to a program of further geotechnical studies designed to inform a decision to drill an appraisal well.

Year 6 of the initial term of WA-420-P ends in February 2020. WA-420-P was previously part of a six permit Bonaparte Basin portfolio (WA-407-P, WA-420-P, WA-421-P, WA-422-P, WA-440-P and WA-441-P). Octanex's basin wide exploration program included the completion of a large seismic related project involving the reprocessing of over 12,000km of older 2D data of multiple vintages. The reprocessed data was then the subject of intensive analysis, interpretation and preliminary mapping ahead of the next region-wide exploration effort; being the acquisition of three new 2D and three new 3D seismic surveys across the portfolio. Octanex concluded that no viable exploration drilling target had been identified and in 2017 commenced an appraisal objective for the Ascalon accumulation located mostly in WA-407-P and extending into WA-420-P.

Taking into account the relatively small proportion of the Ascalon accumulation located within the WA-420-P tenement, the higher priority locations for an Ascalon appraisal well being situated in WA-407-P, and the Commonwealth-Western Australia Joint Authority's expectation that any renewal would include the drilling of a well in the guaranteed term, Octanex is considering whether it should apply to renew WA-420-P, or allow it to expire at the end of year 6.

Resource exploration

Octanex has expanded its strategy to include the objective of developing green-fields gold exploration projects, 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 historical company exploration that provide an early focus for drilling and exploration activities in areas with thin cover sequences where in cost-effective geochemical screening for underlying large deposit signatures is feasible; and
- well-defined structural targets identified from aeromagnetic and historical datasets

Octanex has six exploration licence applications in the largely unexplored Sefton Lineament within the Burtville Terrane of the Eastern Goldfields Superterrane in Western Australia (Figure 3), that represents one of the world's most endowed gold provinces.

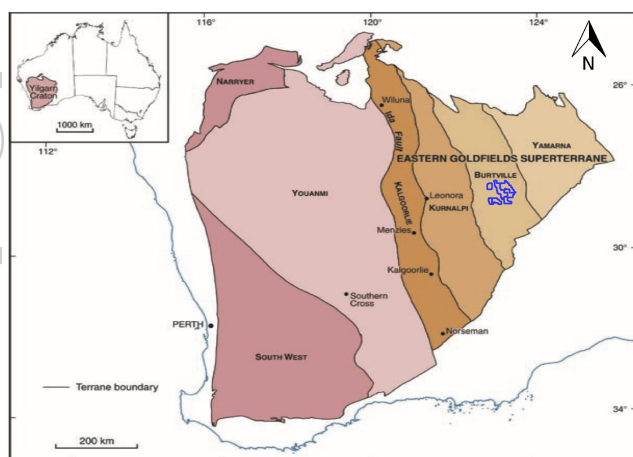


Figure 3 Sefton Project Applications (shown in blue)

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 drill tested. Significant work undertaken by the Geoscience Australia and Geological Survey of Western Australia in recent years provides Octanex with access to a large data base that includes full coverage aeromagnetic data; relatively recent geological mapping; gravity, seismic and geochronology datasets and, in some cases, geochemical data.

Octanex's Sefton Project area is an isolated and little-explored high-grade metamorphic granite and granite gneiss terrane surrounded on three sides by emerging world class gold camps (refer Figure 3).

World class gold mines and deposits in the neighbouring regions include Sunrise Dam (10 Moz Au), Wallaby (8 Moz Au) and Granny Smith (2.5 Moz Au) and a suite of other nearby deposits (with a combined resources of 25 Moz Au) are present to the east in the Laverton greenstone belt. The 6 Moz granitoid-hosted Gruyere deposit is located in the Dorothy Hills Belt (Yamarna greenstone belt) to the east, whilst the 7.5 Moz granite gneiss-hosted Tropicana deposit is located in the Albany-Fraser Province to the southeast.

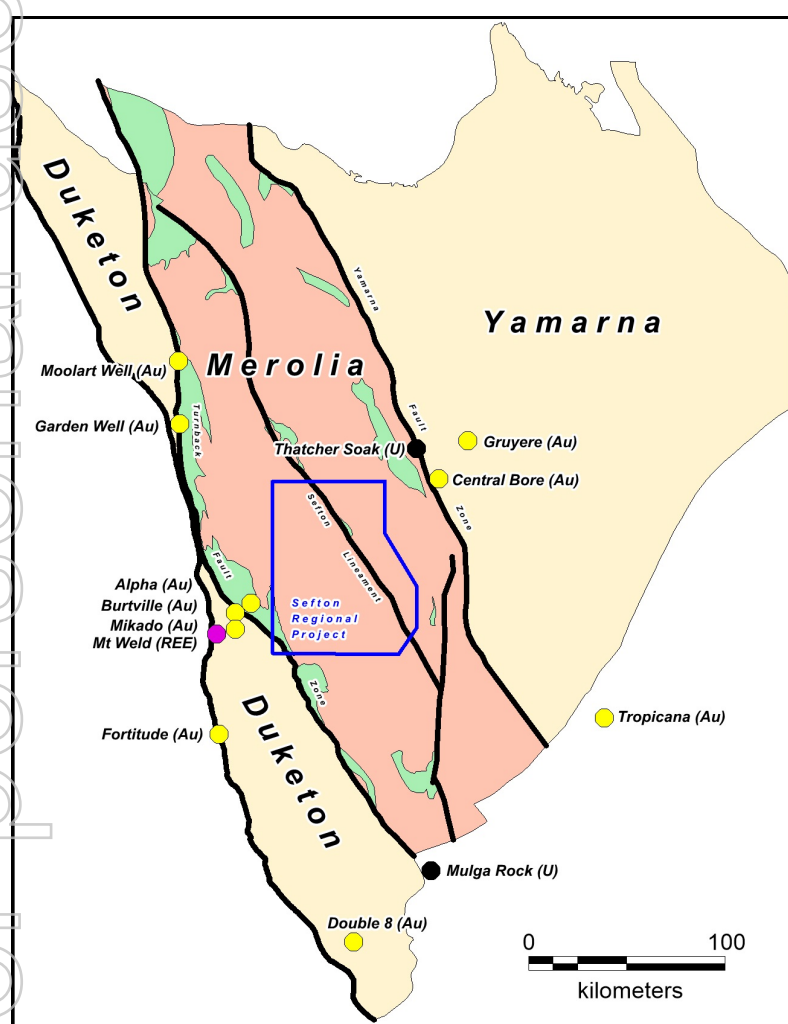


Figure 3 Regional tectonic framework of the Burtville Terrane and its major resource projects

Octanex's near-term objective is target generation to identify priority structural targets for early drill and geochemical evaluation. Although focussing principally on high calibre targets that could present opportunities for the discovery of world class gold resources quickly and cheaply, the Company's structural focus also creates opportunity to synchronously locate shear-associated intrusions that could have potential for other commodity elements including rare earth metals, niobium and tantalum.

Activities during the quarter included

- summary of historic mineral exploration reports;
- compilation of a GIS database (geography, geology, geophysics, geochemistry and drilling);
- review of land use with a focus on environment and land stakeholders in the region (native title, station owners, military and government);
- integrated interpretation of compiled geology, airborne magnetics, radiometric, gravity, SRTM, surface geochemistry and drilling datasets; and
- targeting and target prioritisation to define forward work programs (ongoing).

Rae Clark

Rae Clark

Executive Director
& Chief Operating Officer

31 January 2020

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

Nil

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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	66
1.2 Payments for		
(a) exploration & evaluation	(78)	(139)
(b) development		
(c) production		
(d) staff costs	(131)	(262)
(e) administration and corporate costs	(87)	(472)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	5
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)
1.9 Net cash used in operating activities	(294)	(905)

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 (6 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	1,180	1,791
4.2	Net cash used in operating activities (item 1.9 above)	(294)	(905)
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	886	886

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	886	1,180
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)	886	1,180

6. Payments to directors of the entity and their associates

- 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

**Current quarter
\$A'000**

(57)

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

- 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

**Current quarter
\$A'000**

(30)

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

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

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

- 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	130
9.5	Administration and corporate costs	90
9.6	Other – Advance to joint venture company	-
9.7	Total estimated cash outflows	270

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 January 2020

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.