



# OCTANEX

## Quarterly Activity Report 30 June 2020

### ASSETS AND ACTIVITIES OVERVIEW

#### Sefton Gold Project, Eastern Goldfields Superterrane

Octanex's Sefton Gold Project comprises exploration licence applications in the largely unexplored Sefton Lineament within the Burtville Terrane of the Eastern Goldfields Superterrane in Western Australia (Figure 1).

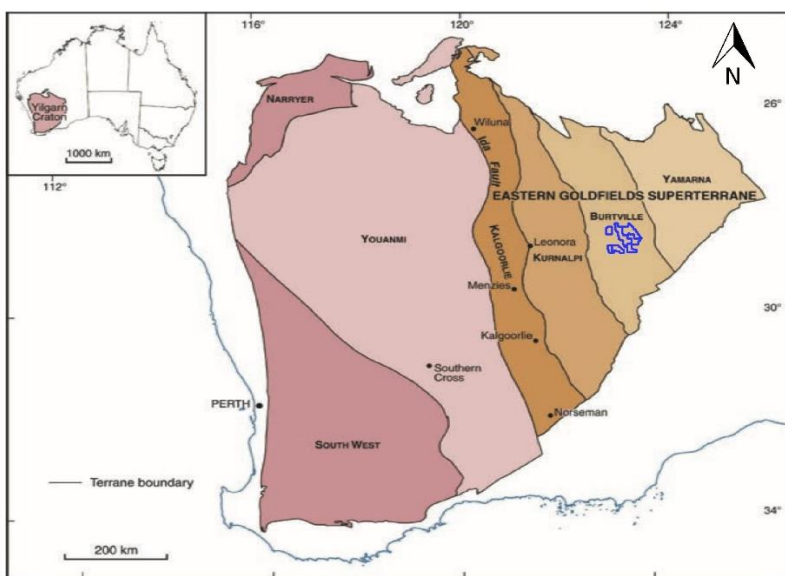


Figure 1 Sefton Project Applications (shown in blue)

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 database 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 2).

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.

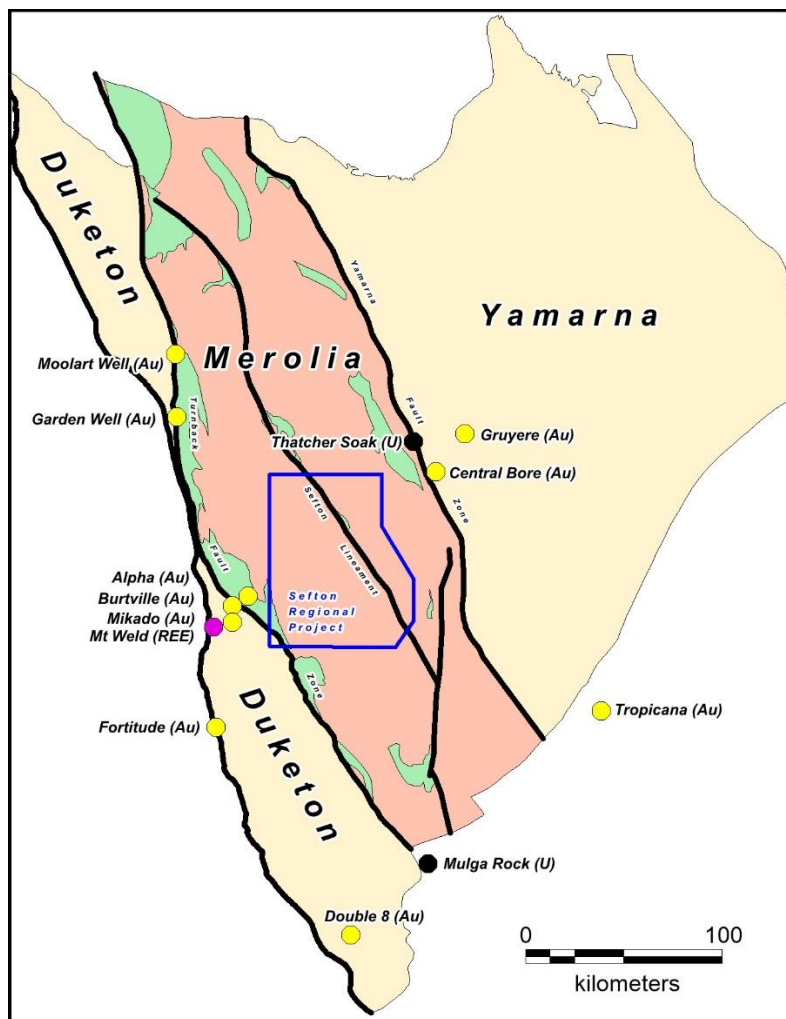


Figure 2 Regional tectonic framework of the Burtville Terrane and its major resource projects

Octanex's near-term objective is 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.

During the quarter Octanex completed geological reconnaissance in the region of the Sefton Project Area which has provided it with greater understanding of the regolith and underlying Archean bedrock. The regolith is dominated by a veneer of transported sands with lesser residual soils associated with silcrete-capped laterite breakaways. Silcrete capping the laterite breakaways appears to be silicified soils of Tertiary age. Previously mapped "Permian" sediments, capping a number of laterite breakaways in the region, show evidence of being fluvial deposits younger than the underlying Tertiary saprolite and older than the overlying silcrete caprock.

Archean bedrock outcrop, largely confined to the laterite breakaways, consists mainly of deeply weathered (saprolitic) granitoid and lesser fresh granitoids, granite gneiss and schistose (sheared) granitoid. Only one outcrop of weathered mafic rock (dolerite or diorite of uncertain affinities) was identified. Evidence for quartz veining is widespread with vein quartz covered scree plains evident in some areas of interpreted regional faults/shears. The Sefton Lineament, one of the main targets, is under transported and residual soil cover and its geology remains unknown.

## Ascalon Gas, Bonaparte Basin

The Ascalon gas accumulation is located mostly within exploration permit WA-407-P in which Octanex has a 100% interest. Ascalon has an aerial extent of 320 km<sup>2</sup>, a proven source/charge, trap, seal and a high reservoir pressure (10,500 psi), which is 3,500 psi over normally pressured, but 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 TVD<sup>1</sup> gross section in the same Permian formation as the Petrel and Tern Gas accumulations. However, approximately 60% of the shallower reservoir in Ascalon-1A was not flow tested due to mechanical issues.

WA-407-P is in year 6 of its initial term, which commenced in February 2020 with the work program having been amended to a program of geotechnical studies designed to inform a decision to drill an appraisal well.

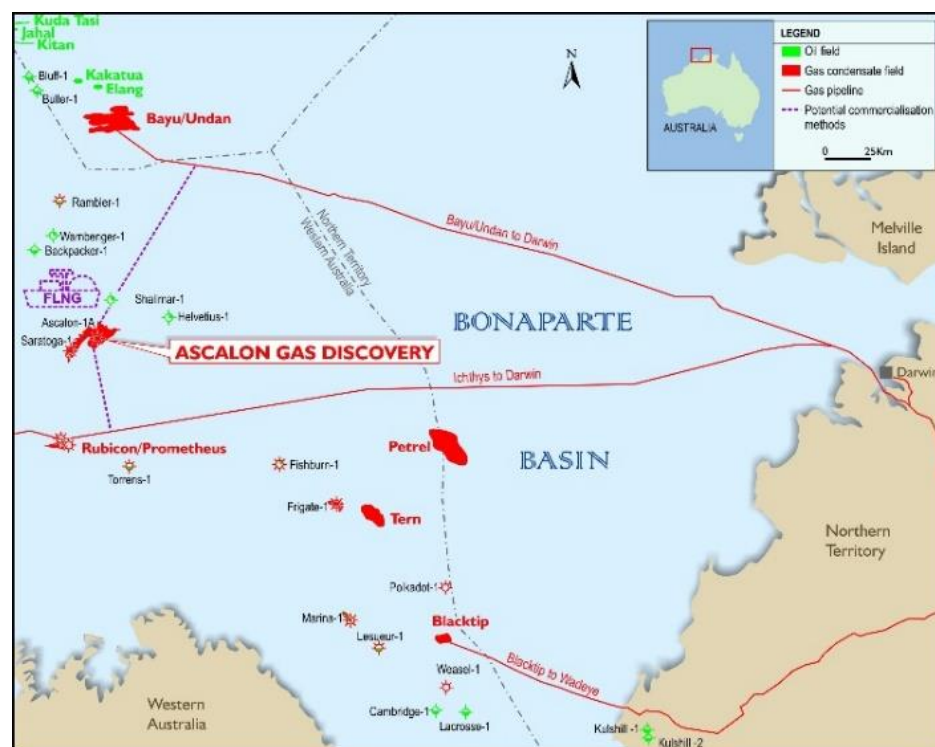


Figure 3 Ascalon proximity to gas infrastructure

*Rae Clark*

**Rae Clark**

Director

28 July 2020

<sup>1</sup> True Vertical Depth

### 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
<b>Offshore Western Australia (Bonaparte Basin)</b>		
WA-407-P	100%	Granted
<b>Western Australia (Mount Margaret District)</b>		
E 38/3416	Up to 80%	Application
E 38/3417	Up to 80%	Application
E 38/3418	Up to 80%	Application
E 38/3431	Up to 80%	Application
E 38/3432	Up to 80%	Application
E 38/3433	Up to 80%	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:

Octanex's Mount Margaret District tenements have been applied for pursuant to an agreement with Mr Christopher Reindler. Under the terms of the agreement Octanex has the right to a 65% interest or an 80% interest by satisfying specific exploration expenditures.

### Additional Information Required by Listing Rule 5.3.5

#### Payments to related parties during the quarter included in Appendix 5B – Quarterly Cash Flow Report

Payments were made to directors and their associates during the quarter totalling approximately \$68,000. Payments were for salaries, superannuation and office services.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

OCTANEX LIMITED

ABN

61 005 632 315

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers	-	85	
1.2 Payments for			
(a) exploration & evaluation			
(b) development			
(c) production			
(d) staff costs	(135)	(532)	
(e) administration and corporate costs	(59)	(558)	
1.3 Dividends received (see note 3)			
1.4 Interest received	-	6	
1.5 Interest and other costs of finance paid			
1.6 Income taxes paid			
1.7 Government grants and tax incentives	60	60	
1.8 Other (provide details if material)			
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(134)</b>	<b>(939)</b>	

<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities			
(b) tenements	(48)	(174)	
(c) property, plant and equipment			
(d) exploration & evaluation	(10)	(197)	
(e) investments			
(f) other non-current assets			

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) 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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(58)</b>	<b>(371)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>		

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	673	1,791
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(134)	(939)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(58)	(371)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>481</b>	<b>481</b>

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	481	673
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>481</b>	<b>673</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(68)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(134)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(10)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(144)
8.4 Cash and cash equivalents at quarter end (item 4.6)	481
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	481
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3.3
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

**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.

28 July 2020

Date: .....



Authorised by: .....

Robert Wright – Company Secretary

Released with authority of the Board

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.