

OCTANEX LIMITED

(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 Limited (**Company**) will be held on Friday, 27th November 2020 at **2.00pm** (AEDT).

In light of the current global outbreak of the Coronavirus (COVID 19) and the Victorian Government's response in restricting gatherings and implementing social distancing requirements, the Company has decided that special arrangements will apply to the Meeting. In the interests of public health and safety, the Company has determined not to allow Shareholders to physically attend the Meeting. The Company will publish a Virtual Meeting Guide on the ASX and the Company's website in the week prior to the Annual General Meeting, outlining how Shareholders will be able to participate in the Meeting via the internet.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

AGENDA

ORDINARY BUSINESS

1. Annual Financial Report

To receive and consider the Financial Statements of the Company for the year ended 30 June 2020 and the reports of the Directors and Auditor thereon.

2. Resolution 1: Adoption of the Remuneration Report for the year ended 30 June 2020

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 2020."

3. Resolution 2: To consider the re-election of Datuk K.H. Kow as a Director of the Company

To consider and if thought fit, to pass the following as an ordinary resolution:

“That Datuk Kevin How Kow, 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.”

4. Resolution 3: Issue of Options to director - 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) 4,000,000 options to acquire ordinary fully paid shares in the capital of the Company expiring at 5.00pm AEDT on 27 November 2023 and as further described in the Explanatory Memorandum.

SPECIAL BUSINESS

5. Resolution 4. Reduction of Capital

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

“That, pursuant to sections 256B and 256C of the Corporations Act 2001 (Cwth) (“the Corporations Act”) and the Company's Constitution, the capital of the Company be reduced by cancelling the 29,889,107 shares registered in the name of Doravale Enterprises Pty Ltd (ACN 084 202 362) held on trust for sale with no consideration or return of capital or other distribution of any kind whatsoever being paid, or made, to Doravale Enterprises Pty Ltd or any other person in respect of, or in consideration for, such reduction of capital and cancellation of shares.”

6. Resolution 5. 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.”

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.

NOTES

Requisite Majorities

Resolutions 1 to 3 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 4 and 5 are special resolutions and will be passed only if supported by 75% of votes cast by members present and eligible to vote at the Meeting.

Voting Exclusion Statement

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 3 – Grant of Options to Director - 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 in favour of Resolution 3 by RL Clark, any associate of RL Clark and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity). However, the Company will not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (a) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (b) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 – Reduction of Capital

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 the Company will disregard any votes cast in favour of Resolution 4 by Doravale Enterprises Pty Ltd its Associates, or on behalf of a person who is expected to participate in, or will obtain a material benefit as a result of, the proposed cancellation (except a benefit solely by reason of being a Shareholder) or any associates of those persons. However, the Company will not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5 – 10% Placement Capacity

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 7.1 the Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or will obtain a material benefit as a result of, the proposed grant (except a benefit solely by reason of being a Shareholder) or any associates of those persons. However, the Company will not disregard a vote if:

- (d) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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.

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 LIMITED

A handwritten signature in dark ink, appearing to read 'R. Wright', is positioned above the printed name of the Company Secretary.

Robert Wright
Company Secretary
16 October 2020

EXPLANATORY NOTES TO THE BUSINESS OF THE MEETING

Note 1: Annual Financial Report of the Company

The Financial Statements and related reports for the last financial year are contained in the Company's 2020 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 Financial Statements and reports.

The Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2020, (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 Limited, 108 Marlborough Street, Bentleigh East Vic 3165 or by email to admin@octanex.com.au so they are received by no later than 5:00pm (AEDT) on Friday, 20 November 2020, 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 2020. 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 2020 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.

Voting exclusion statement

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).

The Directors unanimously recommend eligible Members vote in favour of adopting the Remuneration Report.

Note 3: Resolution 2 – Re-election of Datuk K.H. Kow as a Director

The Company's 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. Datuk How Kow retires by rotation and is seeking re-election at the Meeting. Biographical information for Datuk How Kow can be found in the Company's annual report and on the company's website: www.Octanex.com.au. The Directors, other than Datuk How Kow, unanimously recommend all Members vote in favour of the re-election of Datuk How Kow.

Note 4: Resolution 3 – Grant of Options to Director – R.L. Clark

Background

The Company does not pay directors fees to directors and the Board believes that the grant of Options to the Director in Resolutions 3 is reasonable and appropriate and constitutes an important incentive for the Director.

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.

The Board resolved on 7 October 2020 to grant (subject to Shareholder approval) 4,000,000 unlisted Options to the director R.L Clark.

As at the date the Board resolved to issue Options to the directors the 5-day VWAP of the Company's shares was \$0.013 per share.

Terms of options

The proposed terms of grant of options are as follows:

- (a) Each of the 4,000,000 options granted will entitle the holder to subscribe for one ordinary share in Octanex Limited (the Company) upon the payment of the Exercise Price. The **(Exercise Price)** of the options will be the price that is 50% greater than the 5 day VWAP of the Company Ordinary Fully Paid Shares (ASX Code: OXX) prior to the day that Shareholder approval is obtained (26 November 2020).
- (b) All of the 4,000,000 options will lapse at 5.00pm (AEDT) on 27 November 2023 **(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)**, subject to holders' continuing involvement with the company in the form of ongoing employment and/or consultancy

arrangements, 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 or electronic transfer 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 or electronic transfer 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 and 10.13.8

In compliance with Listing Rules 10.11, 10.13 and 10.13.8 the following information is provided in relation to resolutions 3 on the Notice of Meeting.

- (a) The name of the grantee of the Options is set out in resolution 3 (RL Clark);
- (b) The Related Party is Ms Raewyn Clark who is a related party under listing rule 10.11.1 by virtue of being a Director;
- (c) The maximum number of Options which will be issued under resolution 3 is 4,000,000 options.
- (d) The date by which the Company will issue the Options will be not later than 27 December 2020 which is not later than one (1) month after the date of the Meeting.
- (e) The grantee of the Options, the subject of resolution 3, is a director of the Company as named in the resolution (or their respective nominees who will be their respective Associates within the meaning of the Corporations Act).
- (f) The Options are issued free of cost as incentive Options. The exercise price of 4,000,000 Options will be the price that is 50% greater than the 5 day VWAP of the Company Ordinary Fully Paid Shares (ASX Code: OXX) prior to the day that Shareholder approval is obtained (26 November 2020).
- (g) No funds will be raised by the grant of the Options.
- (h) The remuneration from the Company to the Director for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Raewyn Clark	\$46,016	\$230,081

- (i) A voting exclusion for each resolution is included in the Notice of Meeting.

In relation to resolution 3, 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.

4,000,000 Options – Exercise Price 1.95 cents * – Expiry Date 27 Nov 2023

* The actual exercise price of the Director Options will be the be the price that is 50% greater than the 5 day VWAP of the Company Ordinary Fully Paid Shares (ASX Code: OXX) prior to the day that Shareholder approval is obtained (26 November 2020).

The options proposed to be granted have a pro forma value based on current share prices using Black Scholes binomial model. That valuation has determined a value of \$0.0059 for each option with total values as shown in the table below:

<i>Name of Director</i>	<i>No. of Options</i>	<i>Black Scholes Valuation</i>
RL Clark	4,000,000	\$24,429

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 17 to the 2020 Annual Financial Statements.

Ms Clark interests in existing securities in the capital of the Company are as follows.

<i>Name of Director</i>	<i>No. of Fully Paid Shares held</i>
RL Clark	57,551

Option pro forma Valuation

The valuation of the options as at 14 October 2020 using a binomial model shows a current value per option of \$0.0059 per option, based on the following assumptions:

- A current share price of \$0.013;
- an exercise price of \$0.0195
- the options being granted on 27 November 2020 and expiring on 27 November 2023;
- a risk-free rate of 0.27% for Commonwealth Treasury Bond yields with a maturity approximating the expiry date of the options.
- a volatility factor of 87% 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 14 October 2020, the shares traded in a range of \$0.010 to \$0.013 per share. Volume weighted average share price ("VWAP") for various periods are set out below:

<i>VWAP Period</i>	<i>VWAP</i>	<i>Volume</i>	<i>Value Traded \$</i>
30 Day	\$ 0.0130	277,500	3,608
90 Day	\$ 0.0119	2,049,133	24,356

Subject to shareholder approval and prior to grant the offer option exercise price will be fully determined and valued in accordance with Black Scholes method appropriate to the offer.

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.

Ms Clark has an interest in the outcome of resolution 3. The nature of the financial benefit which may be obtained by Ms Clark as a related party of the Company is that Ms Clark (or her 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:

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

Accordingly the following information is provided. Insofar as Resolution 3 is concerned, Ms Clark refrains from making any recommendation on the outcome of that resolution because she is interested in the outcome of the resolution.

Note 5: Resolution 4: Proposed reduction of capital

On 25 November 2010 the Company entered into a scheme of arrangement with its members pursuant to an Order of the Supreme Court of Victoria ("**Scheme**") made on 17 November 2010. The entering into the Scheme was approved by the members of the Company in general meeting in accordance with the Company's constitution and the Corporations Act 2001 ("**the Act**"). The purpose of the Scheme was to enable the Trustee to raise additional funds for the Company as contemplated by the Scheme.

Under the Scheme Doravale Enterprises Pty Ltd ("**Trustee**") now holds a residual number of 29,889,107 ordinary shares in the capital of the Company on trust for sale ("**the Shares**") on the basis that the net proceeds of sale would be received by the Trustee and paid to the Company as the subscription moneys for the Trustee Shares, as and when sold.

As the Shares remain unsold, it is proposed to cancel the Shares prior to 5 PM (AEST) on 30 November 2020 ("**Vesting Date**") in lieu of the Scheme vesting with the Shares being distributed pro rata to members subsequent to the vesting Date.

The following information is provided for consideration and information of members in deciding how to vote on the resolution to cancel the Shares ("**Capital Reduction Resolution**") The Act provides that a Company must not reduce its share capital unless it complies with s 256B (1)

of the Act. That section provides that 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 s 256C.

A selective reduction of capital must be fair and reasonable to the company's shareholders as a whole. The Court has held (in *Elkington v Costa Exchange Ltd*) 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, though members' commercial judgment on that is certainly not irrelevant."

In the present circumstances the following matters are relevant:

- If the Shares are not cancelled or sold before the Vesting Date they must be distributed on a pro rata to all members on the register of members as at the Vesting Date;
- Doravale has not been requested to sell any of the Shares nor is it perceived by the Board of Octanex that a buyer could be found for the Shares in the period between now and the Vesting Date;
- The distribution of the Shares to all members on the Vesting Date will be comparatively expensive and will be avoided by the cancellation of the Shares for no consideration on the Capital Reduction Resolution being passed and coming into effect.
- Doravale has no equitable or beneficial interest in the Shares and, under the Scheme, it is not entitled to vote the Shares (except in circumstances which are irrelevant for current purposes) so neither a cancellation or distribution of the Shares will have any effect on members rights to vote or the voting power (as defined by the Act) attaching to members existing shareholdings.
- Doravale has no right to receive dividends or distributions in respect of the Shares (whether on a reduction of capital or winding up or otherwise) so neither cancellation nor distribution of the Shares will have any effect on members rights to receive dividends or distributions or the amount of any such dividends or distributions which may, at any time be received by them from time to time.
- Neither the cancellation nor distribution of the Shares will or would have any effect on control of the Company.
- The Shares are to be cancelled with no distribution being made to Doravale on their cancellation so their cancellation will have no effect on the assets of Octanex.
- If the Shares were to be distributed subsequent to the Vesting Date, rather than being cancelled, each member would receive approximately 12.3 additional shares for each 100 shares presently held but their comparative economic interests would not be affected as the pro rata distribution would affect all members equally.

Having regard to the above matters, each Director of Octanex has concluded that the reduction is fair and reasonable to Octanex's shareholders as a whole, particularly as the effects of the reduction of capital, such as they are, apply with equal effect to all members according to their pro rata holdings of shares in Octanex. The reduction of capital advantages no-one and disadvantages no-one.

Further, as no distribution is being made to Doravale on the reduction of capital and cancellation of the Shares, the reduction of capital cannot have any effect on Octanex's ability to pay its creditors.

As the proposed reduction is a “selective” reduction of capital:

- both a general meeting and a class meeting be held to give effect thereto;
- the Capital Reduction Resolution must be put to each of the general meeting and the class meeting and passed as a special resolution at each meeting;
- at the general meeting Doravale is not entitled to vote on the Capital Reduction Resolution and, at the class meeting, no member other than Doravale is entitled to vote on the resolution. The class meeting has been convened by a separate notice of meeting which does not accompany this Notice of Meeting. On the Capital Reduction Resolution being put to the class meeting being approved (by the Trustee voting at the class meeting), it will have been approved as a special resolution at that meeting.

For information of members:

- Mr E G Albers and his Associates have a relevant interest (within the meaning of the Act) in 152,280,468 ordinary shares;
- Ms R Clark has a relevant interest in 57,551 ordinary shares;
- Mr KK How has a relevant interest in 100,000 ordinary shares;
- Mr JMD Willis has a relevant interest in 3,117,382 ordinary shares;

being all the Directors of Octanex, and holding, in aggregate, 64.06% of all shares eligible to vote on the Capital Reduction Resolution, all propose to vote in favour of the Capital Reduction Resolution to put to the Annual General Meeting.

Doravale has also advised Octanex that it intends to vote in favour of the Capital Reduction Resolution at the class meeting.

Unless the Capital Reduction Resolutions being put to both meetings are passed as special resolutions the Shares will not be cancelled and the Trustee will continue to hold them until they are required to be distributed to members pro rata after the Vesting Date.

Assuming the Capital Reduction Resolutions are passed, they will be given effect 14 days after Octanex lodges a copy of those resolutions with ASIC as required under section 256C(3) of the Act.

Directors Recommendation

For the above reasons, each of the Directors considers the reduction of capital is fair and reasonable to members as a whole and accordingly the Directors unanimously recommend that all members vote in favour of Resolution 4.

Note 6: Resolution 5 - Approval of 10% Placement Capacity under Listing Rule 7.1A

Under Resolution 5, 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) as described here:

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$(A \times D) - E$

A = The number of fully paid ordinary shares on issue at the commencement of the 12 months immediately preceding the date of issue or agreement to issue:

plus the number of fully paid ordinary securities issued in the 12 months under an exception to ASX Listing Rule 7.2 other than exception 9, 16 or 17;

plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:

- the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
- the issue of, or agreement to issue the convertible securities was approved or taken under these rules to have been approved under ASX Listing Rule 7.1 or 7.4;

plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:

- the agreement was entered into before the commencement of the relevant period; or
- the agreement or issue was approved, or taken under these rules to have been approved under ASX Listing Rule 7.1 or rule 7.4;

plus the number of any other fully paid ordinary securities that became fully paid in the relevant period

less the number of fully paid ordinary securities cancelled in the last 12 months

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D = 10%

E = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the last 12 months immediately preceding the date of issue of the shares where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under ASX Listing Rule 7.4

As Resolution 5 is a Special Resolution, it requires approval of 75% of the votes cast by Members present and eligible to vote at the 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 272,719,947 ordinary shares on issue. Therefore, in addition to any equity securities it can issue under LR 7.1, if Resolution 7 is approved, the Company will have capacity to issue up to 27,271,995 equity securities under LR 7.1A, being up to 10% of the 272,719,947 fully paid ordinary shares presently on issue. However, the number of equity securities that may be issued under LR 7.1A may increase beyond 272,719,947, as the actual number of fully paid shares on issue may increase by the date of any issue that may be made should Resolution 7 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 ten trading days of the date on which the issue price is agreed).

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur to the following:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- the time and date of the Company's next annual general meeting; or
- the time and date of the approval by shareholders of ordinary securities of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

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 5 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 if it was 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.

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.

Nil.

Table showing various hypothetical scenarios as required by Listing Rule 7.3A.4

As required by LR 7.3A.4, 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 272,719,947 fully paid shares		10% Placement Issue Price \$0.0065	10% Placement Issue Price \$0.013	10% Placement Issue Price \$0.026
		(being a 50% decrease in Issue Price below current share price)	(being the current Share Price)	(being a 100% increase in Issue Price above current share price)
Current Capital comprises 272,719,947 shares No increase in capital. Variable A remains 272,719,947 shares	Number of Shares	27,271,995	27,271,995	27,271,995
	Funds raised (excluding capital raising costs) ¹	\$177,268	\$354,536	\$709,072
50% increase in capital to 409,079,921 shares by issue of 136,359,974 shares. Variable A increases to 409,079,921 shares	Number of Shares ²	40,907,992	40,907,992	40,907,992
	Funds raised ¹	\$265,902	\$531,804	\$1,063,608
100% increase in capital to 545,439,894 shares by issue of 272,719,947 shares. Variable A increases to 545,439,894 fully paid shares	Number of Shares ³	54,543,989	54,543,989	54,543,989
	Funds raised ¹	\$354,536	\$709,072	\$1,418,144

¹ Rounded to nearest whole dollar

² 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 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.
- the table shows only the effect of issues of 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 shares is assumed to be \$0.013, being the price on 14 October 2020 shortly prior to lodgement of this Notice with ASX.

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

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 5. 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 5 is considered prudential.

The Directors believe Resolution 5 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 5.

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 2.00pm (AEDT) on 25 November 2020 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 shareholder that is an individual may attend and vote in person at the meeting. In light the current global outbreak of the Coronavirus (COVID 19) and the Victorian Government's response in restricting gatherings and implementing social distancing requirements, the Company has decided that special arrangements will apply to the Meeting. In the interests of public health and safety, the Company has determined not to allow Shareholders to physically attend the Meeting. Please refer to the Virtual Meeting Guide which will be published on the ASX and Company's website in the week prior to the General Meeting as to how Shareholders will be able to participate in the Meeting via the internet.**
- 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 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.
- 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 LIMITED
(ABN 61 005 632 315)

The Company Secretary
Octanex Limited
108 Marlborough Street
Bentleigh East, Victoria 3165

I/We (name of Member)

of (address).....

being a Member/Members of Octanex Limited (**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 on Friday 27th November 2020 commencing at **2.00pm** (AEDT) and at any adjournment thereof.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

Mark ☒ to indicate your instructions

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

Ordinary resolutions

Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election K.H. Kow as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Grant of options to Director - RL Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special resolutions

Resolution 4 Reduction of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of 10% placement Capacity	<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

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, facsimile or email) to the Company Secretary, Octanex Limited at its Registered Office:

108 Marlborough Street
Bentleigh East
Victoria 3165 Australia
Facsimile: +61 (0)3 8610 4799
Email : admin@octanex.com.au

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 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.