



ABN 61 005 632 315

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2020

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DIRECTORY

BOARD OF DIRECTORS

E.G. Albers (Chairman)

R.L. Clark

J.M.D. Willis

K. How Kow

COMPANY SECRETARY

R.J. Wright

REGISTERED OFFICE

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South Yarra, Victoria 3141, Australia

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Facsimile: +61 (0)3 8610 4799

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AUDITOR

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Tower 5, Collins Square

727 Collins Street

Melbourne, Victoria 3008 Australia

SHARE REGISTRY

Automic Pty Ltd

Level 3

50 Holt Street

Surry Hills, NSW 2010, Australia

Telephone: 1300 288 664 (within Australia)

Telephone: + 61(2) 9698 5414 (outside Australia)

Website: www.automic.com.au

STOCK EXCHANGE LISTING

ASX Ltd

Level 4, North Tower, Rialto

525 Collins Street

Melbourne Victoria 3000

ASX Code: OXX

CURRENCY

The company's functional and presentation currency is Australian Dollars.

FORWARD LOOKING STATEMENTS

This report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the company or not currently considered material by the company.

INCORPORATED

Incorporated in Victoria on 13 March 1980

DIRECTORS' REPORT

The directors of Octanex Limited (**Octanex** or **the company**) submit their report on the consolidated results of the company and its wholly-owned subsidiaries (**controlled entities**) or (**the group**) for the half year ended 31 December 2020.

Directors

The names of the company's directors in office during the half year and until the date of this report are as follows:

E Geoffrey Albers – Executive Chairman and Chief Executive Officer

Raewyn Clark – Executive Director and Chief Operating Officer

James Willis – Independent Non-Executive Director

Kevin How Kow – Non-Executive Director

Financial Results for the half year

The consolidated entity, being the company and its controlled entities, recorded a consolidated loss for the half year of \$119,579 (2019: loss of \$4,934,887).

Dividends

No dividend was declared or paid during the half year.

Share Capital

No shares were issued during the half year ended 31 December 2020. In December 2020 the capital of Octanex was reduced by the cancellation of 29,889,107 shares registered in the name of Doravale Enterprises Pty Ltd held on trust for sale with no consideration or return of capital or other distribution of any kind paid for, such reduction of capital and cancellation of shares. The cancellation was approved by members at the general meeting in November 2020.

ASSETS AND ACTIVITIES OVERVIEW

Sefton Project, Eastern Goldfields Superterrane

Octanex's Sefton Project covers a net area of 2,587 km² in the largely unexplored Sefton Lineament within the Burtville Terrane of the Eastern Goldfields Superterrane in Western Australia (see Figures 1 and 2). Three exploration licenses were granted in January 2021.

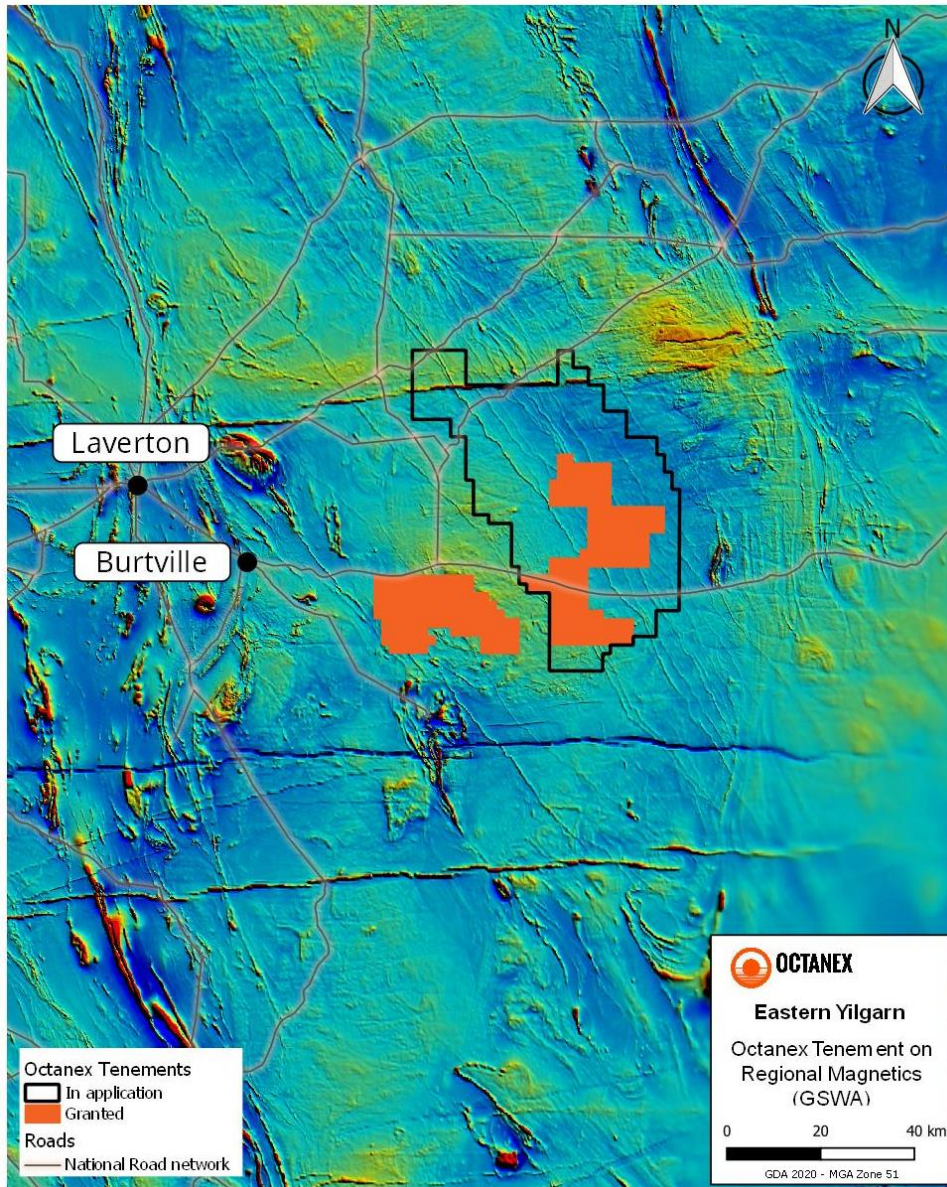


Figure 1 Octanex Sefton Project Tenements

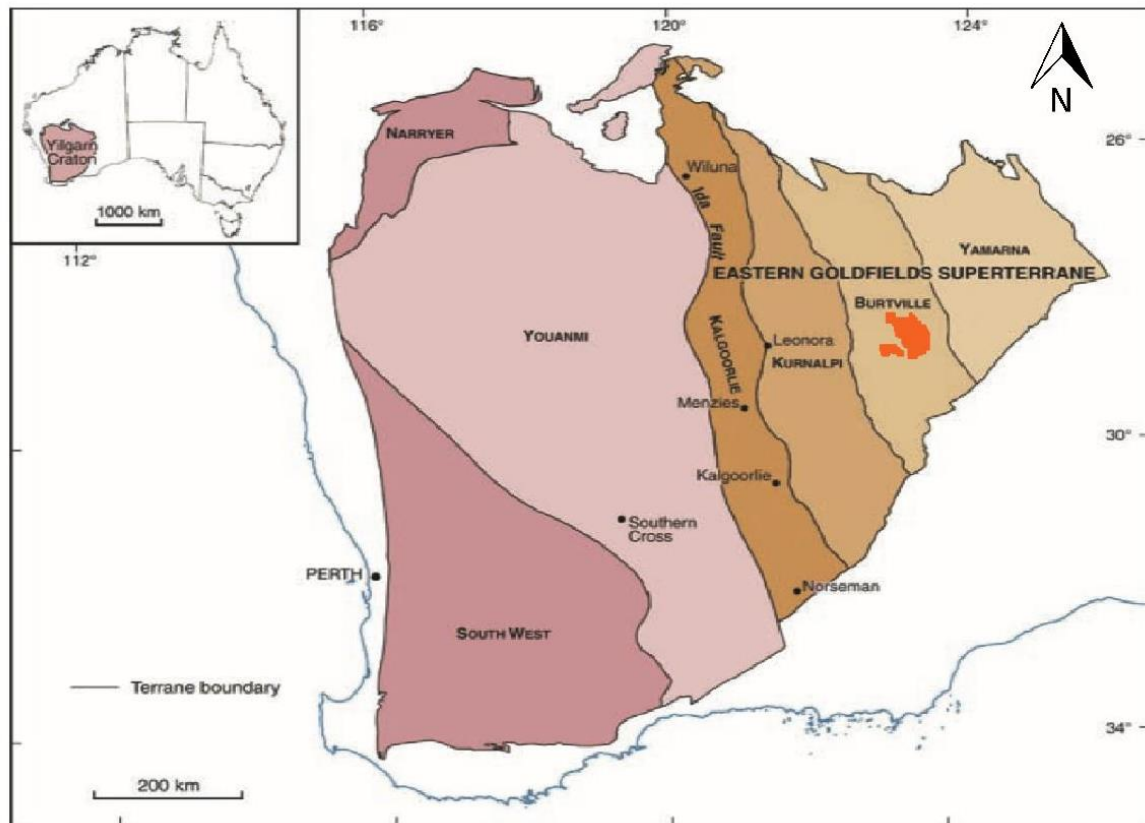


Figure 2 Sefton Project Tenement Location

Previous exploration in the Sefton Project Area 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 in 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 west 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.

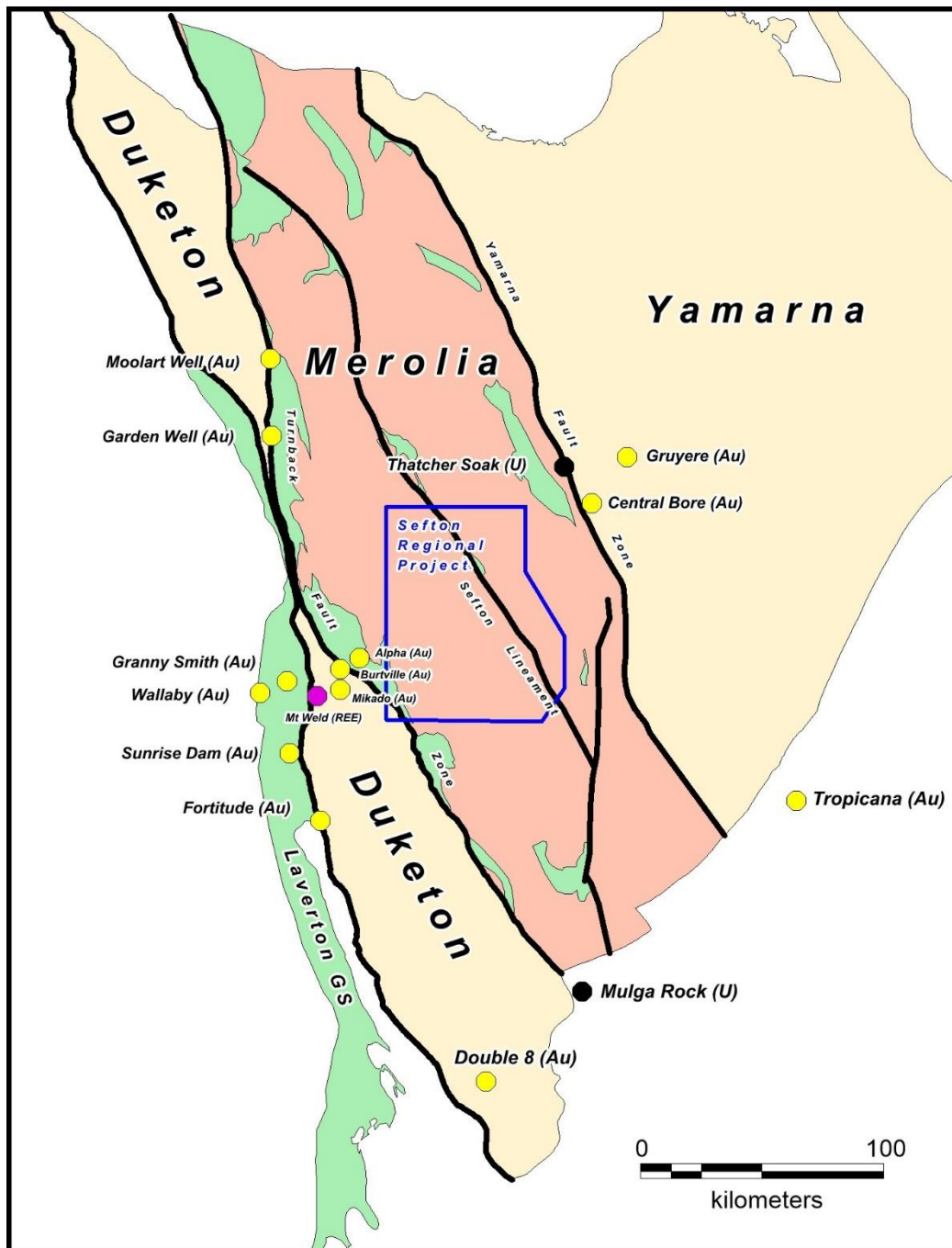


Figure 3 Regional tectonic framework of the Burtville Terrane and its major resource projects

Octanex's near-term objective is 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, 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.

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. 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 km², 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.

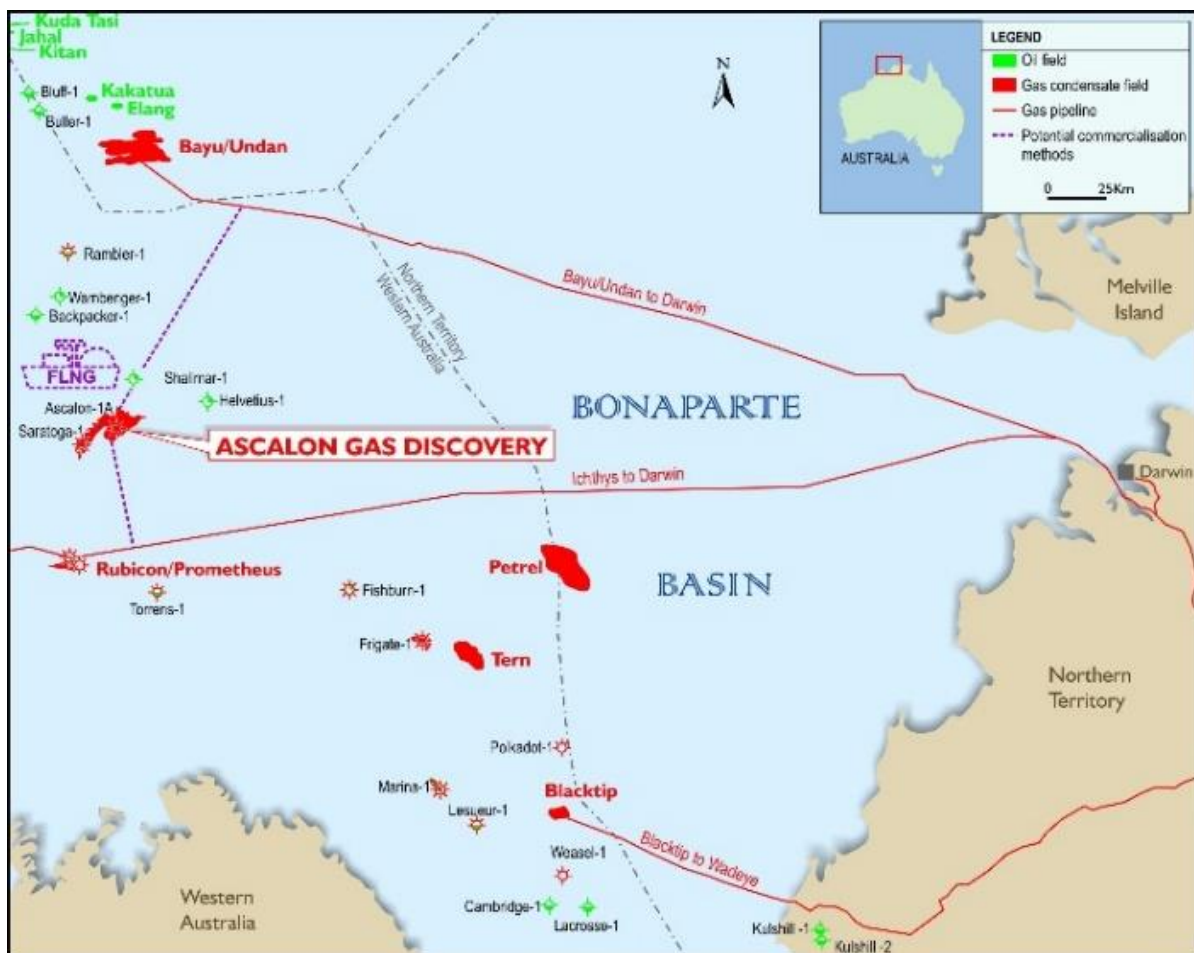


Figure 4 Ascalon proximity to gas infrastructure

During the half-year, Octanex was notified of a twelve month suspension and extension of the current year 6 work program and the permit term. WA-407-P is in year 6 of its initial term, which ends in February 2022 with a work program of geotechnical studies designed to inform a decision to drill an appraisal well.

SUBSEQUENT EVENTS

Three minerals exploration tenements were granted 11 January 2021.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration as required under section 307C of the Corporations Act 2001 from our auditor, Grant Thornton Audit Pty Ltd, a copy of which is included at page 18.

Signed in accordance with a resolution of the directors



E.G. Albers
Director

Melbourne, 12 March 2021

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Octanex Limited, I state that:

In the opinion of the directors:

- (a) the financial statements of the group, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position of the group as at 31 December 2020 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



E.G. Albers
Director

Melbourne, 12 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	NOTE	CONSOLIDATED 31/12/2020 \$	31/12/2019 \$
Recovery of salary costs		125,461	95,235
Covid support income		108,700	-
Interest income		218	5,333
Profit from sale of financial assets		12,257	-
Consulting		(73,450)	(2,800)
Impairment of exploration assets		-	(4,629,940)
Management fees		(10,000)	(10,000)
Office costs		(28,094)	(51,754)
Other expenses		(57,025)	(51,702)
Reporting, registry and stock exchange		(11,245)	(18,179)
Salaries		(170,229)	(247,562)
Superannuation		(16,172)	(23,518)
Loss before income tax		(119,579)	(4,934,887)
Income tax benefit		-	-
Net loss for the half year		(119,579)	(4,934,887)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in financial assets at fair value through other comprehensive income		56,618	-
Other comprehensive income for the half year net of tax		-	-
Total comprehensive income for the half year		(62,961)	(4,934,887)
		Cents	Cents
Basic loss per share		(0.049)	(2.032)
Diluted loss per share		(0.049)	(2.032)

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2020**

	NOTE	31/12/2020 \$	CONSOLIDATED 30/6/2020 \$
CURRENT ASSETS			
Cash and cash equivalents		374,278	481,358
Trade and other receivables		221,277	244,360
Prepayments	5	189,480	104,880
TOTAL CURRENT ASSETS		785,035	830,598
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	7	-	30,082
Exploration and evaluation assets	8	4,951,428	4,925,108
TOTAL NON-CURRENT ASSETS		4,951,428	4,955,190
TOTAL ASSETS		5,736,463	5,785,788
CURRENT LIABILITIES			
Trade and other payables		97,938	102,742
Provisions		179,031	160,591
TOTAL CURRENT LIABILITIES		276,969	263,333
TOTAL LIABILITIES		276,969	263,333
NET ASSETS		5,459,494	5,522,455
EQUITY			
Issued capital	9	68,867,927	68,867,927
Reserves		276,726	220,108
Accumulated losses		(63,685,159)	(63,565,580)
TOTAL EQUITY		5,459,494	5,522,455

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31/12/2020	CONSOLIDATED 31/12/2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Administration fees received	151,959	65,588
Payments to suppliers – other	(270,807)	(837,015)
Covid support	108,700	-
Interest received	-	5,333
Net cash outflow from operating activities	<u>(10,148)</u>	<u>(766,094)</u>
INVESTING ACTIVITIES		
Payments to suppliers – exploration	(26,320)	(138,750)
Payments to suppliers – tenements	(169,566)	-
Proceeds from sale of investment	98,954	-
Net cash outflow from investing activities	<u>(96,932)</u>	<u>(138,750)</u>
Net decrease in cash and cash equivalents	(107,080)	(904,844)
Cash assets at the beginning of the half year	481,358	1,790,892
Cash assets at the end of the half year	<u>374,278</u>	<u>886,048</u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Contributed equity	Accumulated losses	Financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Option reserve	Total
	\$	\$	\$	\$	\$	\$
CONSOLIDATED ENTITY						
At 1 July 2020	68,867,927	(63,565,580)	(817,455)	-	1,037,563	5,522,455
Loss after tax	-	(119,579)	-	-	-	(119,579)
Revaluation of financial asset (net of tax)	-	-	56,618	-	-	56,618
Total comprehensive income for the year	-	(119,579)	56,618	-	-	(62,961)
At 31 December 2020	68,867,927	(63,685,159)	(760,837)	-	1,037,563	5,459,494

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Contributed equity	Accumulated losses	Financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Option reserve	Total
	\$	\$	\$	\$	\$	\$
CONSOLIDATED ENTITY						
At 1 July 2019	68,867,927	(58,300,847)	(829,841)	-	1,037,563	10,774,802
Loss after tax	-	(4,934,887)	-	-	-	(4,934,887)
Total comprehensive income for the year	-	(4,934,887)	-	-	-	(4,934,887)
At 31 December 2019	68,867,927	(63,235,734)	(829,841)	-	1,037,563	5,839,915

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020****NOTE 1 CORPORATE INFORMATION**

Octanex Limited ("Octanex" or "the company" or "the group") is a for-profit company incorporated and domiciled in Australia with its registered office and principal place of business located at Level 1, 10 Yarra Street, South Yarra, Victoria 3141. The consolidated financial report of the company for the half year ended 31 December 2020 comprises the company and its subsidiaries (together referred to as the "consolidated entity" or "the group") and the consolidated entity's interest in joint operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of Octanex Limited as at 30 June 2020. It is also recommended that the half year financial report be considered together with any public announcements made by Octanex Limited and its controlled entities during the half year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Listing Rules of the ASX.

(a) Basis of preparation

These general purpose financial statements for the half year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The half year financial report has been prepared on an historical cost basis less impairment losses, except for financial assets at fair value through other comprehensive income that are measured at fair value. For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

Going concern

For the half year ended 31 December 2020 the group incurred a net cash outflow from operating and investing activities of \$107,080 (2019: \$904,844) and a net loss after tax of \$119,579 (2019: \$4,934,887). As at 31 December 2020, the Group has working capital of \$508,066 (30 June 2020: working capital \$567,265).

Directors expect that the group will be able to successfully raise sufficient funding to enable it to continue as a going concern for at least 12 months from the signing of the half-year financial report.

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In the event that sufficient funds are not met to meet the Group's exploration commitments, the interest in some or all of the Group's tenements may be affected. No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern, particularly the write-down of capitalised exploration expenditure should the exploration permits be ultimately surrendered or cancelled. Having assessed the potential uncertainties relating to the Group's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the Group will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

(c) New and revised accounting standards applicable for the first time to the current half-year reporting period

The group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the group. The Directors do not believe that new and revised standards issued by AASB (that are not as yet effective), will have any material financial impact on the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020****NOTE 3 SEGMENT INFORMATION**

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors.

At regular intervals the board is provided with management information at a group level for the group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

NOTE 4 EXPLORATION EXPENDITURE COMMITMENTS

	CONSOLIDATED	
	31/12/2020	31/12/2019
	\$	\$
The group's estimated expenditure to satisfy contractual and/or permit work requirements:		
Not later than 1 year	444,000	270,000
Payable later than one year but not later		
Than three years	<u>1,545,000</u>	<u>-</u>
	<u>1,989,000</u>	<u>270,000</u>

Oil and Gas offshore exploration permit – WA-407-P

Estimated expenditure, arising from retention lease work programme which, may, subject to negotiation and approval, be varied. They may also be satisfied by farmout, sale, relinquishment or surrender.

Minerals exploration tenements

E38/3416 was granted subsequent to 31 December 2020, on 11 January 2021 (Note 6). The Group has a current year commitment of \$180,000 for this tenement. The permit year ends 10 January each year and currently expires 10 January 2026.

E38/3432 was granted subsequent to 31 December 2020, on 11 January 2021 (Note 6). The Group has a current year commitment of \$40,000 for this tenement. The permit year ends 10 January each year and currently expires 10 January 2026.

E38/3433 was granted subsequent to 31 December 2020, on 11 January 2021 (Note 6). The Group has a current year commitment of \$89,000 for this tenement. The permit year ends 10 January each year and currently expires 10 January 2026.

	CONSOLIDATED	
	31/12/2020	30/06/2020
	\$	\$
NOTE 5 PREPAYMENTS		
Prepaid tenement rent	<u>189,480</u>	<u>104,880</u>
	<u>189,480</u>	<u>104,880</u>

At 31 December 2020 the company has applied for nine minerals exploration tenements (2019: Six). If the tenements are granted rent paid on application will cover rent required on the first year of exploration in all nine tenements. As at 31 December none of the tenements had been granted. If the tenements are not granted the rent paid on application is fully refundable.

Subsequent to 31 December 2020, three minerals exploration tenements were granted (note 6).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020****NOTE 6 EVENTS SUBSEQUENT TO BALANCE DATE**

Three minerals exploration tenements were granted 11 January 2021.

CONSOLIDATED	
31/12/2020	30/06/2020
\$	\$

**NOTE 7 FINANCIAL ASSETS AT FAIR VALUE
THROUGH OTHER COMPREHENSIVE INCOME**

Investment in listed equities (Energex Limited)	<u>-</u>	<u>30,082</u>
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All shares in Energex Limited were sold in August 2020.

NOTE 8 EXPLORATION AND EVALUATION ASSETS

Carrying balance at beginning of the period	4,925,108	9,382,098
Impairment of exploration assets	-	(4,629,940)
Costs incurred during the period	<u>26,320</u>	<u>172,950</u>
Carrying balance at end of the period	<u>4,951,428</u>	<u>4,925,108</u>

Exploration and evaluation assets relate to the areas of interest in the exploration and evaluation phase for petroleum exploration permits and a retention lease.

31/12/2020	30/06/2020
Permits	Permits
WA-407-P	WA-407-P

Ultimate recovery of exploration and evaluation assets is dependent upon exploration and evaluation success and/or the company maintaining appropriate funding to support continued exploration and evaluation activities.

NOTE 9 ISSUED CAPITAL

No shares were issued during the half year ended 31 December 2020. In December 2020 the capital of Octanex was reduced by the cancellation of 29,889,107 shares registered in the name of Doravale Enterprises Pty Ltd held on trust for sale with no consideration or return of capital or other distribution of any kind paid for, such reduction of capital and cancellation of shares. The cancellation was approved by members at the general meeting in November 2020.

NOTE 10 SHARE BASED PAYMENT*Share options to director*

4,000,000 options were granted to a director in the half year ended 31 Dec 2020. (Dec 2019: Nil options).

4,000,000 options (exercisable at \$0.0195 (1.95 cents) on or before 27 November 2023) were granted to Rae Clark on 27/11/20. The accounting value of the options granted was \$43,883 with the share based payment expense for the half year \$1,363. The options have a service period vesting condition so the cost of the options are amortised over the life of the option.

Auditor's Independence Declaration

To the Directors of Octanex Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Octanex Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 12 March 2021

ACN-130 913 594

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Independent Auditor's Review Report

To the Members of Octanex Limited

Report on the review of the half-year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of Octanex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Octanex Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Octanex Limited's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report, which indicates that the Group incurred a net loss of \$119,579 during the half year ended 31 December 2020 and, as of that date, the Group's current assets exceeded its current liabilities by \$508,066. As stated in Note 2(a), these events or conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 12 March 2021