



# Annual Report

2021

**ASX:OXX**

Octanex Limited



## CORPORATE DIRECTORY

### Directors

**Mr Geoffrey Albers**

Chairman

**Ms Raewyn Clark**

Executive Director

**Datuk Kevin Kow How**

Non-Executive Director

**Mr James Willis**

Independent Non-Executive Director

### Company Secretary

Mr Robert Wright

### Registered Office

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Website: [www.octanex.com.au](http://www.octanex.com.au)

### Auditor

Grant Thornton Audit Pty Ltd

Collins Square, Tower 5

727 Collins Street

Melbourne, Victoria 3008 Australia

### Share Registry

Automic Pty Ltd

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Surry Hills, NSW 2010, Australia

Telephone: 1300 288 664 (within Australia)

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

Website: [www.automic.com.au](http://www.automic.com.au)

### Stock Exchange

ASX Limited

Level 4, North Tower, Rialto

525 Collins Street

Melbourne, Victoria 3000 Australia

ASX Code: OXX

**Incorporated in Victoria on 13 March 1980**

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## CHAIRMAN'S LETTER

The past 12 months have seen a redirection of our Company away from its traditional offshore petroleum exploration activities into exploration for gold and base metals in Australia.

The weight of negative sentiment about carbon-based fuels, as evidenced by the push for an accelerated phase-out of carbon emissions, has seen the withdrawal of some of the largest international oil and gas producers from advancement of their traditional oil and gas exploration and development activities. We have seen the outright disposal of oil and gas interests and divisions among the biggest of the world's petroleum majors. All of this has encouraged us to find a new rationale for our existence as a company.

The high-risk offshore petroleum exploration scene in Australia has been decimated, not only by the change in sentiment about carbon emissions, but also by the advancement of energy forms and energy usage to embrace renewables and de-carbonisation generally. The rise and rise of renewable energy sources (solar, wind and hydro), coupled with advances in energy storage technology (both privately and commercially) has been unrelenting. It's hard to imagine any oil major presently having the risk tolerance to undertake a 15 - 20 year plan to explore, prove up and develop a new petroleum field from a grass roots start.

We saw a possible future for Octanex with gold and minerals, based on our view of gold as a store of value in inflationary times and on minerals as a result of the innovative forms of energy storage, transmission and usage being developed which require minerals of many types, for which much of Western Australia is highly prospective.

We were invited by prospector, Mr Chris Reindler, to fund a concept he had formulated for the possibility of gold and base metals accumulations in an area around the Sefton lineament, east of Laverton, in the far Eastern Gold Fields of Western Australia.

The largely unexplored but covered nature of the Sefton region as part of the prospective Yilgarn Craton encouraged us to join with Mr Reindler and to make applications for an extensive tenement position covering 2,585 km<sup>2</sup>. The region shows evidence of both gold and base metals. During the year in review, five tenements totalling 2,105km<sup>2</sup> were granted as part of that joint effort.

During the Sefton tenement application phase we set about building our team, accumulating historic geological data and contracted to have regional geophysical data re-processed to assist with targeting and prioritising areas for initial field work.

We have now undertaken several wide-spaced geochemical lag sampling expeditions through which we have validated our exploration concepts and successfully defined gold and gold-pathfinder anomalies for follow-up testing, as reviewed in the Operations Review contained in this Annual Report.

Our strategy is one of exploration to discover, prove and develop resources in our own right. At least for the foreseeable future there is a depth of funding for junior companies in Australia. That funding not only includes corporate funding by shareholders but, in the case of Western Australia, that government provides grants to incentivise exploration drilling. I can see no reason why our Company should not be able to carry a project from exploration to discovery and from there to proof of resource, through to development and into production.

On behalf of the Board, I thank our shareholders for their support and financial contribution which has allowed Octanex to be in the satisfactory position of having an extensive portfolio of lightly explored prospectively high-impact acreage surrounded by significant producing gold mines to the west, east and south of our acreage.



E.G. Albers  
Chairman  
Octanex Limited  
29<sup>th</sup> September 2021



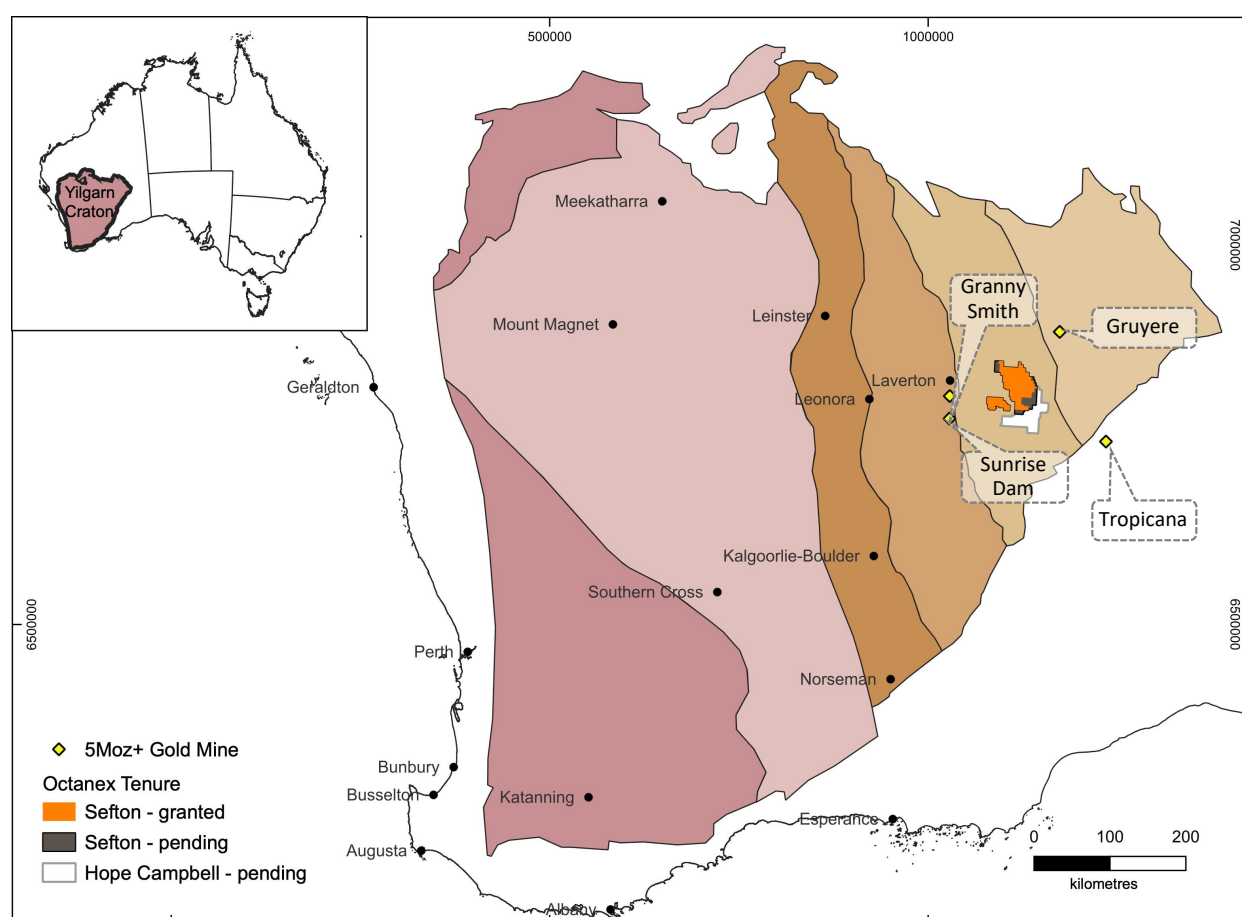
## Review of Operations

### Sefton Gold Project

#### ***Octanex earning 80%***

Octanex's flagship Sefton Gold Project is located in the Great Victoria Desert between the Laverton and Yamarna Greenstone Belts, in the Eastern Goldfields province of Western Australia. It is comprised of five granted licences covering approximately 2,105km<sup>2</sup> as well as a further 480km<sup>2</sup> under application. This prospective package of ground has had very little modern exploration.

The company believes there is potential for the discovery of a major gold resource proximal to major structures traversing its Sefton Project area. The Sefton lineament is the most well-known major fault zone traversing the Sefton Project area. There is also exploration potential for nickel-copper sulphides and nickel-copper laterite associated with ultramafic enclaves. Although the focus is gold, the company maintains a multicommodity approach to its exploration. Octanex's near-term objective is to identify areas of anomalous geochemistry to generate targets for potential drill testing.



**Figure 1. Sefton and Hope Campbell Project Locations**

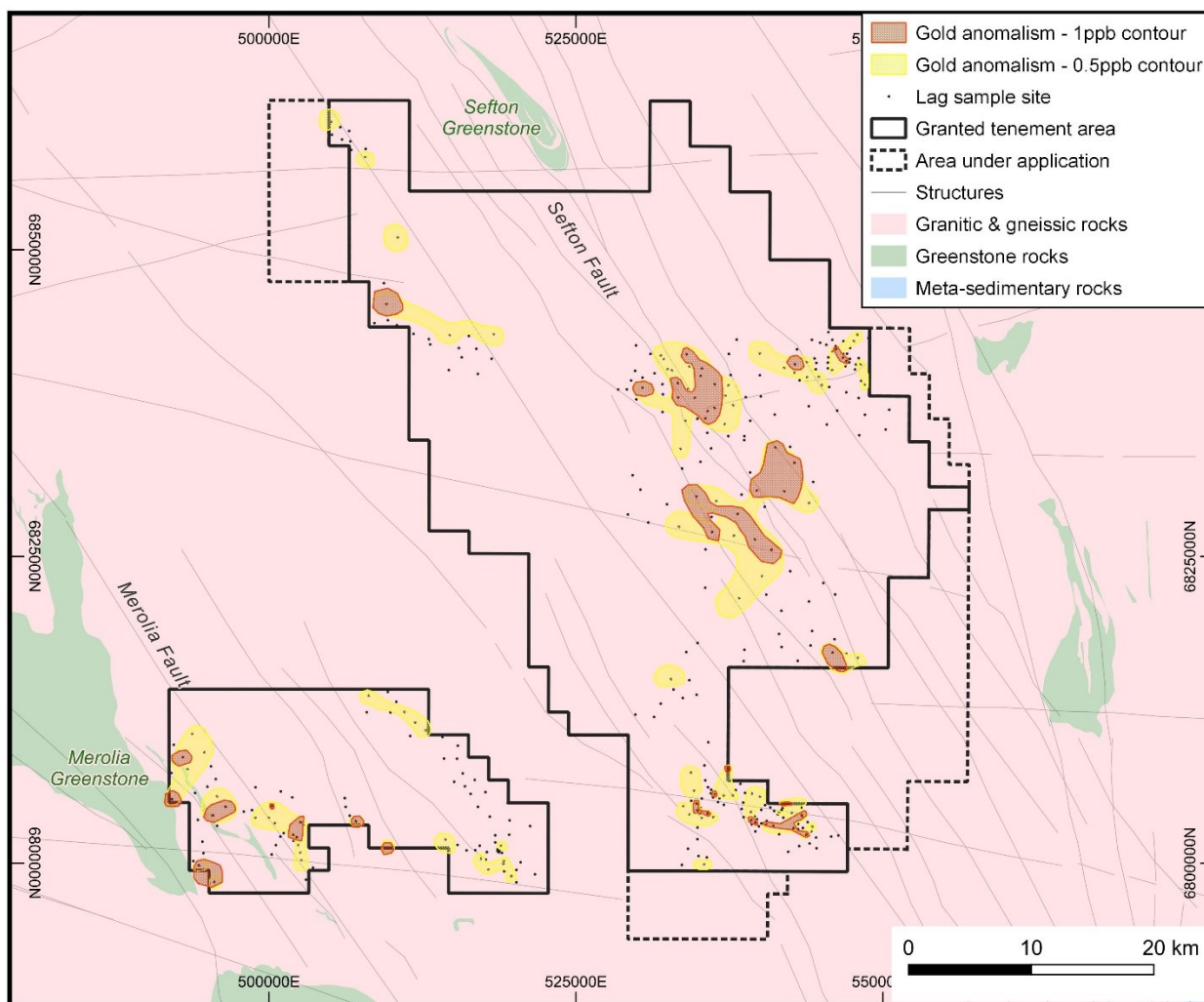
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Octanex's near-term objective is to identify areas of anomalous geochemistry to generate targets for potential drill testing.

During the year, wide-spaced geochemical lag sampling was carried out across some of the

project area as part of a staged exploration program. The sampling successfully defined kilometric-scale gold and gold-pathfinder anomalies for follow-up bedrock testing via aircore/RAB drilling.



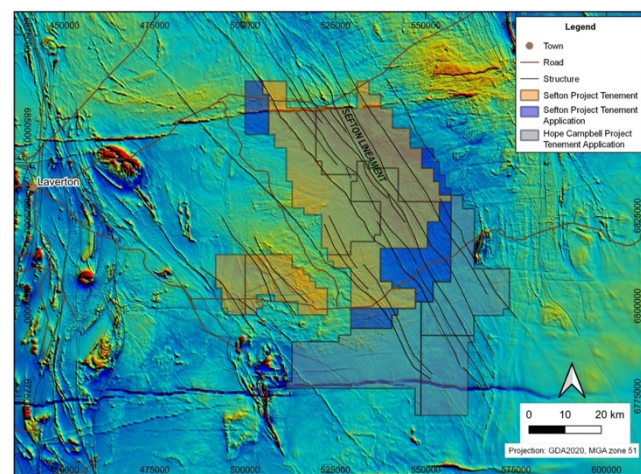
**Figure 2.** Octanex's staged geochemical sampling program has identified kilometric-scale gold anomalism



## Hope Campbell Project

### 100% Octanex

During the year Octanex made application for an area to the southeast of its Sefton Project. Comprised of three exploration licence applications covering 1,356km<sup>2</sup>, this area is now named the 'Hope Campbell Project'. Many of the structures, interpreted from regional magnetics, that run through the Sefton Project area appear to continue into the Hope Campbell Project area.

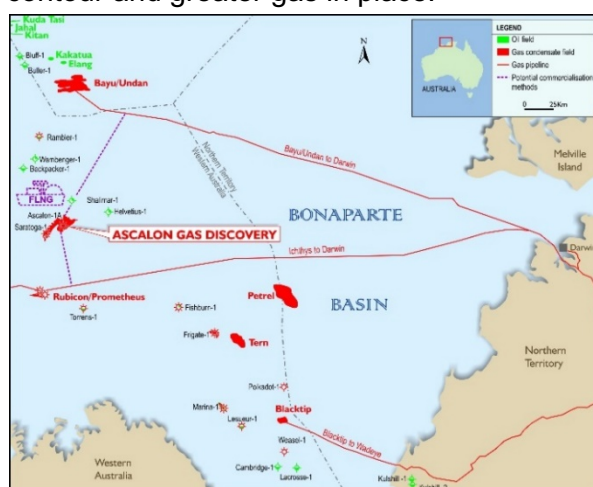


**Figure 3** Sefton Project and Hope Campbell Project tenements on a regional magnetic base, showing major structures.

## Ascalon Gas, Bonaparte Basin

### 100% Octanex

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 320km<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.



**Figure 4.** Ascalon proximity to gas infrastructure

Proximity to existing infrastructure and gas resources presents opportunities for the future development of Ascalon options. Located in shallow water (68m), 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 ends in February 2022. The year 6 work program comprises geotechnical studies to inform the design of an appraisal well.

<sup>1</sup> True Vertical Depth

## Tenement Schedule

**As at 27 September 2021**

Tenement	Octanex interest	Tenement status	Size Km2
Offshore Western Australia (Bonaparte Basin)			
WA-407-P	100%	Granted	4,918.00
Western Australia (Mount Margaret District)			
Sefton Project			
E 38/3416	65% and up to 80%	Granted	541.21
E 38/3417	65% and up to 80%	Granted	602.2
E 38/3418	65% and up to 80%	Granted	575.52
E 38/3432	65% and up to 80%	Granted	120.14
E 38/3433	65% and up to 80%	Granted	267.30
E 38/3643	65% and up to 80	Application	481.15
E38/3644	65% and up to 80	Application	
E38/3645	65% and up to 80	Application	
E 38/3515	65% and up to 80%	Application	
Hope Campbell Project			
E 38/3626	100%	Application	465.55
E 39/2240	100%	Application	599.65
E 39/2241	100%	Application	290.72

## Competent Person Declaration

The information in this report that relates to Exploration Results at the Sefton Project is extracted from the ASX announcement titled “Sefton Project Exploration Update” released on 27 April 2021 and “Sefton Lag Sampling Confirms Gold Mineralisation” released on 12 August 2021.

All ASX Announcements are available at [www.octanex.com.au](http://www.octanex.com.au)

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.



## 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 audit of Octanex Limited for the year ended 30 June 2021, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 29 September 2021

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[www.grantthornton.com.au](http://www.grantthornton.com.au)

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## Directors' Report

### Directors

**Mr Geoff Albers LL.B, FAICD**

**Chairman**

**Appointed 2 October 1984**

Mr Albers has over thirty-five years oil and gas industry experience, having first become involved in oil exploration in 1977. Mr Albers is a law graduate of the University of Melbourne and has had extensive experience as a director and administrator in corporate law, petroleum exploration and resource sector investment.

Mr Albers founded Octanex Limited and is a substantial shareholder in the company. He is also a director and substantial shareholder in the ASX listed Peakco Limited and Eneget Limited.

**Ms Rae Clark**

**B.Bus(dist), CA, MAICD, AGIA, ACIS**

**Executive Director**

**Appointed 17 October 2014**

Ms Clark has more than twenty years' experience focussed primarily on the natural resource sector. She has wide operational, commercial and project development knowledge and her experience includes business development, financial modelling and analysis, capital raising and mergers and acquisitions, as well as managing joint venture partners, government, regulator and investor relations.

Ms Clark was previously Commercial Manager of Octanex. Having commenced her career with Deloitte in 1997, Ms Clark has worked with oil and gas companies since 2005. She is also a Director of Peakco Limited and Eneget Limited.

Ms Clark holds a Bachelor of Business (with distinction), a Graduate Diploma (ICAA) and Graduate Diploma in Applied Corporate Governance.

**Datuk Kevin Kow How FCA**

**Non-Executive director**

**Appointed 18 December 2014**

Datuk Kevin Kow How is a director of Sabah Development Bank. He is a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and a fellow member of the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in England & Wales. He was made a partner of Ernst & Young ("EY"), Malaysia in 1984 and served as the partner-in-charge of EY's offices in Sabah and Sarawak. Later, from 1996 onwards, he was the partner-in-charge of EY's practice in Sabah and Labuan until his retirement at the end of 2003. He also serves as a Director of Cahya Mata Sarawak Berhad, K&N Kenanga Holdings Berhad, Kenanga Investment Bank Berhad, Saham Sabah Berhad, Sarawak Cable Berhad, M3energy Berhad and several private limited companies.

**Mr James Willis LL.M (Hons), Dip Acc**

**Independent Non-Executive Director**

**Appointed 18 August 2009**

Previously an executive director of Octanex (2009-2011) Mr Willis is an upstream petroleum consultant who has held governance positions with and consulted to various participants in the oil and gas exploration sector. Mr Willis is a former partner in the leading New Zealand law firm of Bell Gully where his practice speciality was in the upstream oil and gas area, particularly relating to issues concerning gas contracting and the development of oil and gas reserves, joint ventures and upstream petroleum related acquisitions.

Mr Willis is a director of New Zealand Energy Corp, a company with New Zealand operations and listed on the TSX Venture exchange.

**Mr Robert Wright B Bus, CPA**  
**Company Secretary**

Mr Wright is a senior financial professional with over 30 years commercial experience in the resource, energy and manufacturing industries gained at various companies and locations, including 14 years at BHP.

He is the Chief Financial Officer (CFO) and the Company Secretary of Octanex and CFO and company secretary of the listed companies, Enegex Limited and Peako Limited. Mr Wright is a member of CPA Australia.

**Principal Activities**

The principal activities of the consolidated entity during the year were exploration and development and investment in the natural resources sector.

**Financial Results**

The net loss of the consolidated entity for the financial year was \$300,198 (2020: loss of \$5,264,733).

**Dividends**

No dividend was declared or paid during the year and to the date of this report.

**Review of Operations**

A review of the consolidated entity's Operations during the financial year is provided in the Operational Review.

**Surrendered and expired interests**

None for the year and to the date of signing this report.

**Change in State of Affairs**

Other than as described in these annual financial statements there have been no changes in the state of affairs of the company.

**Subsequent Events**

Since the end of the financial year there has been no significant event.

**Future Developments**

Future developments in the company's operations and the expected result from those operations are dependent on exploration and development success in the permit areas in which the group holds interests.

**Directors' Meetings**

There were no formal board and committee meetings held during the year. All matters that required formal Board resolutions were dealt with via written circular resolutions. The directors met and corresponded at numerous times throughout the financial year to discuss the Group's affairs. The board undertakes all audit committee functions.

**Share Capital**

**Ordinary Shares**

The Company's share capital consists of 257,823,840 ordinary fully paid shares (2020: 242,823,840).

In May 2021 the Company raised \$750,000, before costs, through a placement to Professional and Sophisticated investors to advance exploration on the Company's projects, particularly its Sefton Gold Project. The Placement comprised the issue of 15,000,000 fully paid ordinary shares at \$0.05 (5 cents) per share and the grant of 7,500,000 unlisted options, exercisable at \$0.075 (7.5 cents) on or before 30 April 2023.

**Trustee Stock Scheme**

On 27 November 2020, the members of Octanex voted to cancel the trustee stock scheme shares (2020: 29,889,107).

**Unlisted Options**

	2021	2020
<b>Unlisted Options</b>		
Balance at beginning of year	-	7,170,000
Options Granted	11,500,000	-
Options expired	-	(7,170,000)
Balance at end of year	<u>11,500,000</u>	<u>-</u>



In November 4,000,000 options (exercisable at \$0.0195 (1.95 cents) on or before 27 November 2023 were granted to a director, Rae Clark.

In May 2021 as part of the above-mentioned placement, 7,500,000 unlisted options were issued, exercisable at \$0.075 (7.5 cents) on or before 30 April 2023.

### ***Indemnification of Directors and Officeholders***

During the year and to the date of this report, the company did not pay premiums in respect of contracts insuring officers or auditors of the company against liabilities arising from their position of officers or auditor of the company.

The Company has entered into Deeds of Access and Indemnity with each of the Directors referred to in this report who held office during the year indemnifying each against all liabilities incurred in their capacity as directors of the Company to the full extent permitted by law.

### ***Corporate Governance***

The Board is responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and the monitoring of the business and affairs of the Company on behalf of its shareholders.

The Board delegates responsibility for the day-to-day management of Octanex to the Executive Director. All Directors have unrestricted access to Company records and information and receive detailed financial and operational reports.

The Board is currently comprised of three Non-Executive Directors and one Executive Director. In accordance with the Company's Constitution and the ASX Listing Rules, the Directors (other than the Executive Director) are subject to re-election by shareholders every three years.

The Board meets regularly throughout the year. Where appropriate, presentations are given to the Board from management who may be questioned directly by Board members on technical, operational and commercial issues.

Details of the Company's corporate governance practices are included in the Corporate Governance statement found on the Company's website.

### ***Auditor independence and non-audit services***

A copy of the auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is attached and forms part of this Directors' Report for the year ended 30 June 2021.

No fees were paid to the auditor for non-audit services.

This Directors' Report is made in accordance with a resolution of the directors and forms part of the financial statements.

On behalf of the Directors:



E.G. Albers  
Director  
29 September 2021

## Remuneration Report

This Remuneration Report for the year ended 30 June 2021 outlines the key management personnel remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 (Act) and its regulations. The disclosures in this Remuneration Report have been audited as required by section 308(3C) of the Act.

### Key Management Personnel

For the purpose of this report, Key Management Personnel (KMPs) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company directly or indirectly. The following have been identified as KMPs at 30 June 2021 for the purpose of this Remuneration Report:

#### Executive Director

RL Clark	Executive Director
----------	--------------------

#### Non-executive Directors

EG Albers	Chairman
JMD Willis	Director
KK How	Director

The board of directors is responsible for determining and reviewing compensation arrangements for the directors and executives. The board assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executives.

Remuneration levels for directors and executives of the company are competitively set to attract and retain appropriately qualified and experienced directors and executives. The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structure takes into account:

- The capability and experience of the directors and executives;
- The ability of directors and executives to control the entity's performance; and
- The requirement that directors apply a portion of their remuneration to the purchase of shares in the company, at market price, so as to align the interests of directors with that of shareholders.

In accordance with the company's constitution, directors' non-executive remuneration was approved by shareholders on 28 November 2014 at \$250,000 per annum. During the year, non-executive director remuneration of \$nil was paid or payable (2020: \$nil). Total director remuneration (exclusive of consulting fees which are included at note 16) of \$104,643 was paid and payable during the year (2020: \$230,181).

There is no performance related remuneration for directors. Remuneration paid to directors covers all board activities, including serving on committees.

## Remuneration Report (continued)

Apart from a retirement benefit for the chairman and statutory leave for RL Clark, the other directors do not receive employee benefits such as annual leave and long service leave, but remuneration may include the grant of options over shares of the company to align directors' interests with that of the shareholders. There is no direct relationship between remuneration and the company's performance for the last five years.

Components of directors' compensation paid are disclosed below.

		<i>Short Term</i>		<i>Post Employment</i>		<i>Equity Settled</i>	<i>Total</i>
		<i>Directors Fees</i>	<i>Salary</i>	<i>Super-annuation</i>	<i>Retirement Benefits</i>	<i>Options(1)</i>	
		\$	\$	\$	\$	\$	\$
EG Albers	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
JMD Willis	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
RL Clark	<b>2021</b>	-	<b>55,542</b>	<b>5,268</b>	-	<b>43,833</b>	<b>104,643</b>
	2020	-	210,120	19,961	-	-	230,081
K How	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
<b>TOTAL</b>	<b>2021</b>	-	<b>55,542</b>	<b>5,268</b>	-	<b>43,833</b>	<b>104,643</b>
	2020	-	210,120	19,961	-	-	230,081

(1) The whole value of options granted during the year has been disclosed as remuneration rather than the amount vested.

## Interests in Equity Instruments

The disclosures relating to equity instruments of directors includes equity instruments of personally related entities, being relatives and the spouses of relatives of the director and any entity under the joint or several control or significant influence of the director. All equity transactions with directors, other than options granted as remuneration, have been entered into under terms and conditions, applicable to all shareholders.

	<b>Interests in fully paid ordinary shares</b>			<b>Held at</b>	<b>Interests in unlisted options</b>		
	<b>Balance</b>	<b>Net Change</b>	<b>Balance</b>		<b>Issued</b>	<b>Held at</b>	<b>Vested and exercisable</b>
	<b>1/7/2020</b>		<b>30/6/2021</b>	<b>1/7/2020</b>		<b>30/6/2021</b>	<b>30/6/2021</b>
EG Albers(1)	152,373,074	3,062,500	155,435,574	-	-	-	-
RL Clark	57,551	-	57,551	-	4,000,000	-	4,000,000
KK How	100,000	-	100,000	-	-	-	-
JMD Willis	3,117,382	-	3,117,382	-	-	-	-

(1) Net change in shares for the year is all through on-market purchases.



## **Remuneration Report (continued)**

The Company granted 4,000,000 options over ordinary shares to a director during the financial year (2020: Nil). All of the options granted in the current financial year have an employment condition and so vest over that service condition.

The options granted during the year ended have been valued using the Black Scholes Option Valuation. The fair value of these share based payment (for accounting) at grant date was \$43,833 (2020: \$Nil). A share based payment expense of \$8,616 has been recognised for the year ended 30 June 2021 (2020: \$Nil).

End of Remuneration Report.

## Directors Declaration

The directors of the company declare that:

1. The financial statements, 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 and:
  - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date.
  - (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in pages 12-14 of the directors' report, (as part of audited Remuneration Report), for the year ended 30 June 2021, comply with section 300A of the Corporations Act 2001.
4. The directors have been given the declarations by the executive director and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



E.G. Albers  
Director  
Melbourne  
29 September 2021

# Independent Auditor's Report

## To the Members of Octanex Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Octanex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial statements, which indicates that the Group incurred a net loss after tax of \$300,198 during the year ended 30 June 2021 and a net cash outflow from operating and investing activities of \$481,418. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
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### Exploration and Evaluation Assets (Note 9)

At 30 June 2021 the carrying value of exploration and evaluation assets was \$5,314,686.

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.

The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.

This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.

Our procedures included, amongst others:

- obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
- reviewing management's area of interest considerations against AASB 6;
- conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including:
  - tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;
  - enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;
  - understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
- evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
- assessing the appropriateness of the related financial statement disclosures.

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar_2020.pdf). This description forms part of our auditor's report.

#### Report on the remuneration report

##### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 14 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Octanex Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 29 September 2021

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2021

	NOTE	2021 \$	2020 \$
Interest income		218	6,660
Other income	2	396,428	257,990
Expenses	3	(696,844)	(899,443)
Impairment of exploration assets		-	(4,629,940)
Loss before tax		<u>(300,198)</u>	<u>(5,264,733)</u>
Income tax benefit	4	-	-
Net Loss after tax		<u>(300,198)</u>	<u>(5,264,733)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in financial assets at fair value through other comprehensive income	13	80,882	17,694
Income tax on items of comprehensive income	13	<u>(24,264)</u>	<u>(5,308)</u>
Other comprehensive income for the year net of tax		<u>56,618</u>	<u>12,386</u>
Total comprehensive income for the year		<u>(243,580)</u>	<u>(5,252,347)</u>
Basic loss per share (cents per share)	21	(0.123)	(2.168)
Diluted loss per share (cents per share)	21	(0.123)	(2.168)

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 at 30 June 2021

	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	700,033	481,358
Trade and other receivables	6	181,808	244,360
Prepayments	7	148,332	104,880
<b>TOTAL CURRENT ASSETS</b>		<u>1,030,173</u>	<u>830,598</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through other comprehensive income	8	-	30,082
Exploration and evaluation assets	9	5,314,686	4,925,108
<b>TOTAL NON-CURRENT ASSETS</b>		<u>5,314,686</u>	<u>4,955,190</u>
<b>TOTAL ASSETS</b>		<u>6,344,859</u>	<u>5,785,788</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	165,723	102,742
Provisions	11	191,552	160,591
<b>TOTAL CURRENT LIABILITIES</b>		<u>357,275</u>	<u>263,333</u>
<b>TOTAL LIABILITIES</b>		<u>357,275</u>	<u>263,333</u>
<b>NET ASSETS</b>		<u>5,987,584</u>	<u>5,522,455</u>
<b>EQUITY</b>			
Issue capital	12	69,568,020	68,867,927
Reserves	13	(752,221)	220,108
Accumulated losses		(62,828,215)	(63,565,580)
<b>TOTAL EQUITY</b>		<u>5,987,584</u>	<u>5,522,455</u>

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



## Consolidated Statement of Changes in Equity

### Year Ended 30 June 2021

	Contributed equity	Accumulated losses	Financial assets at fair value through other comprehensive income	Option reserve	Total
	\$	\$	\$	\$	\$
<b>CONSOLIDATED ENTITY</b>					
At 1 July 2020	68,867,927	(63,565,580)	(817,455)	1,037,563	5,522,455
Loss after tax	-	(300,198)	-	-	(300,198)
<i>Other comprehensive income</i>					
Changes in fair value on financial assets at fair value through other comprehensive income net of tax	-	-	56,618	-	56,618
Total comprehensive income for the year	-	(300,198)	56,618	-	(243,580)
Issue of shares	750,000	-	-	-	750,000
Costs of issue	(49,907)	-	-	-	(49,907)
Grant of Options	-	-	-	8,616	8,616
Reclassification of expired options	-	1,037,563	-	(1,037,563)	-
At 30 June 2021	69,568,020	(62,828,215)	(760,837)	8,616	5,987,584

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

## Consolidated Statement of Changes in Equity

### Year Ended 30 June 2020

	Contributed equity	Accumulated losses	Financial assets at fair value through other comprehensive income	Option reserve	Total
	\$	\$	\$	\$	\$
<b>CONSOLIDATED ENTITY</b>					
At 1 July 2019	68,867,927	(58,300,847)	(829,841)	1,037,563	10,774,802
Loss after tax	-	(5,264,733)	-	-	(5,264,733)
<i>Other comprehensive income</i>					
Exchange differences of translation of foreign operations net of tax	-	-	-	-	-
Foreign currency translation reserve realised on sale of foreign subsidiaries	-	-	-	-	-
Changes in fair value on financial assets at fair value through other comprehensive income net of tax	-	-	12,386	-	12,386
Total comprehensive income for the year	-	(5,264,733)	12,386	-	(5,252,347)
At 30 June 2020	68,867,927	(63,565,580)	(817,455)	1,037,563	5,522,455

## Consolidated Statement of Cash Flows

### Year Ended 30 June 2021

	NOTE	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Administration fees received		371,299	84,403
Interest received		-	6,660
Payments to suppliers		(559,775)	(1,287,647)
Government Grants – Covid		119,500	60,000
Net cash outflow from operating activities	(i)	<u>(68,976)</u>	<u>(1,136,584)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to suppliers - exploration		(511,396)	(172,950)
Proceeds from sale of investment		98,954	-
Net cash outflow from investing activities		<u>(412,442)</u>	<u>(172,950)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of share issue		750,000	-
Costs of issue		(49,907)	-
Net inflow from financing activities		<u>700,093</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		218,675	(1,309,534)
Exchange gains		-	-
Cash and cash equivalents at beginning of the year		481,358	1,790,892
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	<u>700,033</u>	<u>481,358</u>

#### (i) Reconciliation of Net Cash from Operating Activities with Loss after Income Tax

Loss after income tax		(300,198)	(5,264,733)
<i>Non cash items:</i>			
Employee Provisions expense		30,961	28,933
Share based payment expense		8,616	-
Profit on sale of investments		(12,254)	-
Impairment of exploration assets	24	-	4,629,940
<i>Changes in assets and liabilities:</i>			
Decrease in receivables		62,551	(240,538)
Exploration expensed		129,461	-
Increase in payables		11,887	(290,186)
Net Cash outflow from Operating Activities		<u>(68,976)</u>	<u>(1,136,584)</u>

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

## Notes to the Financial Statements

### 30 June 2021

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Octanex Limited ("Octanex" or "the company") 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 year ended 30 June 2021 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. Financial information for Octanex Limited as an individual entity is included in Note 22. The financial report was authorised by the directors for issue on 29 September 2021.

##### (a) Statement of compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including the Accounting Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements and notes comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

##### (b) Basis of preparation

The financial report is presented in Australian dollars, which is the consolidated group's functional currency, rounded to the nearest dollar. It has been prepared under the historical cost convention as modified by the revaluation of the available for sale investments at fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of

assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1(q). The accounting policies set out below have been applied consistently to all periods presented in the financial report.

##### *Going concern*

For the year ended 30 June 2021 the Group incurred a net cash outflow from operating and investing activities of \$481,418 (2020: \$1,309,534) and a net loss after tax of \$300,198 (2020: \$5,264,733). As at 30 June 2021, the Group has positive working capital of \$672,898 (2020: \$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 annual 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 raised to meet all of the Group's commitments, debt and payables, the interest in some or all of the Group's tenements may be affected and all assets and liabilities may not be realised at the amounts disclosed. 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,



## Notes to the Financial Statements

### 30 JUNE 2021

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

##### *New and revised accounting standards applicable for the first time to the current reporting period*

The company has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the company. The adoption of the new and revised Australian Accounting Standards and Interpretations has had no impact on the company's accounting policies or the amounts reported during the current year.

##### *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*

During the financial year the International Financial Reporting Interpretations Committee IFRIC identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy.

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an 'Intangible Asset' as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure – either by applying AASB 138 or applying another accounting standard.

The impact of this decision has not had a material impact on the group's financial statements.

#### **(c) Principles of consolidation**

The consolidated entity financial statements consolidate those of the company and all of its subsidiaries as at year end.

##### **(i) Subsidiaries**

The company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are carried at their cost of acquisition in the parent entity note.

All transactions and balances between companies within the consolidated entity are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a consolidated entity perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the consolidated entity. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

## Notes to the Financial Statements

### 30 JUNE 2021

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***(ii) Investments in associates and joint ventures***

Associates are those entities over which the consolidated entity is able to exert significant influence but which are not subsidiaries. A joint venture is an arrangement that the consolidated entity controls jointly with one or more other investors, and over which the consolidated entity has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the consolidated entity has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation

Interests in joint operations are accounted for by recognising the consolidated entity's assets and liabilities (including its share of any assets and liabilities held jointly), its revenue from the sale of its share of the output arising from the joint operation, and its expenses (including its share of any expenses incurred jointly). Any goodwill or fair value adjustment attributable to the consolidated entity's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the consolidated entity's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the consolidated entity.

When the consolidated entity's share of losses exceeds its interest in the associate or joint venture the entity discontinues recognising its share of further losses. The interest in an associate or joint venture is the carrying amount of the investment in the associate or joint venture together with long-term interests that in substance form part of the entity's net investment in the

associate or joint venture. Unrealised gains and losses on transactions between the consolidated entity and its associates and joint ventures are eliminated to the extent of the consolidated entity's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

##### ***(iii) Joint operations***

The interest of the company and of the consolidated entity in unincorporated joint operations and joint operated assets are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint operation. The financial statements of the unincorporated joint operations and assets are prepared for the same reporting period as the parent company using consistent accounting policies.

##### ***(iv) Transactions eliminated on consolidation***

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to the 'Investment in associates' and 'Share of associates' net profit accounts. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associates or, if not consumed or sold by the associate, when the consolidated entity's interest in such entities is disposed of.

## Notes to the Financial Statements

### 30 JUNE 2021

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (d) Taxes

*Income Tax-* Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;

Current and deferred tax is recognised as income or expense except to the extent that the tax related to equity items or to a business combination;

- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period where the asset is realised or the liability settled.

##### *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

##### *Tax Consolidation*

The company and its wholly owned resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity.

The head entity within the tax-consolidated group is Octanex Limited. Current tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of the assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

##### (e) Foreign Currency Translation

The functional and presentation currency of Octanex Limited and its Australian subsidiaries is Australian dollars (A\$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary

## Notes to the Financial Statements

### 30 JUNE 2021

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

assets and liabilities, are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

##### *Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their Statements of Profit or Loss and Other Comprehensive Income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

##### **(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and at call bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

##### **(i) Payables**

Trade, accruals and other payables are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing and are normally settled on 60-day terms.

##### **(k) Trade and other receivables and contract assets**

The company makes use of a simplified approach in accounting for trade and other

receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

##### **(l) Equity investments**

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the group can make an irrevocable election at initial recognition of each investment to recognise changes in fair value through other comprehensive income ("OCI") rather than profit or loss. At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed as profit or loss. The group subsequently measures all equity investments at fair value. The directors have elected to present fair value gains and losses on equity investments in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other revenue when the group's right to receive payments is established and as long as they represent a return on investment.

##### **(m) Share capital**

Ordinary share capital is recognised at the fair value of the consideration received by the company. Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the consideration

## Notes to the Financial Statements

### 30 JUNE 2021

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

received, net of any income tax benefit. Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration

##### **(n) Impairment**

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the profit or loss where the asset's carrying value exceeds its recoverable amount.

##### *(i) Calculation of recoverable amount*

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other groups or assets, in which case, the recoverable amount is determined for the class of assets to which the asset belongs.

##### *(ii) Reversals of impairment*

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **Restoration, rehabilitation and environment expenditure**

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are provided for as part of the cost of those activities. Costs are estimated on the basis of current legal requirements, anticipated technology and future costs that have been discounted to their present value. Estimates of future costs are reassessed at each reporting date.

##### **(o) Exploration and evaluation assets**

Exploration and evaluation assets, including the costs of acquiring permits or licences, are capitalised as exploration and evaluation assets on an area of interest basis. Exploration and evaluation assets are only recognised if the rights to tenure of the area of interest are current and either:

- i. the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale or partial sale: or
- ii. activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

The tests contained in AASB6.20 are applied to determine whether exploration and evaluation assets are assessed for impairment:

- i. the exploration and evaluation tenure right has expired or are expected to expire in the near future, and is not expected to be renewed.
- ii. substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.



## Notes to the Financial Statements

### 30 JUNE 2021

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- iii. exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- iv. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale

Proceeds from the sale of exploration permits or recoupment of exploration costs from farmin arrangements are credited against exploration costs previously capitalised. Any excess of the proceeds over costs recouped are accounted for as a gain on disposal.

#### **(q) Accounting estimates and judgements**

Management determine the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates.

Other than as disclosed in these notes, there are no estimates and judgements that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. There is, however, a risk that actual expenditure to achieve minimum work obligations could differ from estimates disclosed in the notes to the financial statements (see Note 14).

Per Note 1(p), management exercises judgement as to the whether exploration expenditure is assessed for impairment. Any judgment may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes, once activities in the area of interest have reached a stage which permits a reasonable assessment of technical feasibility and commercial viability, that the capitalised

expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the statement of profit or loss and other comprehensive income.

The determination of the consolidated entity's provision for current income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the consolidated entity's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

#### **(r) Revenue**

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

##### *Interest*

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

#### **(s) Share-based payment transactions**

##### *Equity settled transactions*

The fair value of options granted are recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the grantee become unconditionally entitled to the options. The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected

## Notes to the Financial Statements

### 30 JUNE 2021

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

##### **(t) Fair value**

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at reporting date. The quoted market price for financial assets is the current bid price and the quoted market price. The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at reporting date. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

##### **(v) Earnings per Share**

###### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to members of Octanex by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

In calculating the weighted average number of ordinary shares outstanding, the partly paid shares are accounted for on a pro-rata basis according to the amount of call outstanding in relation thereto.

###### *Diluted earnings per share*

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

##### **(w) New and revised accounting standards issued not yet effective**

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 Financial Statements

### 30 June 2021

	NOTE	Consolidated	
		2021	2020
		\$	\$
<b>NOTE 2 OTHER INCOME</b>			
Government grants – Covid		119,500	60,000
Sundry income – director related	16(ii)	239,370	197,990
Profit from sale of shares		12,258	-
Other sundry income		25,300	-
Total income		<u>396,428</u>	<u>257,990</u>

### NOTE 3 EXPENSES

Audit fees	18	28,042	32,137
Consulting		80,200	76,635
Management fees		25,940	25,000
Reporting, registry and stock exchange		22,975	20,725
Office expenses		72,154	105,150
Other expenses		125,317	144,672
Project costs		-	-
Salaries		342,216	495,124
Total expenses		<u>696,844</u>	<u>899,443</u>

### NOTE 4 INCOME TAX

#### Components of income tax benefit

##### Current tax expense

Current period	-	-
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##### Deferred tax expense

Origination and reversal of temporary differences	-	-
Total	<u>-</u>	<u>-</u>

Tax losses do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of tax losses because there is presently no expectation of future taxable profit against which the Group could utilise such benefits.

#### Reconciliation between tax benefit and pre-tax loss

Loss before tax	(300,198)	(5,264,733)
Income tax benefit using statutory income tax rate of 30%	<u>(90,059)</u>	<u>(1,579,420)</u>
Tax effect of adjustment recognised in the period for:		
Prospectus costs	2,994	-
Tax losses not brought to account	105,479	208,354
Non-assessable income	(20,999)	(18,000)
Other non-deductible expenses	<u>2,585</u>	<u>1,389,066</u>
Income tax benefit	<u>-</u>	<u>-</u>

## Notes to the Financial Statements

### 30 June 2021

		Consolidated	
	NOTE	2021	2020
		\$	\$

#### NOTE 4 INCOME TAX (CONTINUED)

##### Unrecognised deferred tax asset

The estimated deferred tax asset arising from tax losses and temporary differences not brought to account at balance date as realisation of the benefit is not probable:

Tax losses carried forward		5,925,986	6,222,548
Temporary differences		(1,486,779)	(1,456,481)
		<u>4,439,207</u>	<u>4,766,067</u>

##### Franking credit balance:

Franking account balance as at end of year		<u>1,741,532</u>	<u>1,741,532</u>
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#### NOTE 5 CASH AND CASH EQUIVALENTS

Cash at bank and on hand		<u>700,033</u>	<u>481,358</u>
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Cash and cash equivalents are subject to interest rate risk as they earn floating rates. In the year to 30 June 2021 the average floating rate for the consolidated entity was 0.01% (2020: 0.05%). Details of interest rate risk and sensitivity can be found in Note 17. At 30 June 2021 all bank deposits are at call.

#### NOTE 6 TRADE AND OTHER RECEIVABLES

##### Current

Other receivables		56,507	12,607
Director-related entities - other receivables	16(ii)	<u>125,301</u>	<u>231,753</u>
		<u>181,808</u>	<u>244,360</u>

The carrying amount of all receivables is equal to their fair value as they are short term. At 30 June 2021 no receivables are impaired or past due. All receivables are non-interest bearing.

#### NOTE 7 PREPAYMENTS

Prepaid tenement rent		<u>148,332</u>	<u>104,880</u>
Balance at start for year		104,880	-
Prepaid tenement rent for the year		139,914	104,880
Transfer to exploration and evaluation assets (Note 9)		<u>(96,462)</u>	<u>-</u>
Balance at end for year		<u>148,332</u>	<u>104,880</u>

As at 30 June 2021 the company has seven tenement applications (2020: 6 applications). Five tenements were granted during the year ended 30 June 2021 (2020: Nil). If the tenements are granted rent paid on application will cover rent required on the first year of exploration in all tenements. If the tenements are not granted the rent paid on application is fully refundable.

## Notes to the Financial Statements

### 30 June 2021

	NOTE	Consolidated	
		2021	2020
		\$	\$
<b>NOTE 8 OTHER FINANCIAL ASSETS (NON-CURRENT)</b>			
<b>Financial Assets at fair value through other comprehensive income</b>			
Investment in director-related equities	8(a)(b)	-	30,081
At cost:			
Shares in controlled entities	8(c)	-	1
		-	30,082
(a) Director-related Entities:			
<i>Energex Limited</i>			
Principal activity is exploration (Note 16)		-	30,081
(b) Reconciliation of the carrying amount of Financial Assets at fair value through other comprehensive income			
Balance at beginning of year		30,081	17,695
Net revaluation increment (decrement)		(30,081)	12,386
		-	30,081
Details of market price risk and sensitivity can be found in Note 17.			
(c) Shares in Controlled Entities			
<i>United Oil &amp; Gas Pty Ltd</i>		-	1

The consolidated entity did not consolidate United Oil & Gas Pty Ltd on the grounds that balances were not considered material.

## NOTE 9 EXPLORATION AND EVALUATION ASSETS

Carrying amount at beginning of year	4,925,108	9,382,098
Impairment of exploration assets	-	(4,629,940)
Transfer from prepaid tenement rent (Note 7)	96,462	-
Cost incurred during the year	293,116	172,950
Carrying amount at end of year	5,314,686	4,925,108

Ultimate recovery of exploration and evaluation assets is dependent upon exploration success and/or the company maintaining appropriate funding to support continued exploration activities. Exploration and evaluation assets relate to the areas of interest in the exploration and evaluation phase for petroleum exploration permits as shown in the following table:



## Notes to the Financial Statements

### 30 June 2021

		Consolidated	
	NOTE	2021	2020
		\$	\$

#### NOTE 9 EXPLORATION AND EVALUATION ASSETS (Continued)

30/06/2021	30/06/2020	Notes
<b>Exploration Permits</b>		
WA-407-P	WA-407-P	Offshore oil and gas permit
E38/3417		- Minerals tenement granted 19/5/21
E38/3418		- Minerals tenement granted 19/5/21
E38/3416		- Minerals tenement granted 11/1/21
E38/3432		- Minerals tenement granted 11/1/21
E38/3433		- Minerals tenement granted 11/1/21

Tenements E38/3416, E38/3417, E38/3418, E38/3432 and E38/3433 were applied for pursuant to an agreement with Mr Christopher Reindler. Under the terms of that agreement Octanex has earned a 65% interest and elected to earn an 80% interest by satisfying specific exploration expenditures.

#### NOTE 10 TRADE AND OTHER PAYABLES

Financial liabilities at amortised cost

##### Current

Trade creditors and accruals		74,907	49,684
Director-related entities - other payables	16	90,816	53,058
		<u>165,723</u>	<u>102,742</u>

Trade and other payables are current liabilities of which the fair value is equal to the current carrying amount. Information about the company's exposure to foreign exchange risk in relation to trade payables, including sensitivities to changes in foreign exchange rates, is provided in Note 17.

#### NOTE 11 PROVISIONS

##### Current

Annual Leave		27,485	17,597
Directors' retirement benefit (1)		82,125	82,125
Long service leave		81,942	60,869
		<u>191,552</u>	<u>160,591</u>

(1) On the 29th October 1997 a Deed of Appointment was signed by EG Albers. The Deed detailed terms of continuation of his appointment as chairman of Octanex Limited. Amongst other things, it provides for a payment of a retirement benefit to EG Albers as chairman. A deed of variation was signed 16 August 2016, and effective 30 June 2016, that varied the terms of calculation of the Retirement Benefit under the original Deed. The amount reflects the 29 years of service EG Albers has provided to the company.

## Notes to the Financial Statements

### 30 June 2021

#### NOTE 12 CONTRIBUTED EQUITY

Issued Capital	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares fully paid (a)	257,823,840	242,823,840	68,867,927	68,867,927
Ordinary shares issued pursuant to trustee stock scheme(b)	-	29,889,107	-	-
Balance at end of year	<u>257,823,840</u>	<u>272,712,947</u>	<u>68,867,927</u>	<u>68,867,927</u>
<i>(a) Ordinary shares fully paid</i>				
Balance at beginning of year	242,823,840	242,823,840	68,867,927	68,867,927
Placement issue	15,000,000	-	750,000	-
Issue costs	-	-	(49,907)	-
Balance at end of year	<u>257,823,840</u>	<u>242,823,840</u>	<u>69,568,020</u>	<u>68,867,927</u>
<i>(b) Ordinary Shares Issued Pursuant to Trustee Stock Scheme</i>				
Balance at beginning of year	29,889,107	29,889,107	-	-
Trustee shares cancelled	(29,889,107)	-	-	-
Balance at end of year r	<u>-</u>	<u>29,889,107</u>	<u>-</u>	<u>-</u>

In May 2021 the Company raised \$750,000, before costs, through a placement to Professional and Sophisticated investors. The Placement comprised the issue of 15,000,000 fully paid ordinary shares at \$0.05 (5 cents) per share and the grant of 7,500,000 unlisted options, exercisable at \$0.075 (7.5 cents) on or before 30 April 2023.

On 27 November 2020, the members of Octanex voted to cancel the trustee stock scheme shares.

The company has unlimited authorised capital with no par value.

#### Terms and Conditions of Contributed Equity

Ordinary shares confer on the holder the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of (irrespective of the amounts paid up on) shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

#### Unlisted Options

	2021	2020
<b>Unlisted Options</b>		
Balance at beginning of year	-	7,170,000
Options granted	11,500,000	-
Options expired	-	(7,170,000)
Balance at end of year	<u>11,500,000</u>	<u>-</u>

4,000,000 options were granted to a director in the year ended 30 June 2021. (2020: Nil options). The balance of options, 7,500,000, were granted to shareholders who participated in the placement in May 2021.

## Notes to the Financial Statements

### 30 June 2021

#### NOTE 12 CONTRIBUTED EQUITY (Continued)

##### Shared Based Payment

On 27 November 2020 4,000,000 options were granted to director R Clark. The 4,000,000 options were valued using the Binomial Option Valuation model and the following inputs:

Exercise price:	2.0 cents
Share price at approval date:	1.95 cents
Maximum option life	3.0 years
Expected volatility	87%
Risk free interest rate	0.27%

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 67% to 105%. The fair value of this share based payment (for accounting) at grant date was \$43,883. The options vest over the service condition so a share based payment expense with a corresponding increase in equity of \$8,616 has been recognised for the year ended 30 June 2021.

#### NOTE 13 RESERVES

		Consolidated	
	NOTE	2021	2020
		\$	\$
<b>Reserves</b>			
Financial assets at fair value through other comprehensive income reserve		(760,837)	(817,455)
Option reserve		8,616	1,037,563
Carrying amount at end of year		<u>(752,221)</u>	<u>220,108</u>
<b>Financial assets at fair value through other comprehensive income reserve</b>			
Balance at beginning of financial year		(817,455)	(829,841)
Changes in fair value on financial assets at fair value through other comprehensive income		80,882	17,694
Income tax on other comprehensive income		(24,264)	(5,308)
		<u>(760,837)</u>	<u>(817,455)</u>

The financial assets at fair value through other comprehensive income reserve represents the changes in fair value on the group's equity instruments including realised gains or losses on those investments. Further information on the investments is set out in Notes 8 and 17.

##### Option reserve

Balance at beginning of financial year	1,037,563	1,037,563
Reclassification of expired options to accumulated losses	(1,037,563)	-
Share based payment expense	8,616	-
	<u>8,616</u>	<u>1,037,563</u>

The options reserve relates to share options granted to a director.

## Notes to the Financial Statements

### 30 June 2021

#### NOTE 14 EXPLORATION AND EVALUATION EXPENDITURE COMMITMENTS

NOTE	Consolidated	
	2021	2020
	\$	\$
The consolidated entity's minimum work and/or minimum expenditure requirements in exploration permits held by the consolidated entity at reporting date:		
Payable not later than one year	635,500	202,500
Payable later than one year but not later than four years	3,500,000	-
	<u>4,135,500</u>	<u>202,500</u>

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

#### NOTE 15 KEY MANAGEMENT PERSONNEL

##### Executive Director

RL Clark

##### Non-Executive Directors

EG Albers

KK How

JMD Willis

##### Individual compensation disclosures

Information regarding individual director's compensation is provided in the remuneration report section of the directors' report. There are no employees who meet the definition of key management personnel other than the executive director of the company. A summary of the remuneration report is shown below.

		Short Term		Post Employment		Equity Settled	Total
		Directors Fees	Salary	Superannuation	Retirement Benefits	Options	
		\$	\$	\$	\$	\$	\$
TOTAL	2021	-	55,542	5,268	-	43,833	104,643
	2020	-	210,120	19,961	-	-	230,081

## Notes to the Financial Statements

### 30 June 2021

#### NOTE 16 RELATED PARTY DISCLOSURES

The consolidated financial statements of the Group include:

<b>Name</b>	<b>2021 Interest</b>	<b>2020 Interest</b>	<b>Country of Incorporation</b>
United Oil & Gas Pty Ltd	100%	100%	Australia
Goldsborough Pty Ltd <sup>(1)</sup>	-	100%	Australia
Octanex Bonaparte Pty Ltd	100%	100%	Australia
Braveheart Energy Pty Ltd	100%	100%	Australia
Octanex Cornea Pty Ltd	100%	100%	Australia
Winchester Resources Pty Ltd <sup>(2)</sup>	100%	100%	Australia
Winchester Exploration Pty Ltd	100%	100%	Australia
Octanex Operations Pty Ltd	100%	100%	Australia
Strata Resources Pty Ltd	100%	100%	Australia
Octanex Exmouth Pty Ltd	100%	100%	Australia

<sup>(1)</sup> Goldsborough Pty Ltd was sold to Bass Strait Group Pty Ltd, a director-related entity of EG Albers, for consideration of \$1.00 pursuant to a Share Sale Agreement effective 16 December 2020 (Note 23).

<sup>(2)</sup> Winchester Resources Pty Ltd changed its name from Octanex Winchester Pty Ltd on 19 May 2021.

#### *Director-related Entities*

Companies in which an Octanex director controls or significantly influences that provide services to the group or to a joint operation in which the group has an interest, or that also hold an interest in those joint operations or in which the group holds an investment.

#### *(i) Providers of Services by Related Party*

During the year services and/or facilities were provided under normal commercial terms and conditions by director-related entities as disclosed below together with amounts payable to related parties including those under joint operation arrangements:

<b>Entity</b>	<b>Related director</b>	<b>Service</b>	<b>Amounts paid</b>		<b>Payable at</b>	
			<b>2021</b>	<b>2020</b>	<b>30/06/21</b>	<b>30/06/20</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Exoil Pty Ltd	EG Albers	Office services and amenities in Melbourne	72,154	105,016	38,789	23,908
Natural Resources Group Pty Ltd	EG Albers	Management and project services	41,500	26,500	41,500	29,150
Enegex Limited	EG Albers / RL Clark	Geological services	9,570	-	10,527	-
			<b>123,224</b>	<b>131,516</b>	<b>90,816</b>	<b>53,058</b>

## Notes to the Financial Statement

### 30 June 2021

#### NOTE 16 RELATED PARTY DISCLOSURES (Continued)

##### *(ii) Providers of Services to Related Party*

During the year accounting and office administration services were provided under normal commercial terms and conditions as disclosed below:

Entity	Related director	Sundry Revenue		Receivable at	
		2021	2020	30/06/21	30/06/20
		\$	\$	\$	\$
Enegex Limited	EG Albers/RL Clark	76,845	27,465	43,824	27,465
Exoil Pty Ltd	EG Albers	12,650	22,275	2,904	22,275
Cue Petroleum Pty Ltd	EG Albers	3,190	10,230	726	10,230
Peakco Limited	EG Albers/RL Clark	147,045	138,020	77,847	138,020
		239,370	197,990	125,301	231,753

NOTE	2021	2020
	\$	\$

#### NOTE 17 FINANCIAL INSTRUMENTS

##### Categories of Financial Instruments

##### Financial Assets

Cash & cash equivalents	700,033	481,358
At fair value through other comprehensive income	-	30,082
Trade and other receivables	181,808	244,360
	881,842	755,800

##### Financial Liabilities

Financial Liabilities at amortised cost		
Trade and other payables	165,723	102,742

##### Recognition and derecognition

Purchases and sales of financial assets and financial liabilities are recognised on trade date which is the date on which the consolidated entity commits to purchase or sell the financial assets or financial liabilities. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Exposure to credit, interest rate, liquidity, foreign currency, market price and currency risks arises in the normal course of the consolidated entity's business. The consolidated entity's overall risk management approach is to identify the risks and implement safeguards which seek to minimise potential adverse effects on the financial performance of the consolidated entity's business.

The board of directors are responsible for monitoring and managing the financial risks of the consolidated entity.



## Notes to the Financial Statements

### 30 June 2021

#### NOTE 17 FINANCIAL INSTRUMENTS (Continued)

##### Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The consolidated entity's financial assets measured and recognised at fair value at 30 June 2021 and 30 June 2020 on a recurring basis are as follows:

<b>30 June 2021</b>	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Listed securities and debentures	-	-	-	-
<i>Liabilities</i>				
Derivative financial liability	-	-	-	-
Net fair value	-	-	-	-
<b>30 June 2020</b>	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Listed securities and debentures	30,082	-	-	30,082
<i>Liabilities</i>				
Derivative financial liability	-	-	-	-
Net fair value	30,082	-	-	30,082

##### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. At the reporting date there were is no credit risk as the consolidated entity has no trade sales or trade receivables.

##### Interest rate risk

All financial liabilities and financial assets at floating rates expose the company to cash flow interest rate risk. The consolidated entity has no exposure to interest rate risk at reporting date, other than in relation to cash and cash equivalents which attract an interest rate. Convertible notes are at a fixed rate of interest.

## Notes to the Financial Statements

### 30 June 2021

#### NOTE 17 FINANCIAL INSTRUMENTS (Continued)

##### *Sensitivity Analysis*

At reporting date a 1% (100 basis point) increase/decrease in the interest rate would increase/decrease the consolidated entity loss by \$4,900 (2020: \$3,370).

##### **Liquidity risk**

Liquidity risk is monitored to ensure sufficient monies are available to meet contractual obligations as and when they fall due.

The following are the contractual maturities of the financial liabilities, including interest payments. Contractual amounts have not been discounted.

<b>Consolidated</b>	<b>Carrying Amount \$</b>	<b>Contractual cash flows \$</b>	<b>0-12 months \$</b>	<b>1-2 years \$</b>	<b>2-10 years \$</b>
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##### **30 June 2021**

##### *Non-derivative Financial Liabilities*

Trade and other payables	165,723	165,723	165,723	-	-
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<b>Consolidated</b>	<b>Carrying Amount \$</b>	<b>Contractual cash flows \$</b>	<b>0-12 months \$</b>	<b>1-2 years \$</b>	<b>2-10 years \$</b>
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##### **30 June 2020**

##### *Non-derivative Financial Liabilities*

Trade and other payables	102,742	102,742	102,742	-	-
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##### **Foreign currency risk**

The consolidated entity is exposed to foreign currency risk arising from purchases of goods and services that are denominated in a currency other than the Australian dollar functional currency. To this extent, the consolidated entity is exposed to exchange rate fluctuations between the Australian and US dollar. At 30 June 2021 the consolidated entity has a foreign currency exposure by holding US dollars in bank accounts totalling US\$63 (2020: \$63).

##### **Equity price risks**

Equity price risk applies at fair value through other comprehensive income investments. The investments are subject to movements in prices of the investment markets.

	<b>2021 \$</b>	<b>2020 \$</b>
<b>Financial Assets at fair value through other comprehensive income</b>		
<i>Investments in listed equities</i>		
Eneget Limited	-	30,082

## Notes to the Financial Statements

### 30 June 2021

#### NOTE 17 FINANCIAL INSTRUMENTS (Continued)

The consolidated entity and company investments in listed equities are listed on the Australian Securities Exchange. A 10% increase / decrease at the reporting date in closing share price of each share held would have increased/decreased consolidated equity by \$nil (2020: \$1,770). There would have been no effect on profit.

#### Capital Management

When managing capital, the directors' objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

It is the company's plan that capital, as and when required, further, will be raised by any one or a combination of the following manners: placement of shares to excluded offerees, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the consolidated entity's intention to meet its exploration obligations by either partial sale of its interests or farmout.

No company in the consolidated entity is subject to any externally imposed capital requirements.

#### NOTE 18 AUDITOR'S REMUNERATION

	2021	2020
	\$	\$
Amounts received or due and receivable by:		
Grant Thornton Audit Pty Ltd - Auditor of the consolidated entity and company	28,042	32,137

#### NOTE 19 SEGMENT INFORMATION

Under AASB 8 Operating Segments, 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 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. All interest received has been derived in Australia. All exploration and evaluation assets are held in Australia.

#### NOTE 20 EVENTS AFTER THE END OF THE REPORTING PERIOD

Since the end of the financial year there has been no significant event.

## Notes to the Financial Statement

### 30 June 2021

#### NOTE 21 LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2021 \$	2020 \$
Net loss	(300,198)	(5,264,733)
	<b>Number of Shares</b>	<b>Number of Shares</b>
Weighted average number of shares	245,043,018	242,823,840

Despite having options on issue, basic and dilutive loss per share are the same as there is a loss position and to include options would be anti-dilutive.

#### NOTE 22 PARENT ENTITY INFORMATION

The following details information related to the parent entity, Octanex Limited at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Note 1, except for the use of the cost method for investment in subsidiary companies by the parent.

Current assets	881,841	725,714
Non-current assets	18,071,958	17,566,361
Total assets	<u>18,953,799</u>	<u>18,292,075</u>
Current liabilities	310,060	258,033
Non-current liabilities	13,081,991	13,013,048
Total liabilities	<u>13,392,051</u>	<u>13,271,081</u>
Contributed equity	69,568,020	68,867,927
Options reserve	8,616	1,037,563
Financial assets at fair value through other comprehensive income reserve	(639,113)	(639,113)
Accumulated losses	(63,375,775)	(64,245,383)
Total equity	<u>5,561,748</u>	<u>5,020,994</u>
Loss for the year	(167,955)	(5,303,498)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>(167,955)</u>	<u>(5,303,498)</u>

No dividends were paid by the parent entity in 2021 (2020: Nil).

#### NOTE 23 CONTINGENT ASSET

Goldsborough Pty Ltd was sold to Bass Strait Group Pty Ltd, a director-related entity of EG Albers pursuant to a Share Sale Agreement effective 16 December 2020. Under the terms of the Share Sale Agreement, Octanex will be entitled to contingent consideration in the event that proceeds are received by Goldsborough in connection with a royalty, calculated pursuant to a proceeds sharing formula.

## ASX Additional Information as at 22 September 2021 (unaudited)

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

### Ordinary share capital

All issued fully paid ordinary shares carry one vote per share

Based on the price per security, number of holders with an unmarketable holding: 1,088

### Distribution of holders

Holding Ranges	Holders	Total Units	%
1 - 1,000	179	55,095	0.02%
1,001 - 5,000	625	1,586,891	0.61%
5,001 - 10,000	158	1,255,581	0.49%
10,001 - 100,000	416	15,252,015	5.89%
Over 100,000	134	240,828,104	92.99%
<b>Totals</b>	<b>1,512</b>	<b>258,977,686</b>	<b>100.00%</b>

### Twenty largest shareholders

Holder Name	Holding	%
Sabah International Petroleum Ltd	40,332,663	15.57%
Gascorp Australia Pty Ltd	35,200,014	13.59%
Mr Ernest Geoffrey Albers & Mrs Pamela Joy Albers	25,868,034	9.99%
Mr Ernest Geoffrey Albers	17,297,794	6.68%
Sacrosanct Pty Ltd	14,436,081	5.57%
Great Missenden Holdings Pty Ltd	12,946,004	5.00%
National Gas Australia Pty Ltd	7,200,000	2.78%
Great Australia Corporation Pty Ltd	6,291,000	2.43%
Bass Strait Group Pty Ltd	6,059,049	2.34%
Cue Petroleum Pty Ltd	5,763,357	2.23%
The Albers Companies Incorporated P/L	3,780,491	1.46%
Australis Finance Pty Ltd	3,773,188	1.46%
Mrs Ermione Rimpas	3,700,000	1.43%
Mrs Pamela Joy Albers	3,062,500	1.18%
Bond Street Custodians Limited	2,819,512	1.09%
Great Missenden Group Pty Ltd	2,765,060	1.07%
Albers Family Custodian Pty Ltd	2,542,875	0.98%
Seaquest Petroleum Pty Ltd	2,248,000	0.87%
Wilstermere Corporation Pty Ltd	2,106,500	0.81%
Ram Platinum Pty Ltd	2,000,000	0.77%
<b>Total</b>	<b>200,192,122</b>	<b>77.30%</b>

### Substantial shareholders

Substantial shareholders as disclosed in substantial shareholding notices given to the Company are as follows:

Shareholder	Interest in voting rights	% of Voting Rights
The Albers Group	155,435,574	60.29
Sabah International Petroleum	40,332,663	15.57

**Unlisted Options (exercisable at \$0.075 on or before 30 April 2023).**
**Distribution of option holders**

<b>Holding Ranges</b>	<b>Holders</b>	<b>Total Units</b>	<b>%</b>
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	10	1,000,000	13.33%
Over 100,000	18	6,500,000	86.67%
<b>Totals</b>	<b>28</b>	<b>7,500,000</b>	<b>100.00%</b>

**Other Unlisted Option Holders**

One holder holds 4,000,000 unlisted options (exercisable at \$0.0195 on or before 27 November 2023).