

31 January 2022

Quarterly Activity Report 31 December 2022

Highlights:

- **WorldView-3 high resolution satellite imagery received at Sefton Project**
 - **Two tenements granted for Hope Campbell Project**
 - **Reconnaissance geochemical lag sampling results received which provides coverage across a large proportion of the project area**
 - **Data review and interpretation underway**
-

Assets and Activities Overview

Eastern Goldfields Province Projects

Sefton Project – 80%

Octanex's 2,585km² Sefton Project is located in the Burtville Terrane (between the Kurnalpi and Yamarna Terranes) and covers an area that has had little modern exploration (Figure 1).

Hope Campbell Project – 100%

The Hope Campbell Project covers an area of 1,356km² immediately to the southeast of the Sefton Project (Figure 1). It is comprised of two exploration licences which were granted during the quarter and one exploration licence application.

Many of the features, interpreted from the regional magnetics, that run through the Sefton Project area, appear to continue into the Hope Campbell Project area. Octanex holds a 100% interest in these applications.



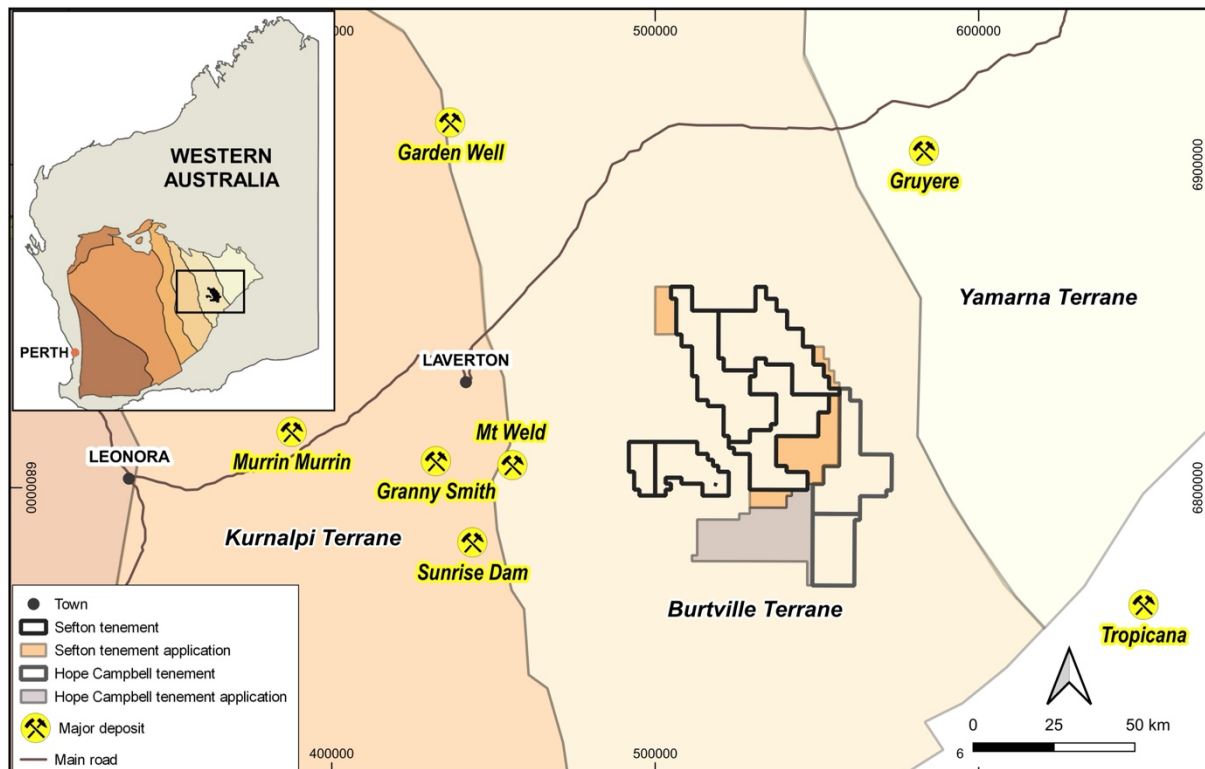


Figure 1. Octanex's Eastern Goldfields Projects

The Eastern Goldfields is known for its gold endowment with substantial gold discoveries (including AngloGold Ashanti's Sunrise Dam mine, and Gold Field's Granny Smith mine) occurring in the adjacent NNE-SSW trending greenstone belts to the west of Octanex's Projects.

The Terrane to the east of Laverton has been underexplored for gold, with the majority of historical exploration concentrating on nickel in the 1960s and 1970s. The granitoid-hosted Gruyere deposit and granite-gneiss-hosted Tropicana deposit, further to the east, demonstrate the prospectivity of the far eastern terranes with potential for gold deposits to exist under cover

Octanex has carried out wide spaced geochemical lag sampling of the Sefton Project aimed at defining kilometric-scale gold and gold-pathfinder anomalies for follow-up. The sampling program was designed to use low-level detection geochemistry to test for anomalies via a staged approach to provide coverage across the project area.

Due to widespread transported cover and the deep weathering profile of the region, low values of gold and other 'pathfinder' elements in surface material were considered significant by our consultant geologist and may provide indications of gold in the bedrock.

Octanex has now completed wide-spaced reconnaissance sampling across the Sefton Project area. Low-level gold anomalism has been identified with highest individual assay results of 5ppb gold. The majority of gold anomalies are located along, or proximal to, regional magnetic and/or gravity lineaments traversing the Sefton Project.

During the quarter, Octanex took delivery of high-resolution WorldView-3 satellite imagery captured over the Sefton Project area (**Figure 2**).

Specialist geoscientific processing was carried out by Exploration Mapping Group, Inc. in the United States. A number of image processing techniques were used to explore scene variability, enhance surface cover types, map the spectral geology and alteration and provide potential vectors to mineralisation.

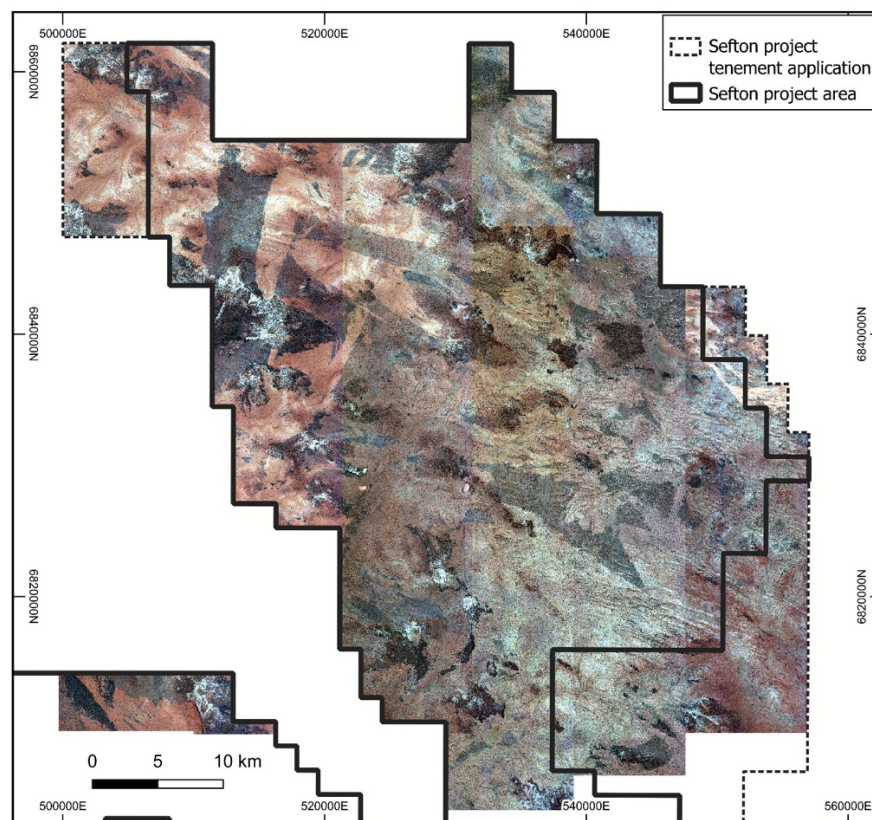


Figure 2. WorldView-3 natural colour imagery

The WorldView-3 satellite measures 17 spectral bands which enables mapping of areas with respect to clay minerals (including argillic, phyllic and propylitic clay alteration), iron minerals, silica minerals as well as “hotspot” alteration intensity mapping to identify zonation within alteration assemblages. All of these data products can be used to assist target generation.

Interpretation of the Worldview-3 data will be integrated with historical datasets to define geology and structures and generate targets for ground-checking. Worldview-3 imagery will also provide high resolution base maps to constrain geographic and logistical considerations for field activities.

REE Prospectivity

Octanex’s data compilation and review will also consider the rare earth element (REE) potential of the Sefton and Hope Campbell project areas where the granitoid terrane may have prospectivity for REE mineralisation hosted by laterite clays and strongly weathered granites.



Given the size of the granitoid terrane within the Sefton and Hope Campbell Projects there is potential to discover a range of granophile mineral deposits within the Sefton Regional Project area. Any syenites that might be identified within the areas may be prospective for REEs.

REE deposits are present in the west of the Burtville Terrane, including the world class laterite-hosted REE resource that caps the Mt Weld carbonatite.

Lithium Prospectivity Potential

High grade metamorphic granite and granite gneiss terranes are often characterised by abundant pegmatite so the project areas may also have potential for discovery of an economic pegmatite-hosted mineral deposit, the most attractive would be lithium.

Ascalon Gas, Bonaparte Basin

The Ascalon gas accumulation is located mostly within exploration permit WA-407-P in which Octanex has a 100% interest. Ascalon has an aerial extent of 320km², 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 or overpressure effect.

Ascalon-1A, drilled in 1995 by Mobil, encountered 155m True Vertical Depth 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. The regulator has advised that the Commonwealth-Western Australia Joint Authority expects that a renewal of WA-407-P would contain a well obligation in the primary term.

The objective of the year 6 work program was therefore to reduce technical risks associated with Ascalon including key uncertainties including whether it can flow at commercial rates, whether there are one or more gas water contacts (which would significantly reduce the size of the accumulation) and reservoir quality.

During the quarter petrography studies were carried out on cuttings from the Ascalon-1A core which characterised the potential reservoir qualities as poor.

Taking into account the high technical and economic risks and Octanex's focus on minerals exploration, Octanex is unlikely to seek a renewal of the WA-407-P permit.



REFERENCES

Further details relating to the information provided in this release can be found in the following Octanex ASX announcements:

- 12 August 2021 Sefton Lag Sampling Confirms Gold Mineralisation
- 7 July 2021 Octanex Increases Interest in Sefton Project
- 1 June 2021 New Tenements Granted at the Sefton Project.
- 18 May 2021 Lag Sampling Underway at Sefton Project.
- 5 May 2021 Exploration Program Funding Secured.
- 27 April 2021 Sefton Project Exploration Update – Corrected.

The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement.

Competent Person Declaration

The information in this report that relates to exploration results is based on information compiled by Carolyn Higgins, a Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Ms Higgins is a consultant employee of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Higgins consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.



Rae Clark
Director
31 January 2022

For more information

Rae Clark
Director, Octanex Limited | admin@octanex.com.au



Additional Information Required by Listing Rules 5.3.3 and 5.4.3

Mineral Tenements held/applied for at the end of the quarter and their location

Tenement	Octanex interest	Tenement status	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	80%	Granted	541.21
E 38/3417	80%	Granted	602.2
E 38/3418	80%	Granted	575.52
E 38/3432	80%	Granted	120.14
E 38/3433	80%	Granted	267.30
E 38/3643	80%	Application	481.15
E 38/3644	80%	Application	
E 38/3645	80%	Application	
E 38/3515	80%	Application	
Hope Campbell Project			
E 38/3626	100%	Granted	465.55
E 39/2240	100%	Application	599.65
E 39/2241	100%	Granted	290.72

Tenements acquired during the quarter and their location

Tenement	Octanex interest	Tenement status	Size Km2
Hope Campbell Project			
E 39/2241	100%	Granted	290.72
E 38/3626	100%	Granted	465.55

Tenements disposed of during the quarter and their location

Nil

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter:

Octanex's Sefton Project tenements were applied for pursuant to an agreement with Mr Christopher Reindler. Under the terms of the agreement Octanex had earned an 80% interest by satisfying exploration expenditures.

Additional Information Required by Listing Rule 5.3.5

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

Payments were made to directors and their associates during the quarter totaling approximately \$15,000. Payments were for contracted services including consulting fees, office costs and administrative support.



Appendix 5B

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

Name of entity

OCTANEX LIMITED

ABN

61 005 632 315

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	117	242
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	(102)	(187)
	(e) administration and corporate costs	(41)	(113)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash used in operating activities	(26)	(58)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	(1)	(27)
	(c) property, plant and equipment		
	(d) exploration & evaluation	(304)	(562)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other - refund of tenement applications	73	73
2.6	Net cash used in investing activities	(232)	(516)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	50	50
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from financing activities	50	50

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	384	700
4.2	Net cash used in operating activities (item 1.9 above)	(26)	(58)
4.3	Net cash used in investing activities (item 2.6 above)	(232)	(516)
4.4	Net cash from financing activities (item 3.10 above)	50	50

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	176	176

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	176	384
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	176	384

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	15
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	250	50
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	250	50
7.5	Unused financing facilities available at quarter end	200	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	Line of credit facility from Australis Finance Pty Ltd, secured by floating charge, interest rate of 6%.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(26)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(304)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(330)
8.4 Cash and cash equivalents at quarter end (item 4.6)	176
8.5 Unused finance facilities available at quarter end (item 7.5)	200
8.6 Total available funding (item 8.4 + item 8.5)	376
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.1
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No. Expenditure will be reduced with focus on compilation and interpretation of results and newly received datasets ahead of design of further field programs.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Octanex has organised a line of credit from Australis Finance Pty Ltd to fund operations while it carries out its review and interpretation of results from Sefton.	

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

Answer: Yes; on the basis of lower operating expenditure and access to the line of credit as described in 8.8.2.

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 January 2022

Date:



Authorised by:

Robert Wright – Company Secretary

Released with authority of the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.