

20 January 2023

### Company Update

Octanex Limited (ASX: OXX) ( “**Octanex**” or the “**Company**”) advises that it has received a proposal from Mr E. G. Albers (**Mr Albers**) (the Chair of the Company) under which Mr Albers proposes to acquire all of the shares in Octanex other than those shares held by Mr Albers and his Associates (within the meaning of the Corporations Act) (**Albers Group**) with this acquisition to be by way of a scheme of arrangement (**Scheme**) to be proposed to be entered into between Octanex and its members. The members of Octanex other than the Albers Group are herein called the “**Non-Associated Shareholders**”.

The Albers Group holds a total of 155,435,574 ordinary shares in Octanex representing approximately 60.29% of the issued capital of Octanex and the Non-Associated Shareholders hold a total of 103,542,112 ordinary shares in Octanex representing 39.71% of the issued capital of Octanex.

Highlights of the Scheme and proposals from Mr Albers include that:

- Non-Associated Shareholders will receive \$0.002 (0.2 of a cent) cash per share from Mr Albers as Scheme Consideration in consideration of transferring all of their Octanex shares to Mr Albers. This represents an aggregate Scheme Consideration of approximately \$207,000 for the shares held by the Non-Associated Shareholders.
- No consideration of any kind will be payable by or provided to Non-Associated Shareholders by Octanex.
- Octanex’s Independent Directors recommend the Scheme in the absence of a superior proposal and subject to an Independent Expert concluding that the Scheme is in the best interest of shareholders.
- Mr Albers abstains from making any recommendation on the proposal and Scheme because of his conflict of interest.
- Octanex’s largest independent shareholder, Sabah International Petroleum Ltd (**Sabah**), holding 15.7% of Octanex’s issued shares, has indicated to the Independent Directors that if;
  - the independent expert (to be appointed to consider whether the proposed Scheme is in the best interests of the Non-Associated Shareholders) concludes that the Scheme is in their best interests; and,
  - there is no superior offer or proposal capable of implementation;

then its present intention is to vote in favour of the Scheme on the proposed Scheme Meeting being held.

- Octanex has, by its Independent Directors (Ms Rae Clark and Mr James Willis) resolved to appoint PKF Melbourne Corporate Pty Ltd (**PKF**) as the independent expert to prepare:
  - An independent Expert’s Report (**IER**) advising whether the Scheme and proposal is *fair* and *reasonable* and in the *best interests* of the Non-Associated Shareholders.
  - A Taxation Report (**Tax Report**) setting out in general terms the tax consequences of the proposal and Scheme for Australian tax resident Non-Associated Shareholders.



- Mr Albers was not present at the Board Meeting at which the Independent Directors voted to recommend the proposed Scheme and appoint the independent expert referred to above.
- In due course Application will be made by Octanex to the Supreme Court of Victoria for Orders convening a meeting of the members of Octanex (**Scheme Meeting**) to enable members to consider and, if though fit, approve the Scheme.
- Mr Albers and his Associates will abstain from voting on the resolution to be put to the Scheme Meeting.
- The Scheme is subject to approval of the Court.
- Under the proposal put to Octanex by Mr Albers, Australis Finance Pty Ltd (a company controlled by Mr Albers will extend its existing facilities to Octanex and will advance further funds to meet the costs and disbursements incurred in implementing or seeking to implement the Proposal and the Scheme (estimated at approximately \$150,000).
- On completion of the Scheme Octanex will be wholly owned by Mr Albers and his Associates.

## Background

As previously announced, Octanex received an expression of interest from Mr Albers to privatise Octanex by his interests acquiring all of the remaining shares in Octanex not held by him and his interests, with the result that Octanex would become entirely owned by entities associated with him.

The Independent Directors on the Board of Octanex have now received and conditionally agreed to the proposal from Mr Albers set out above that Octanex be privatised so that it becomes wholly owned by Mr Albers and those of his Associates (within the meaning of the Corporations Act 2001) holding ordinary shares in the capital of Octanex (**Shares**) with each Non-Associated Shareholder transferring their shares in Octanex to Mr Albers in consideration of the payment by Mr Albers of an amount of \$0.002 (0.2 of a cent) per Octanex Share (**Scheme Consideration**) to the Non-Associated Shareholders: with no consideration being paid or provided by Octanex.

## Payment of the Scheme Consideration

If the Scheme is implemented, Octanex shareholders will receive the Scheme Consideration on implementation of the Scheme.

Subject to the Court ordering a scheme meeting to be held, it is expected that the Scheme will be put to members for their consideration at a Scheme Meeting expected to be held in late April 2023.

Octanex shareholders are advised that no action is required by them in relation to the Scheme at this time.

Notwithstanding that:

- Octanex has relinquished all of its exploration assets (as previously advised to the market : see ASX Release dated 25 November 2022);
- at 31 December 2022 Octanex had a deficiency of shareholders' funds of approximately \$682,000 (based on Octanex management accounts as at that date);
- Octanex's current aggregate indebtedness exceeds \$816,000;



the Scheme Consideration implies an equity value of approximately \$518,000<sup>1</sup> for 100% of the equity in Octanex.

### **Octanex Directors recommend the Scheme**

The Independent Directors on the Board of Octanex (which excludes Mr Albers who abstains from making a recommendation) unanimously recommend that members vote in favour of the Scheme in the absence of a superior proposal subject to PKF as the Independent Expert concluding (and continuing to conclude) in the IER that the Scheme is in the best interests of Octanex shareholders in the absence of a superior proposal. Subject to those same qualifications, Octanex's Directors (apart from Mr Albers and his Associates who will abstain from voting) each intend to vote all Octanex shares held or controlled by them in favour of the Scheme at the Scheme Meeting.

### **Implementation of the Scheme**

The implementation of the Scheme is subject to Octanex members approving the Scheme by the requisite majorities at the Scheme Meeting expected to be held in April 2023 with Final Court Approval (when the Court approves the Scheme and it comes into effect) being obtained shortly thereafter.

As noted above none of Mr Albers nor any of his Associates will vote at the Scheme Meeting so approval or otherwise of the Scheme is within the sole control of the Non-Associated Shareholders.

### **Payment of Scheme Consideration**

If the Scheme is approved by Octanex members and then by the Court on the Final Court Approval Date, the Scheme Consideration will be paid by Mr Albers to Non-Associated Shareholders shortly thereafter.

### **Effect of the Scheme**

On the Scheme coming into effect pursuant to an Order of the Court, the Scheme will bind all Non-Associated Shareholders regardless of whether they vote for or against the Scheme.

### **Scheme Booklet**

On preparation, a draft Explanatory Statement (which will form the Scheme Booklet) will be lodged with ASIC with Application being made to the Supreme Court of Victoria for Orders of the Court that Octanex convene the Scheme Meeting.

The Scheme Booklet will include:

- complete details of the Scheme proposal.
- the Independent Directors recommendations in relation to the Scheme and their reasons for making such recommendations.
- The Independent Expert's Report (IER), which will include Independent Expert's Report's conclusions as to whether the Scheme and proposal contained therein is "*fair*" and "*reasonable*" and whether the Scheme is in the "*best interests*" of the Non-Associated Shareholders in the absence of a superior proposal. The IER will set out the Independent Expert's detailed reasons for reaching those conclusions.
- The Tax Report.

---

<sup>1</sup> Based on the Scheme Consideration of \$0.002 per share multiplied by 258,977,686 shares on issue.



- A Scheme Implementation Agreement (**SIA**) to be entered into between Mr Albers and Octanex whereby the obligations of both Octanex and Mr Albers in relation to the proposed Scheme will be set out in detail. The SIA will include Mr Albers obligation to pay the Scheme Consideration and his obligation to fund Octanex's costs of or associated with the Scheme.
- a Deed Poll entered into by Mr Albers in favour of the Non-Associated Shareholders whereby he undertakes to the Non-Associated Shareholders to comply with his obligations under the SIA.
- the requisite notice of Scheme Meeting and associated proxy form.
- A detailed timetable for implementation of the Scheme.
- Such other material as the Court or ASIC may require or approve to be despatched to members.

### **Scheme timing and next steps**

The Scheme Booklet is anticipated to be dispatched to Octanex members in late March 2023.

The Scheme Meeting is anticipated to be held in late April 2023 with Final Court Approval being obtained on the Final Court Approval Date which will be approximately two (2) weeks after the Scheme Meeting approves the Scheme.

The date of the Scheme Meeting and the date of Final Court Approval (assuming the Scheme Meeting approves the Scheme) will be subject to change in the event of any delays in preparation of the Scheme Booklet, (including in obtaining the IER or the Tax Report), any delays in dealings with ASIC when they review the Scheme Booklet (as required under the Corporations Act), and any delays in making Application for, or obtaining, any requisite Court Orders for any reason.

The implementation of the Scheme is subject to conditions customary for a transaction of this nature.

In due course a more detailed timetable for implementation of the Scheme will be announced to the market but at present the best indications are that the Scheme Meeting will be held in mid-April 2023 with Final Court Approval being obtained in late April 2023.

This document was authorised for release by the Board of Octanex

For more information

**Rae Clark**  
**Director, Octanex Limited** | [admin@octanex.com.au](mailto:admin@octanex.com.au)

