



ABN 61 005 632 315

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2022

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DIRECTORY

BOARD OF DIRECTORS

E.G. Albers (Chairman)

R.L. Clark

J.M.D. Willis

COMPANY SECRETARY

R.J. Wright

STOCK EXCHANGE LISTING

ASX Ltd

Level 4, North Tower, Rialto

525 Collins Street

Melbourne Victoria 3000

ASX Code: OXX

REGISTERED OFFICE

Level 1, 10 Yarra Street

South Yarra, Victoria 3141, Australia

Telephone: +61 (0)3 8610 4702

Facsimile: +61 (0)3 8610 4799

E-mail: admin@octanex.com.au

Website: www.octanex.com.au

CURRENCY

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

AUDITOR

Grant Thornton Audit Pty Ltd

Tower 5, Collins Square

727 Collins Street

Melbourne, Victoria 3008 Australia

FORWARD LOOKING STATEMENTS

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

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

SHARE REGISTRY

Automic Pty Ltd

Level 3

50 Holt Street

Surry Hills, NSW 2010, Australia

Telephone: 1300 288 664 (within Australia)

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

Website: www.automic.com.au

INCORPORATED

Incorporated in Victoria on 13 March 1980

DIRECTORS' REPORT

The directors of Octanex Limited (**Octanex** or **the company**) submit their report on the consolidated results of the company and its wholly-owned subsidiaries (**controlled entities**) or (**the group**) for the half year ended 31 December 2022.

Directors

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

E Geoffrey Albers – Non-Executive Chairman
Raewyn Clark – Executive Director
James Willis – Independent Non-Executive Director

Financial Results for the half year

The consolidated entity, being the company and its controlled entities, recorded a consolidated loss for the half year of \$679,294 (2021: loss of \$5,382,277).

Assets and Activities Overview

Eastern Goldfields Province Projects

During the half year the Company relinquished all of its exploration tenement interests.

In September 2022 the Company announced that it had undertaken a strategic review of its East Yilgarn exploration acreage. Unfortunately, this review resulted in a significant downgrade of prospectivity over of a large portion of the tenement package, resulting in Octanex relinquishing approximately 70% of our tenement package.

In November 2022 the Company announced that, following an investigation and critical review of conceptual targets identified in respect to the Company's remaining East Yilgarn tenement interests, it had determined to relinquish all of the Company's remaining exploration tenements.

Corporate

In December 2022, following discussions between Mr Albers and other directors, the Company announced that it had received advice from its Chairman, Mr Geoffrey Albers, advising that following those discussions as to the future of Octanex, Mr Albers was considering making a proposal to Octanex shareholders whereby companies and interests associated with Mr Albers would, with the approval of the non-Albers shareholders, acquire the Octanex shares held by other (Non-Albers) shareholders and the Company would be privatised.

Subsequent to the end of the reporting period, on 20 January 2023, following further discussions, the Company received a privatisation proposal from Mr Albers which is outlined in the subsequent events section of this report.

Dividends

No dividend was declared or paid during the half year.

Share Capital

No shares or options were issued during the half year ended 31 December 2022 or to the date of signing this report.

Subsequent Events

Subsequent to the end of the reporting period, on 20 January 2023, the Company announced that it had received a proposal from Mr E. G. Albers (Mr Albers) (the Chair of the Company) under which Mr Albers proposed 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 proposed to be by way of a scheme of arrangement (Scheme) 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 (at 31 December 2022 and the date of this report) 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 Directors (other than Mr Albers) 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 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 intention is to vote in favour of the Scheme on the proposed Scheme Meeting being held.

- Octanex has appointed 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.

- 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.
- Pursuant to the proposal put to Octanex by Mr Albers, Australis Finance Pty Ltd (a company controlled by Mr Albers) has extended 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.

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 May 2023, with Final Court Approval (when the Court approves the Scheme and it comes into effect) being obtained shortly thereafter.

Directors Declaration

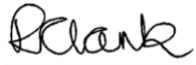
The Directors Declaration on page 7 is provided in the form in which it has been made having regard to the matters under the heading “Going Concern” in Note 2 (a) “Basis of preparation” to the financial report.

In reading the Directors Declaration you are advised to read that material so that the context of the Directors Declaration is fully understood.

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the directors



R.L. Clark
Director

Melbourne, 15 March 2023

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements of the group, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position of the group as at 31 December 2022 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



R.L. Clark
Director

Melbourne, 15 March 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	NOTE	CONSOLIDATED 31/12/2022 \$	31/12/2021 \$
Recovery of salary costs		199,304	142,428
Interest income		629	-
Sundry income		-	49
Impairment of exploration assets	7	(534,968)	(5,131,521)
Investor relations fees		-	(36,000)
Management fees		(13,500)	(25,060)
Office costs		(44,734)	(38,370)
Other expenses		(58,505)	(60,712)
Reporting, registry and stock exchange		(25,459)	(37,772)
Salaries		(175,338)	(170,207)
Superannuation		(19,348)	(17,738)
Share based payment		(7,375)	(7,374)
Loss before income tax		(679,294)	(5,382,277)
Income tax benefit		-	-
Net loss for the half year		(679,294)	(5,382,277)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in financial assets at fair value through other comprehensive income		-	-
Other comprehensive income for the half year net of tax		-	-
Total comprehensive income for the half year		(679,294)	(5,382,277)
Basic loss per share		(0.00262)	(0.02079)
Diluted loss per share		(0.00262)	(0.02079)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	NOTE	31/12/2022 \$	CONSOLIDATED 30/6/2022 \$
CURRENT ASSETS			
Cash and cash equivalents		35,621	41,530
Trade and other receivables		98,386	91,499
Prepayments	5	-	30,683
TOTAL CURRENT ASSETS		134,007	163,712
NON-CURRENT ASSETS			
Exploration and evaluation assets	7	-	509,663
TOTAL NON-CURRENT ASSETS		-	509,663
TOTAL ASSETS		134,007	673,375
CURRENT LIABILITIES			
Trade and other payables		65,740	222,038
Provisions		205,808	208,949
Interest bearing liabilities	8	545,631	253,641
TOTAL CURRENT LIABILITIES		817,179	684,628
TOTAL LIABILITIES		817,179	684,628
NET ASSETS (DEFICIENCY)		(683,172)	(11,253)
EQUITY			
Issued capital	9	69,598,020	69,598,020
Reserves		30,618	23,243
Accumulated losses		(70,311,810)	(69,632,516)
TOTAL EQUITY		(683,172)	(11,253)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31/12/2022	CONSOLIDATED 31/12/2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Administration fees received	204,872	242,514
Payments to suppliers – other	(477,994)	(300,296)
Net cash outflow from operating activities	(273,122)	(57,782)
INVESTING ACTIVITIES		
Payments to suppliers – exploration	(38,470)	(561,493)
Payments to suppliers – tenements	-	(27,483)
Refund of tenement applications	30,683	72,897
Net cash outflow from investing activities	(7,787)	(516,079)
FINANCING ACTIVITIES		
Proceeds from borrowing	275,000	50,058
Net cash inflow from financing activities	275,000	50,058
Net decrease in cash and cash equivalents	(5,909)	(523,803)
Cash assets at the beginning of the half year	41,530	700,033
Cash assets at the end of the half year	35,621	176,230

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Contributed equity	Accumulated losses	Financial assets at fair value through other comprehensive income	Option reserve	Total
	\$	\$	\$	\$	\$
CONSOLIDATED ENTITY					
At 1 July 2022	69,598,020	(69,632,516)	-	23,243	(11,253)
Loss after tax	-	(679,294)	-	-	(679,294)
Total comprehensive income for the year	-	(679,294)	-	-	(679,294)
Vesting of options	-	-	-	7,375	7,375
At 31 December 2022	69,598,020	(70,311,810)	-	30,618	(683,172)

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Contributed equity	Accumulated losses	Financial assets at fair value through other comprehensive income	Option reserve	Total
	\$	\$	\$	\$	\$
CONSOLIDATED ENTITY					
At 1 July 2021	69,568,020	(62,828,215)	(760,837)	8,616	5,987,584
Loss after tax	-	(5,382,277)	-	-	(5,382,277)
Total comprehensive income for the year	-	(5,382,277)	-	-	(5,382,277)
Issue of shares	30,000	-	-	-	30,000
Vesting of options	-	-	-	7,374	7,374
At 31 December 2021	69,598,020	(68,210,492)	(760,837)	15,990	642,681

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022****NOTE 1 CORPORATE INFORMATION**

Octanex Limited ("Octanex" or "the company" or "the group") is a for-profit company incorporated and domiciled in Australia with its registered office and principal place of business located at Level 1, 10 Yarra Street, South Yarra, Victoria 3141. The consolidated financial report of the company for the half year ended 31 December 2022 comprises the company and its subsidiaries (together referred to as the "consolidated entity" or "the group") and the consolidated entity's interest in joint operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half year financial report should be read in conjunction with the Annual Financial Report of Octanex Limited as at 30 June 2022. All accounting policies are consistent with those applied at 30 June 2022; except as disclosed below.

It is also recommended that the half year financial report be considered together with any public announcements made by Octanex Limited and its controlled entities during the half year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Listing Rules of the ASX.

(a) Basis of preparation

These general purpose financial statements for the half year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

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

Going concern

For the half year ended 31 December 2022 the group incurred a net cash outflow from operating and investing activities of \$280,909 (2021: \$573,861) and a net loss after tax of \$679,294 (2021: \$5,382,277). As at 31 December 2022, the Group has negative working capital of \$683,172 (30 June 2022: \$520,916) and net asset deficiency of \$683,172 (30 June 2022: \$11,253 deficiency).

On 20 January 2023 the company announced that it has received a proposal from Mr E. G. 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 with this acquisition to be by way of a scheme of arrangement to be proposed to be entered into between Octanex and its members. (Note 6)

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022****NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Going concern(continued)*

Octanex's Directors (other than Mr Albers) 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 and Octanex's largest independent shareholder, Sabah International Petroleum Ltd (Sabah), holding 15.7% of Octanex's issued shares, has indicated that its intention is to vote in favour of the Scheme on the proposed Scheme Meeting being held.

In order to facilitate implementation of the Scheme and meet the costs and disbursements to be incurred in seeking to implement the Scheme, the Company's line of credit facility from Australis Finance Pty Ltd (Australis) (a director-related entity of Mr Albers) was amended, effective 31 December 2022. The amendment to the line of credit facility extended the total facility amount to \$875,000 and the maturity date to 30 June 2023. As at 31 December 2022 \$350,000 remained undrawn from this facility.

The line of credit facility is expected to be sufficient to enable the Company to meet its obligations until completion of the Scheme, with Final Court Approval (when the Court approves the Scheme and it comes into effect) being anticipated shortly after Octanex members approve the Scheme at the Scheme Meeting expected to be held in May 2023.

Having assessed the potential uncertainties relating to the Group's ability to fund operating expenditures, the Directors believe that the Group will continue to operate as a going concern until privatisation of the company is complete via implementation of the Scheme (Note 6).

Assuming the Scheme is effected and Octanex becomes a wholly owned member of the Albers group of companies it is considered reasonable to assume that Australis would then grant an extension of time in which the then indebtedness of Octanex to Australis could be repaid as this would be in line with the objectives of the Scheme as proposed and Octanex becoming insolvent would not then be in Australis' or Mr Albers interests.

It is also considered reasonable to assume the Scheme will be approved at the proposed Scheme Meeting and that, if it is so approved, that the Scheme will be approved by the Court and come into effect and that, following the implementation of the Scheme, Octanex will be converted from a public company limited by shares to a proprietary company.

It is on the above bases that the Directors consider it appropriate to prepare the financial statements on a going concern basis which contemplates the further drawdown of the uncalled line of credit from Australis, 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 the Scheme is not implemented and if the line of credit facility is not further extended beyond the maturity date of 30 June 2023 or further funds are not raised sufficient to meet all of the Group's commitments, debt and payables, all assets and liabilities may not be realised at the amounts disclosed. These events and conditions represent a material uncertainty related to going concern. 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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022****NOTE 3 SEGMENT INFORMATION**

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

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

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

NOTE 4 EXPLORATION EXPENDITURE COMMITMENTS

	CONSOLIDATED	
	31/12/2022	31/12/2021
	\$	\$
The consolidated minimum expenditure requirements in exploration permits held by the consolidated entity at reporting date:		
Not later than 1 year (a)	-	723,917
Payable later than one year but not later (a) than five years	-	4,451,000
	<u>-</u>	<u>5,174,917</u>

(a) All tenements were surrendered during the half year ended 31 December 2022.

	CONSOLIDATED	
	31/12/2022	30/06/2022
	\$	\$
Carrying balance at beginning of the period	30,683	148,332
Transfer to exploration and evaluation assets (Note 7)	-	(63,731)
Refund - tenement applications withdrawn	(30,683)	(72,898)
Prepaid tenement rent for the year	-	18,980
Carrying balance at end of the period	<u>-</u>	<u>30,683</u>

All applications and minerals exploration tenements were withdrawn and tenement rent refunded during the half year ended 31 December 2022 (2021: five applications).

NOTE 6 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the reporting period, on 20 January 2023, the Company announced that it had 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022****NOTE 6 EVENTS SUBSEQUENT TO BALANCE DATE (Continued)**

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 Directors (other than Mr Albers) 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 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 appointed 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.
- 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.
- Pursuant to the proposal put to Octanex by Mr Albers, Australis Finance Pty Ltd (a company controlled by Mr Albers) has extended 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.

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 May 2023 with Final Court Approval (when the Court approves the Scheme and it comes into effect) being obtained shortly thereafter.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	CONSOLIDATED	
	31/12/2022	30/06/2022
	\$	\$
NOTE 7 EXPLORATION AND EVALUATION ASSETS		
Carrying balance at beginning of the period	509,633	5,314,686
Impairment of exploration assets (a)	(534,968)	(5,612,940)
Transfer from prepaid tenement rent (Note 5)	-	63,731
Costs incurred during the period	<u>25,305</u>	<u>744,186</u>
Carrying balance at end of the period	<u>-</u>	<u>509,633</u>

(a) All tenements were surrendered during the half year ended 31 December 2022 and the carrying values written off (\$534,968).

Exploration and evaluation assets relate to the areas of interest in the exploration and evaluation phase for mining exploration permits.

31/12/2022	30/06/2022	Notes
Exploration Permits		
-	E38/3417	Minerals tenement surrendered 26/7/22
-	E38/3418	Minerals tenement surrendered 26/7/22
-	E38/3416	Minerals tenement surrendered 6/12/22
-	E38/3432	Minerals tenement surrendered 6/12/22
-	E38/3433	Minerals tenement surrendered 6/12/22
-	E38/3626	Minerals tenement surrendered 15/11/22
-	E39/2240	Minerals tenement surrendered 6/12/22
-	E39/2241	Minerals tenement surrendered 26/7/22

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

	CONSOLIDATED	
	31/12/2022	30/06/2022
	\$	\$
NOTE 8 INTEREST BEARING LIABILITY		
Line of credit facility	545,631	253,641
	<u>=====</u>	<u>=====</u>

Octanex has a line of credit facility with Australis Finance Pty Ltd (a director-related entity of E.G Albers) which was amended, effective 31 December 2022. The amendment extended the total facility amount to \$875,000 and the maturity date to 30 June 2023. The amended facility has an interest rate of 8% p.a and is unsecured. As at 31 December 2022 \$350,000 remained undrawn from this facility.

NOTE 9 ISSUED CAPITAL

No shares or options were issued during the half year ended 31 December 2022.

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Octanex Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Octanex Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance
Melbourne, 15 March 2023

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Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Independent Auditor's Review Report

To the Members of Octanex Limited

Report on the half year financial report

Disclaimer Conclusion

We were engaged to review the half year financial report of Octanex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

We do not express a conclusion on the accompanying half year financial report of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on this half year financial report.

Basis for Disclaimer of Conclusion

The half year financial report has been prepared on a going concern basis, the directors have not been able to provide sufficient evidence to support the Group's ability to pay their debts as and when they fall due for a period 12 months from the date of the report. In addition, the directors propose to privatise the company following the acceptance of the Scheme by shareholders as detailed in Note 2.

At 31 December 2022, the Group had a net current deficiency of \$683,172 and recorded a net loss of \$679,294. The Group is dependent on a line of credit facility from Australis Finance Pty Ltd which expires on 30 June 2023 and is planning to privatise prior to this date. At the date of this report, no extension or replacement to the existing credit facility has been obtained and no disclosures have been made on how the company intends to remain a going concern after privatisation.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. However, because of the matter described in the *Basis for Disclaimer of Conclusion* section of our report, we were not able to obtain sufficient appropriate evidence to provide a conclusion for the review on the financial report.

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance
Melbourne, 15 March 2023