

17 April 2023

Company Update – Scheme of Arrangement

Octanex Limited (ASX: OXX, “Octanex” or the “Company”) advises that, following its announcement on 20 January 2023 relating to the proposed privatization of Octanex, the Supreme Court of Victoria has now made Orders for Octanex to convene a meeting of its members to consider and, if thought fit, approve the proposed Scheme of Arrangement.

The Scheme Meeting will be held at 10.00 am on Tuesday 23 May 2023 at Level 1, 10 Yarra Street South Yarra, Victoria.

Court Order and Scheme Booklet

A copy of the Order of His Honour, Mr Justice Sifris, made Friday 14 April 2023, and a copy of the Scheme booklet as registered with ASIC are attached hereto.

Independent Expert concludes Scheme is fair, reasonable and in Non-Associated Shareholders best interests

The Independent Expert appointed by the Independent Directors to consider the Scheme has concluded that the Scheme is fair and reasonable from the point of view of the Non-Associated Shareholders and in their best interests in the absence of a superior offer or proposal.

Independent Directors conclude Scheme is fair, reasonable and in Non-Associated Shareholders best interests

The Independent Directors likewise consider that the Scheme is fair and reasonable and in the best interests of the Non-Associated Shareholders in the absence of a superior offer or proposal.

Independent Directors intend to vote in favour of Scheme and unanimously recommend all eligible Shareholders vote in favour of Scheme

Each of the Independent Directors intend to vote all shares held by them or their associates in favour of the Scheme and unanimously recommend that all Non-Associated Shareholders vote in favour of the Scheme.



Mr Albers and Associates abstain from voting

None of Mr Albers nor any of the members of the Albers Group will vote on the Scheme, save where they are appointed as a proxy for a Non-Associated Shareholder and where the Non-Associated Shareholders directs that proxy on how to vote in relation to the resolution to be put to the Scheme Meeting.

Scheme Consideration

Under the proposed Scheme, all of the Non-Associated Shareholders in Octanex (being all members of Octanex other than Mr Albers and his Associates (defined in the Scheme Booklet as the “Albers Group”) will, if the Scheme is approved by members and the Court, receive a payment of \$0.002 (0.2 of a cent) for each share held by them (**Scheme Consideration**). Fractional entitlements will be rounded down to the nearest cent.

Scheme Meeting Date and venue

The Scheme Meeting will be held at 10.00 am on Tuesday 23 May 2023 at Level 1, 10 Yarra Street South Yarra, Victoria.

Proxies

Completed proxies can be returned to Octanex’s Share Registry in the pre-addressed envelope (reply paid if posted in Australia) accompanying the Scheme Booklet mailed to Shareholders.

Proxies may also be lodged online as provided on the proxy form accompanying the Scheme documents to be forwarded to members.

Final Court Approval

If the Scheme is approved at the Scheme Meeting, application will be made to the Supreme Court of Victoria for final approval of the Scheme on Monday 5 June 2023 with the Scheme coming into effect on lodgement of that Court Order and Scheme on that date or, at latest, 6 June 2023.

Payment of Scheme Consideration

It is anticipated that the Implementation Date for the Scheme will be 14 June 2023 which will be the date on which payment of the Scheme Consideration is made to Non-Associated Shareholders.



Scheme Documents being mailed to members

It is anticipated Scheme documents will be mailed to members on Tuesday 18 April 2023.

The Scheme documents comprise the Scheme Booklet which is the Explanatory Statement registered with ASIC as required by section 412(6) of the Corporations Act 2001 together with personalised proxy form, a reply paid envelope (if posted in Australia) and a circular advising shareholders on how to update the Share Registry with details of their Australian bank account to enable electronic payment of the Scheme Consideration.

Further Announcements

Further announcements will be made as necessary. In particular an announcement will be made on 23 May 2023 following the holding of the Scheme Meeting to inform the market about the outcome of the Scheme Meeting.

Expected Timetable

Dispatch of Scheme documents	18 April 2023
Last date for receipt of proxies	21 May 2023 (10am AEST)
Scheme Meeting	23 May 2023
Application to Court for Approval of Scheme	5 June 2023
Effective Date of Scheme	6 June 2023
Anticipated Implementation Date and payment of Scheme Consideration	14 June 2023

For more information

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



IN THE SUPREME COURT OF VICTORIA
AT MELBOURNE
COMMERCIAL COURT
CORPORATIONS LIST

S ECI 2023 01124

IN THE MATTER of the CORPORATIONS ACT 2001

and

IN THE MATTER of OCTANEX LIMITED
(ABN 61 005 632 315)

Plaintiff

ORDER

JUDGE: The Honourable Justice Sifris

DATE MADE: 14 April 2023

ORIGINATING PROCESS Originating Process Dated 22 March 2023

HOW OBTAINED: On Return of Originating Process

ATTENDANCE: Mr G Menzies Solicitor for the Plaintiff

There was no appearance by or on behalf of the Australian Securities and Investments Commission

OTHER MATTERS: The Court noted that 14 days' notice of the application had been given to the Australian Securities and Investments Commission.

The Court is satisfied that the Australian Securities and Investments Commission has had reasonable opportunity: to examine the terms of the proposed arrangements to which the application relates and a draft explanatory statement relating to the arrangements: and

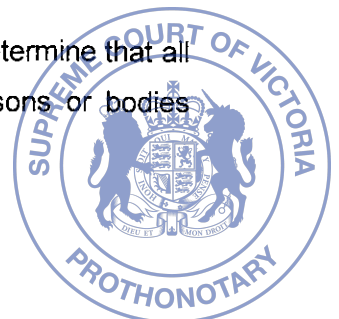
to make submissions to the Court in relation to the proposed arrangements and the draft explanatory statement.

The Australian Securities and Investments Commission gave a letter stating that it did not intend to appear on the hearing or intervene to oppose the making of the Orders sought.



THE COURT ORDERS:

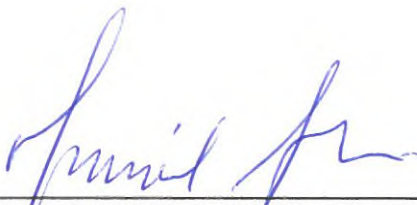
1. That, pursuant to section 411(1) of the Act, the Plaintiff convene a meeting of each person registered as the holder of ordinary shares issued by the Plaintiff (**Octanex Shareholders**) for the purpose of considering and if thought fit, agreeing (with or without modification) to the scheme of arrangement proposed to be made between the Plaintiff and that class of its members (**Scheme Meeting**).
2. The Scheme Meeting be convened by not less than 28 days' notice of meeting by sending by ordinary pre-paid post to all members of the Plaintiff:
 - (a) A document substantially in the form of the Scheme Booklet comprised in pages 1 to 100 of **Exhibit GAM-1** to the affidavit of Graeme Alan Menzies sworn 13 April 2023 (**Scheme Booklet**) containing a Notice of Meeting substantially in the form of the Notice of Scheme Meeting contained in pages 99 to 100 of the Scheme Booklet;
 - (b) A personalised proxy form substantially in the form of, or to the effect of, the form of proxy which is contained in pages 101 to 102 of the said Exhibit GAM-1; and
 - (c) An information circular with instructions for registry bank account details with the share registry substantially in the form of, or to the effect of, the circular which is contained at page 103 of the Exhibit RLC-1 to the affidavit of Ms Raewyn Clark sworn 12 April 2023 and filed herein.
 - (d) An pre-addressed envelope for return of completed proxy forms to the Plaintiff which, in relation to members of the Plaintiff resident in Australia, shall be a postage reply paid in the format of the form of the artwork for such envelope envelope contained in page 104 of the said Exhibit RLC-2.
 - (e) That the Meeting be held at Level, 10 Yarra Street, South Yarra, Victoria on 23 May 2023 commencing at 10.00 a.m or on such other date and time as Ordered by this Honourable Court.
3. That the materials referred to in Order 2 (**Scheme Materials**) are to be despatched to Octanex Shareholders whose name is recorded in the Plaintiff's register of members (**Share Register**) as being the Octanex Shareholders as at 7.00 pm (Melbourne Time) on 14 April 2023.
4. Pursuant to section 1319 of the Act:
 - (a) for the purposes of voting at the Scheme Meeting, Octanex may determine that all the shares in Octanex be taken to be held by the person, persons or bodies



corporate who are registered as the holders thereof in the Share Register as at 7:00pm (Melbourne time) on 21 May 2023.

- (b) Octanex may determine that only the proxy forms in relation to the Scheme Meeting received;
 - (i) by Octanex; or
 - (ii) by or at the Share Registry maintaining the Share Register;by no later than 10:00am (Melbourne time) on 21 May 2023 are valid.
- (c) the Chair of the Scheme Meeting shall have the power to adjourn the meeting in her or his absolute discretion to such time, date and place as she or he considers appropriate; and
- (d) a poll must be taken to decide the resolutions put to the vote at the Scheme Meeting, except for any procedural motions.
- (e) That Ms Raewyn Louise Clark or failing her, Mr Graeme Alan Menzies, be appointed and act as the Chair of the Scheme Meeting.
- (f) That the Chair reports the result of the Scheme Meeting to the Court.

DATE AUTHENTICATED:



THE HONOURABLE JUSTICE SIFRIS



The fact that under section 411 (1) of the Corporations Act 2001 the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notices of the meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed scheme or as to how members should vote (on this matter members must reach their own decision); or
- (b) has prepared, or is responsible for, the content of the explanatory statement.

PROPOSED SCHEME OF ARRANGEMENT

BETWEEN

**OCTANEX LIMITED
ABN 61 005 632 315**

AND ITS

MEMBERS

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE SCHEME IS FAIR AND REASONABLE TO THE NON-ASSOCIATED SHAREHOLDERS AND IN THEIR BEST INTERESTS

MS RAE CLARK AND MR JAMES WILLIS, BEING THE INDEPENDENT DIRECTORS OF OCTANEX, EACH RECOMMENDS THAT THE PROPOSED SCHEME BE APPROVED

This document is important. If you do not understand it or are in any doubt as to how to deal with it, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Members should complete proxy forms as instructed and return them to the Company's Share Registry in the enclosed reply paid envelopes without delay.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

E.G. Albers (Chair)
R Clark (Executive Director)
J W Willis (Non-Executive Director)

COMPANY SECRETARY

R Clark

REGISTERED OFFICE

Telephone: +61(0)3 8610 4700
Facsimile: +61(0)3 8610 4799
E-mail: admin@octanex.com.au
Website: octanex.com.au

INDEPENDENT EXPERT

PKF Melbourne Corporate Pty Ltd
AFSL No: 222050
Level 12, 440 Collins Street
MELBOURNE, Victoria 3000
Telephone: +61 3 9679 2222
Facsimile: +61 3 9679 2288
Website: www.pkf.com.au

INDEPENDENT TAX EXPERT

PKF Melbourne Pty Ltd
Level 12, 440 Collins Street
MELBOURNE, Victoria 3000
Telephone: +61 3 9679 2222
Facsimile: +61 3 9679 2288
Website: www.pkf.com.au

AUDITORS

Grant Thornton Audit Pty Ltd
Tower 5, Collins Square
727 Collins Street
Melbourne, Victoria 3008 Australia

SHARE REGISTRY

Automic Pty Ltd
Level 3
50 Holt Street
Surry Hills, NSW 2010, Australia
Telephone: 1300 288 664 (within Australia)
Telephone: + 61(2) 9698 5414 (outside
Australia)
Website: www.automic.com.au

INCORPORATION

Incorporated in Victoria on 13 March 1980

ASX CODE: OXX: ordinary shares

TABLE OF CONTENTS

Letter from the Independent Director	3
Explanatory Statement	13
Section 1 Scheme Process	19
Section 2 Commercial Justification and Purpose of the Scheme	24
Section 3 Profile of Octanex	34
Section 4 Effect of the Scheme	45
Section 5 Scheme of Arrangement	47
Section 6 Independent Experts Report by PKF	56
Section 7 Taxation Report by PKF Tax	80
Section 8 Implementation Agreement	84
Section 9 Deed Poll	91
Section 10 Interpretation	94
Section 11 Notice of Scheme Meeting	99

LETTER FROM THE INDEPENDENT DIRECTOR

Dear Members,

14 April 2023

PROPOSED SCHEME OF ARRANGEMENT

Background

I am an Executive Director of Octanex and in the present context, one of the two Independent Directors of Octanex who are able to make recommendations to you in relation to the proposed Scheme. The other Independent Director is Mr James Willis who is an independent non-executive director of Octanex. This letter is written by me but reflects our joint views.

You will be aware from Octanex's past ASX announcements that over the past few years Octanex's operations moved from offshore oil & gas exploration to exploration for minerals with a focus on the Sefton Project.

Suspension from Trading

Following lodgement of Octanex's Half-Year Financial Report for the six-months ended 31 December 2022 on 15 March 2023, ASX suspended trading in Octanex's Shares.

No mining or exploration assets

As previously advised to ASX, exploration on the Sefton Project lead Octanex to conclude the Sefton Project tenements had little merit \ and they have now all been relinquished (also as advised to ASX).

Octanex now has no exploration assets of any kind.

Octanex's Financial Position

The costs of recent exploration on the Sefton Project and those of general management and administration of Octanex and its subsidiaries have been met by funds borrowed under an unsecured financing facility agreement (**Facility**) from Australis Finance Pty Ltd (**Australis**) (a company associated with our Chair, Mr Geoff Albers) under which up to \$875,000 would be available to Octanex from Australis.

That Facility was initially made available in the expectation that exploration of the Sefton Project tenements could have established a viable exploration targets on which to grow Octanex.

You will also be aware from Octanex's announcements to ASX announcements that, as at 31 December 2022, Octanex had a deficiency of shareholders' funds of approximately \$683,172 (based on Auditor reviewed half year accounts) and that its indebtedness at 31 December 2022 exceeded \$817,180, of which \$545,631 was due to Australis under the Facility.

Set out in Section 3 (clause 31.10) is a summary of Octanex's financial statements for the year ended 30 June 2022 together with an auditor reviewed statement of financial position of Octanex as at 31 December 2022 and an unaudited pro forma balance sheet as at 30 April 2023. An outline of major changes in the financial position of Octanex is set out in clause 31.11.

The pro forma balance sheet as at 30 April 2023 estimates total indebtedness of \$922,180 and an estimated deficiency of shareholders' funds of \$833,172.

You will have access to, Octanex's Annual Report for the year ended 30 June 2022 ("**Octanex Annual Report**") and all Octanex's subsequent releases from ASX or from the ASIC website. You are advised to access and read them to have a more complete understanding of the overall financial Octanex.

Octanex's financial position is set out in more detail in Octanex's half-yearly Financial Report for the six month period ended 31 December 2022 (**Half-Yearly**).

In reviewing the Half-Yearly, the auditor made a disclaimer of conclusion as follows.

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.

This disclaimer reflects that the Auditor is unable to form a conclusion on the capacity of Octanex to continue as a going concern.

Scheme Proposal from Mr Albers

In recent months and against the above general background (financial and operating) the Independent Directors of Octanex (myself and Mr James Willis) have had discussions with Mr Albers as to the future of Octanex.

Those discussions initially led to a general proposal from Mr Albers relating to privatisation of Octanex (as initially announced to ASX on 6 December 2022). That general proposal resulted in a formal proposal (**Proposal**) being received by Octanex from Mr Albers, as announced to ASX on 20 January 2023.

Under that Proposal Mr Albers proposed that a scheme of arrangement be entered into between Octanex and its members pursuant to which Octanex would be privatised and become a wholly owned entity of Mr Albers and his Associates in consideration of payment of a Scheme Consideration of \$0.002 (0.2 of a cent) for each share in Octanex not presently owned by Mr Albers and his Associates (**Albers Group**).

The amount of the Scheme Consideration was determined by Mr Albers based on his assessment of a number of factors including the value for a publicly listed shell with no debt and compliant with ASX listing Rules, the quantum of debt owed by Octanex to Australis Finance and Octanex's lack of compliance with ASX Listing Rules. Given all of these factors, Mr Albers determined to offer Scheme Consideration of approximately \$200,000, representing a value of \$500,000 for 100% of Octanex Shares. This amount was adjusted for rounding to arrive at \$0.002 per share.

The Scheme Consideration will be funded by Mr Albers using existing cash resources and that there are sufficient funds in the relevant bank account for that purpose.

Under the Implementation Agreement entered into between Mr Albers and Octanex, Mr Albers has undertaken to advance Octanex additional funds to pay the costs and disbursements of the proposed Scheme to the extent that Octanex has insufficient funds available under the Facility for that purpose.

Non-Associated Shareholders Share holdings in Octanex

The number of shares in Octanex owned by Non-Associated Shareholders is 103,542,112 ordinary shares in Octanex representing 39.98% of the issued capital of Octanex.

On the above basis the aggregate Scheme Consideration offered pursuant to the Proposal is approximately \$207,000 reflecting a positive equity value of approximately \$518,000¹ for 100% of Octanex.

With negative shareholders' funds of \$683,172 as at 31 December 2022 Octanex had a negative equity value of that amount at that date, and with no revenue or funding (except from Australis) negative funds and negative equity value are expected to increase to **\$833,172** by the 30 April 2023.

The only amount offsetting that negative equity value is the concept that companies such as Octanex have some value as a "shell" for the purpose of enabling other unlisted entities and assets to be listed on ASX (in particular) by being acquired by such an entity.

Value of Octanex as a "shell" and value of a Share

As set out in the PKF Report (in Section 6) PKF, as the Independent Expert appointed by the Independent Directors to report on the Scheme, has after considering different valuation methodologies which could be applicable to value Octanex in Sections 7.1 to 7.5 of the PKF Report, determined that none of a share price valuation methodology, capitalisation of maintainable earnings methodology or net present value of future cash flows methodology are reliable methodologies to use to value Octanex or an Octanex Share. In Sections 7.7 and 7.8 PKF considered comparable market transactions and alternative acquirer valuation methodologies and concluded they were not applicable either.

PKF has therefore valued Octanex and the value of an Octanex Share using Asset based methods of valuation in Section 7.6 of the PKF Report. That asset valuation methodology included considering any value that Octanex might have as an ASX Listed "corporate shell".

In considering the value of Octanex, PKF concluded in Section 7.9 of the PKF Report:

"In the current circumstances of Octanex, we have only been able to utilise the asset based valuation methodologies (refer to Section 7.6 of the IER), however, as Octanex has no assets with which it can progress or undertake any business activities and as a result of the level of its indebtedness, we have not been able to assess the value above nil. In light of our comments and calculations in Section 7.6 of the IER, we have concluded that the value of an Octanex share has a nil value."

PKF concludes Octanex has nil value and a Share has nil value

After considering the number of factors more particularly set out in that Section, including any value that Octanex might have as a "corporate shell", PKF concluded:

"Having regard to the above comments and analysis, we have concluded that Octanex has a nil value based on a net asset valuation approach. Accordingly, the value of an Octanex share also has a nil value. Under an orderly realisation of assets or liquidation of assets scenarios, we would not expect the value of Octanex to return a value greater than that under a net asset valuation approach."

PKF's conclusion is based on the factors set out in its report including various of the following factors which the Independent Directors consider relevant to any assessment of the value of Octanex as a "corporate shell".

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

The factors the Independent Directors consider relevant for you to consider are all the factors as referred to by PKF in the PKF Report, plus any of the following matters not referred to by PKF.

- Octanex does not comply with ASX spread requirements with a minimal number of Members holding marketable parcels of Shares.
- Prior to suspension from trading by ASX, trading in Octanex shares was illiquid with volumes of trading not able to provide any market for Non-Associated Shareholders Shares. The most recent “market” for Octanex Shares (before suspension) as reflected by the then current “buy” and “sell” quotes on ASX was, in the Independent Directors view, illusory. Based on the “buy” bid of \$0.006 prior to suspension of trading of the Shares by ASX, Octanex would have a “value” of in excess of \$1,500,000 whereas it has a present deficiency in assets of in excess of \$683,172 estimated to increase to a deficiency of in excess of \$833,000 by 30 April 2023 and to continue to increase thereafter, with Octanex unable to continue as a going concern beyond 30 June 2023 without ongoing financial support from Albers Group. (See below).
- That with suspension from trading of the Shares by ASX, there is no market of any kind for your Shares.
- Under the Facility, the moneys due by Octanex to Australis become due and payable on 30 June 2023 and, if not repaid in accordance with the terms of the Facility, unless the Facility is extended or otherwise restructured, Octanex will become unable to continue as a going concern beyond 30 June 2023 without ongoing financial support from Albers Group.
- Octanex has no apparent source of funds to enable it to repay Australis.
- Octanex has minimal, if any, capacity to raise equity. The current substantial shareholders holding in excess of 75% of Octanex’s issue capital are disinterested in further investment in Octanex. The suspension of trading in the Shares by ASX has increased the difficulty in raising equity because no investor would have any market for any new shares subscribed for unless Octanex was able to be become fully compliant with Chapters 1 and 2 of the ASX Listing Rules.
- That on 16 March 2023, the Shares in Octanex were suspended from trading by ASX following lodgement of Octanex’s Half Year Financial report for the six-month period ended 31 December 2022 and that Octanex no longer complies with the following “On-going requirements” for Listed entities set out in Listing Rule 12 in that:
 - It has no operations of any kind; it fails to have an “adequate level of operations” as required by ASX LR12.1.
 - With no funds or available source of funds, and significant indebtedness to Albers Group, its financial position is such that ASX could not realistically conclude that its financial condition is inadequate to warrant the continued quotation of its securities and its continued listing as required by ASX LR12.2.
 - Given its share price, that in excess of 75% of its equity is held by the Albers Group and Sabah, its shareholding spread is unlikely to be able to ensure that there is an orderly and liquid market in Octanex’s securities as required by ASX LR12.4.
- Any share consolidation and associated debt reconstruction to make Octanex suitable for a backdoor listing would need the active support of the principal shareholders (the Albers Group) and the principal creditor (Australis), neither of which have been offered.
- The costs of any such restructure (even if such a restructure were to be so supported).

- The uncertainty that any third party would propose any restructure of any kind and be prepared to fund same, including satisfying Octanex's then indebtedness, and then achieve re-compliance with Chapters 1 and 2 of the ASX Listing Rules to ASX's satisfaction.
- The likely punitive nature and extent of the share consolidation which would be required under any such reconstruction, and its effect on Non-Associated Members shareholdings and spread under the Listing Rules.
- The costs to ensure re-compliance by Octanex with Chapters 1 and 2 ASX Listing Rules after any restructure and the timeframe to achieve any such re-compliance.

As Octanex holds no assets with which it can progress or undertake any business activities and as a result of the level of its indebtedness **PKF has not been able to assess the value of Octanex above nil**. In light of PKF's comments and calculations in Section 7.6 of the PKF Report, PKF has concluded that the value of an Octanex share has a **nil value**.

The Independent Directors consider that the opinion of PKF is well founded.

Funding for Scheme Costs by Australis

Significant aspects of Mr Albers Proposal are that:

- Australis Finance Pty Ltd (**Australis**) (controlled by Mr Albers) would defer repayment of Octanex's present indebtedness to it of for a sufficient time to enable Octanex's members and the Court to have time to consider the Scheme as proposed by him.
- to enable members and the Court to be able to do so, that Australis would lend Octanex further funds to pay the costs and disbursements associated with Octanex seeking approval of the Scheme (presently estimated at approximately \$150,000). This obligation is included in the Implementation Agreement set out in Section 8.

Inability of Octanex to readily raise capital

Given that in addition to Octanex's lack of any material assets, its deficiency of shareholders' funds and aggregate indebtedness, the Albers Group is not prepared to continue to further support Octanex's activities (other than as set out above) and given that Octanex's other major shareholder (Sabah International Petroleum Ltd (**Sabah**) holding 15.57% of Octanex has not expressed any interest in doing so, it is clear to the Independent Directors that Octanex would be unlikely to be able to readily raise any, or any sufficient, equity funding from its existing shareholder base to ensure Octanex's solvency.

Other Alternatives unlikely

The Independent Directors see minimal prospect of any alternative or superior offer being proposed and, even if any other proposal is put to Octanex, the Independent Directors see minimal prospect of it being able to be implemented. This is also discussed below in Section 2 (Clause 11) (**Directors Recommendations**).

Members should also note that for an alternative offer or proposal to be able to be implemented it would need to be a proposal or offer supported by the Albers Group and that, although the Albers Group will abstain from voting on the present Proposal and Scheme, they would be entitled to vote on any other proposal which might be put to members for consideration. Given that Albers Group owns 155,435,574 ordinary shares in Octanex representing approximately 60.02% of the issued capital of Octanex, any vote by Albers Group on any alternative proposal would determine whether it was approved or rejected.

Application to Court for Orders convening Scheme Meeting

For the above reasons, and the reasons more fully set out in Clause 11 in Section 2 (Directors Recommendations), the Scheme Proposal should be put to members for their consideration.

As a consequence, Octanex made Application to the Supreme Court of Victoria (**Court**) for Orders requiring Octanex to convene a meeting of its members (**Scheme Meeting**) to consider and if though fit, approve the Scheme. A copy of the Court Order accompanies this Scheme Booklet.

The Scheme Meeting will be held at 10 am on Tuesday the 23rd day of May 2023 to enable members to vote in favour of, or against, the resolution to approve the Scheme.

Implementation of Scheme

If the resolution that the Scheme be approved is passed by the requisite statutory majorities, application will then be made to the Court for approval of the Scheme. If approved by the Court, it is anticipated that the Scheme would come into effect on the 6th June 2023 and that the Scheme Consideration would be paid to Non-Associated Shareholders on 14th June 2023. A detailed timetable is set out in **Summary of Important Matters** under the heading **Important Dates**.

Non-compliance by Octanex with ASX requirements for Listing

Given that Octanex no longer complies with ASX Listing Rule 12.1 (a) (which requires an adequate level of operations) or ASX Listing Rule 12.1 (b) (dealing with financial adequacy), it is the Board's intention that, in the absence of any events occurring to enable compliance with those Listing Rules, Octanex would make application to be removed from ASX's Official List shortly after the Scheme Meeting is held. In that circumstance Octanex would become an unlisted public company. This issue is also discussed below in Clause 11 in Section 2 (Directors Recommendations).

Solvency

Members should note that, if the Scheme is not approved at the Scheme Meeting and then by the Court, in the absence of further intervention by Albers Group, Octanex will face a difficult financial position as and when it becomes liable to repay its indebtedness to Australis (including any funds advanced to fund the Scheme). This issue is discussed below in Clause 11 in Section 2 (Directors Recommendations).

Scheme is fair and reasonable and in your best interests

You will see, from the Independent Expert's Report (**PKF Report**) set out in Section 6 of this Scheme Booklet, that PKF, as the Independent Expert chosen to consider the Scheme has concluded that the Proposal is both "*fair*" and, in the absence of a superior offer, "*reasonable*" from the point of view of the Non-Associated Shareholders and that, in the absence of a superior offer, the proposal is in your "*best interests*" as a Non-Associated Shareholder.

Your Octanex Shares have NIL value

You will note from the PKF Report that PKF has concluded that your shares in Octanex have NIL present value.

Taxation

The Taxation Report prepared by PKF (set out in Section 7) sets out certain taxation benefits that flow to Australian tax resident Non-Associated Shareholders as a consequence of the Scheme. You should read the PKF Tax Report in full to more fully understand these benefits.

Foreign Shareholders should seek their own independent tax advice.

Independent Directors recommendations

Each of the Independent Directors recommend that you vote in favour of the Scheme at the Scheme Meeting.

The Independent Directors make that recommendation:

- Because PKF has concluded that the Scheme is fair and reasonable from the point of view of the Non-Associated shareholders and is in the best interests of the Non-Associated Shareholders in the absence of a superior proposal all as referred to in summary below.
- Because, given the conclusions of PKF, the market value of your Shares is Nil whereas the Scheme Consideration is an amount of \$0.002 (0.2 of a cent) per Share held by you.
- Because, in addition to the Scheme Consideration you will realise a loss on disposal of your Shares which loss may, for tax purposes be significantly more than the value of the Scheme Consideration itself. For further details see clause 16 below and read the PKF Tax Report set out in Section 7 of this Scheme Booklet.
- For all of the reasons set out in the PKF Report in support of the conclusions reached by PKF as noted above. See in particular Sections 3, 8 and 9 of the PKF Report.
- Because there are no likely alternatives to the proposal from the Albers Group, as discussed below,.
- Because the Independent Directors consider that the advantages of entering into the Scheme outweigh the disadvantages of entering into the Scheme. The advantages and disadvantages of the Scheme as perceived by the Independent Directors are set out in clauses 13 and 14. The advantages and disadvantages of the Scheme as perceived by PKF are quoted below but are set out in more Sections 3 and 9 of the PKF Report to which you are referred.
- For the additional reasons set out in Clause 13 in Section 2.
- After consideration of all other matters set out in this Scheme Booklet.

In the absence of a superior offer or proposal being put to Octanex which offer or proposal is capable of implementation, each of the Independent Directors intends to vote all shares controlled or owned by either of them in favour of the Scheme at the Scheme Meeting.

You should note that as set out in clause 32 below the Independent Directors hold the following securities in Octanex and that each of them intends to vote all such Shares in favour of the Scheme.

Director's name	Shares	Octanex Unlisted Options
R Clark	57,551	4,000,000*
J M D Willis	3,117,382	0
TOTAL	3,174,933	4,000,000

* Exercisable at \$0.0195 (1.95 cents) expiring in November 2023 but which will be surrendered for no consideration prior to the Implementation Date

You should also note that clause 39.3 states that save as otherwise expressly set out herein, implementation of the Scheme will have no effect on the interests of any Director, past Director or associate of any such person within the meaning of the Corporations Act, different from the effect on any other person with like interests. Clause 32.3 notes that Ms Clark has an entitlement to Accrued Annual Leave and Long Service Leave Entitlements totalling \$35,788. Those entitlements are not affected by the Scheme or dependent on the Scheme.

Alternatives to Albers Group Proposal

You should note that, in the opinion of the Independent Directors, there are **no** likely alternatives to the proposal from Albers Group. This is for the following reasons.

- The Board has concluded that OXX will be unable to raise any sufficient capital to enable OXX to meet its past and present liabilities on an ongoing basis without the support of its two major shareholders (Albers Group and Sabah collectively holding 75.59% of OXX's capital).
- The Independent Directors considered the alternative of placing Octanex into Administration but they believe this is a considerably less desirable alternative to the proposed Scheme for Non-Associated Shareholders as in the absence of an alternative proposal, Administration would inevitably lead to liquidation under which no shareholder would receive any return of any kind. (See clause 12(a) for further details)
- The Independent Directors have also considered the alternative of a “backdoor” listing and concluded that this is highly unlikely that a third party will make any proposal to use Octanex as a backdoor listing given the financial position of Octanex with a significant and increasing deficiency of funds, its non-compliance with ASX Listing Rules and the ASX Listing Rule requirements that would need to be satisfied in order to enable the Company to be used as a vehicle for a backdoor listing. For a third party to put forward any proposal to use Octanex as a vehicle for a backdoor listing they would need to demonstrate to the Independent Directors that the proposal would satisfy all those requirements and be capable of implementation before the Independent Directors would consider putting such proposal to members for consideration.

The Independent Directors consider that, if the Scheme is not approved, they will have no realistic alternative but to place Octanex into Administration and that, given that they consider there is minimal if any prospect of Octanex being used as a backdoor listing, placing Octanex into Administration will inevitably lead to Liquidation.

These issues are discussed in more detail in Clause 11 in Section 2 which sets out the Independent Directors recommendations.

Independent Expert's conclusions

PKF, as the independent Expert engaged to report to on the Scheme has concluded that the proposals set out in this Scheme Booklet, are both *fair* and *reasonable* to the Non-Associated Shareholders in the best interests of the Non-Associated Shareholders.

PKF's summary conclusions are quoted below for ease of reference. Reading these conclusions is, however, no substitute for reading the PKF Report in its entirety.

“3. Summary opinions

*In our opinion the Proposed Scheme is **fair and reasonable to the Non-Associated Shareholders** and is therefore **in the best interests of the Non-Associated Shareholders**. Our principle reasons for reaching this opinion are:*

Fairness

*In Section 8 of the IER, we concluded that the Proposed Scheme is **fair** as the value of the Scheme Consideration (**AU\$0.002 per Octanex Ordinary Share**) is greater than the control value of an Octanex Ordinary Share (**nil value**).*

Reasonableness

In Section 9 of the IER, we considered that in the absence of a superior offer the advantages of the Proposed Scheme outweigh the disadvantages of the Proposed Scheme and for this reason we concluded that the Proposed Scheme is **reasonable** for the Non-Associated Shareholders.

Advantages

- *If the Scheme is implemented the Non-Associated Shareholders will be able to liquidate their shareholding and crystallise any taxation losses in respect of their investment.*
- *As Octanex shares are an illiquid investment, the Proposed Scheme provides an opportunity to the Non-Associated Shareholders to dispose of their shares in exchange for cash and in doing so they will not incur brokerage fees. Accordingly, the cash certainty provides Non-Associated Shareholders with an opportunity to utilise the cash received for other purposes.*

Disadvantages

- *The Scheme Consideration of AU\$0.002 per OXX share is less than the recent share trading in Octanex shares (refer to Section 7.3 of the IER) and is at a discount to the closing share price of an Octanex share prior to the announcement of Mr Albers' intention to privatise the Company (closing share price of AU\$0.007 per share on 5 December 2022).*

If the Scheme is not implemented and in the current circumstances, Octanex shares are currently suspended and there is no tradeable market in which shares may be realised. Accordingly, there is no guarantee that the Non-Associated Shareholders can realise a price per Octanex share greater than the Scheme Consideration.

- *If the Scheme is implemented the Non-Associated Shareholders will forego the opportunity to receive any competing bid from an alternative acquirer or a more superior offer to that offered under the Proposed Scheme.*

However, no alternative or superior offer has presented itself since the announcement of the Proposed Scheme and we can see no reason as to why an offer would be initiated at this time without the consent and support of the Albers Group as the Company's major shareholder.

The PKF also sets out a number of "**Other factors**" which PKF considered in reaching their conclusions. These are set out in Sections 3 and 9 of the PKF Report.

Foremost among those "**other factors**" was that: *There is no superior offer or competing proposal to the Proposed Scheme available to Non-Associated Shareholders. **Should an alternate to the Proposed Scheme present itself, it would require the support of the Albers Group as the major shareholder.*** [Emphasis Added]

All Non-Associated Shareholders should read the PKF Report in full and in particular they should read Sections 8, 9 and 10 carefully as these Sections deal with whether the Scheme is **fair**, whether the Scheme is **reasonable** and whether the Scheme is **in the best interests** of Non-Associated Shareholders.

The consequences of these proposals for you will be that you, as a Non-Associated Shareholder, will have transferred your Shares to Mr Albers (and/or his nominees) for a consideration of \$0.002 per Share, being a transaction which PKF concludes is both *fair* and *reasonable* and *in your best interests*.

Implementation of proposals

As the proposals are proposed to be effected by the Scheme, these must be approved by Members and subsequently by the Supreme Court of Victoria.

The Scheme will not come into effect unless the conditions precedent to the Scheme coming into effect are satisfied prior to or on the Implementation Date.

If the Scheme does not come into effect you will continue to hold your Shares until you otherwise dispose of them. Your Shares will remain valueless. Further, given the matters set out in this Scheme Booklet you may reasonably assume that Octanex will become delisted from ASX and that, in due course, Octanex might be wound up with no distribution of any kind to you or any other Shareholders in Octanex.

Voting at the Scheme Meeting

Each member of the Albers Group and each of their Associates will abstain from voting at the Scheme Meeting, save where directed to do so as a proxy holder for a Non-Associated Shareholder directing them to vote as directed by that Non-Associated Shareholder. Whether the Scheme is, or is not, implemented will depend solely on the vote of the Non-Associated Shareholders and the Court subsequently making appropriate Orders that the Scheme come into effect.

Order of the Supreme Court of Victoria

In accordance with an Order of the Supreme Court of Victoria, the Scheme Meeting has been convened to be held on 23rd May 2023 for the purpose of considering and if thought fit, approving the Scheme.

Your vote

I urge you to read this Scheme Booklet carefully, and in its entirety, including the sections on risks and the advantages and disadvantages of the Scheme and, if you do not understand this booklet or any part of it, you should consult an expert adviser familiar with your investment circumstances before making a decision on how to vote.

This Scheme Booklet provides you with a wide range of details, relevant information and considerations to be taken into account in deciding how to cast your votes. I encourage you to take the time to read all of this material.

If you have any questions about the terms of the proposed Scheme, please contact me, by telephone on 03 8610 4713 (or +613 8610 4713 for international callers) or by email at admin@Octanex.com.au or contact your stockbroker, legal or financial adviser.

Yours sincerely



R. Clark
Executive Director
Octanex Limited

EXPLANATORY STATEMENT

(Pursuant to Section 412 of the Corporations Act 2001)

SUMMARY IMPORTANT MATTERS

What you receive under the Scheme

If the Scheme is approved and comes into effect., you will receive payment of \$0.002 (0.2 of a cent) for each Share held by you as a Non-Associated Shareholder as at the Record Date to determine entitlements to the Scheme Consideration. Your Shares will be transferred to Mr Albers (or Mr Albers and one or more nominees) pursuant to the Scheme. Any nominees of Mr Albers will be existing members of the Albers Group. Any reference to any transfer of Shares to Mr Albers set out herein means a transfer to Mr Albers and/or any such nominees.

What you receive under the Scheme if you are a Foreign Shareholder

Because the scheme consideration is a monetary amount, all Foreign Shareholders who are Non-Associated Shareholders will receive the same Scheme Consideration as Australian Resident Non-Associated shareholders. However, because the Scheme Consideration will be paid in Australian currency, Foreign Shareholders will face a currency exchange risk on conversion of the Scheme.

What the Albers Group receives under the Scheme

The consequence of the Scheme for the Albers Group is that Octanex becomes a wholly owned member of the Albers Group and that Octanex will be delisted from ASX and be converted to a proprietary company with a reduction in costs for Listing Fees, Share Registry fees, audit fees and Directors fees.

As a proprietary company wholly owned by the Albers Group, Mr Albers will then have the opportunity (but only the opportunity) to, at his own cost, attempt to cause Octanex to establish future profitable operations within Octanex to enable Australis to recoup the significant moneys advanced by it to Octanex to fund its unsuccessful endeavour to establish resources within the, now relinquished, Sefton Project tenements.

Creating the above opportunity under the Scheme was a significant objective in proposing the Scheme, because that opportunity would not be available under any alternative to the Scheme.

From a practical point of view, further benefits which Mr Albers and the Albers Group receive under the Scheme are:

- first, not having to continue to fund Octanex to ensure it remains a going concern.
- secondly, avoiding any broader reputational damage which might result if Octanex was placed in Administration or went into liquidation.

In proposing the Scheme, Mr Albers was motivated to ensure that Octanex's Non-Associated Shareholders were fairly compensated for loss (as a result of privatisation) of their proportionate part of the putative "value" of Octanex as a "shell": notwithstanding that Octanex has a significant deficiency of funds which in the opinion of the Independent Directors, far outweighs any such theoretical value. That recompense would not occur in liquidation and, in the Independent Directors views, would be extremely unlikely if Octanex was placed in Administration.

What Octanex receives under the Scheme

Octanex will receive nothing under the Scheme. Its assets and liabilities are unaffected.

Independent Expert concludes the Scheme terms are fair and reasonable, that the Scheme is in your best interests

PKF considers various matters in Section 8 of the PKF Report which lead it to the conclusion that the Scheme is *fair*.

PKF also considers various matters in Section 9 of the PKF Report which lead it to the conclusion that, in the absence of a superior offer, the Scheme is *reasonable*.

As a consequence, PKF has concluded in Section 10 of the PKF Report that the Scheme is “**fair and reasonable to the Non-Associated Shareholders**” and that “**Therefore the Proposed Scheme is in the best interests of the Non-Associated Shareholders**”.

See clause 10 and see the PKF Report in Section 6.

Independent Directors consider the Scheme terms are fair and reasonable and the Scheme is in your best interests

Each of the Independent Directors consider that the terms of the Scheme are *fair* and *reasonable* to the Non-Associated Shareholders and in their *best interests* in the absence of a superior offer.

Each of the Independent Directors strongly recommend that you vote in favour of the Scheme Resolution to be put to the Scheme Meeting.

The reasons for recommendations are set out in Clause 11 in Section 2 below.

Advantages of the Scheme and Disadvantages of the Scheme

The advantages and disadvantages of the Scheme are set out in Ms Clark’s covering letter and in clauses 13 and 14 below and in Sections 3 and 9 of the PKF Report.

In the opinion of the Independent Directors, the primary advantages of the Scheme are that in the near future you receive certain and valuable consideration for your Shares which PKF has concluded are of NIL value.

PKF notes the following advantages of the Scheme:

- *If the Scheme is implemented the Non-Associated Shareholders will be able to liquidate their shareholding and crystallise any taxation losses in respect of their investment.*

As Octanex shares are an illiquid investment, the Proposed Scheme provides an opportunity to the Non-Associated Shareholders to dispose of their shares in exchange for cash and in doing so they will not incur brokerage fees. Accordingly, the cash certainty provides Non-Associated Shareholders with an opportunity to utilise the cash received for other purposes”

A disadvantage of the scheme noted by the Independent Directors is that the Scheme Consideration is a fixed monetary amount per Share and Non-Associated Shareholders will not have any future prospect of any increase in that value.

PKF also notes the following disadvantages of the Scheme in Sections 3 and 9 of the PKF Report.

- *The Scheme Consideration of AU\$0.002 per OXX share is less than the recent share trading in Octanex shares (refer to Section 7.3 of the IER) and is at a discount to the closing share price of an Octanex share prior to the announcement of Mr Albers’ intention to privatise the Company (closing share price of AU\$0.007 per share on 5 December 2022).*

If the Scheme is not implemented and in the current circumstances, Octanex shares are currently suspended and there is no tradeable market in which shares may be realised. Accordingly, there is no guarantee that the Non-Associated Shareholders can realise a price per Octanex share greater than the Scheme Consideration.

- *If the Scheme is implemented the Non-Associated Shareholders will forego the opportunity to receive any competing bid from an alternative acquirer or a more superior offer to that offered under the Proposed Scheme.*

However, no alternative or superior offer has presented itself since the announcement of the Proposed Scheme and we can see no reason as to why an offer would be initiated at this time without the consent and support of the Albers Group as the Company's major shareholder.

- *Non-Associated Shareholders who wish to participate in the future of the Company will not be able to achieve such investment exposure if the Scheme is implemented and, as such, they will forego the opportunity to benefit from realising any future prospects of the Company. Accordingly, the individual investment, taxation or other strategic objectives of individual shareholders may not be achieved if the Scheme is implemented.*

A further consequence or effect of disposing of your Shares under the Scheme is that you will likely obtain various tax benefits. To understand these benefits, refer to the PKF Tax Report and to clause 16 and more particularly to clause 16.2 below.

Neither PKF nor the independent Directors believe there are any significant disadvantages of the Scheme being implemented.

In particular, if the Scheme is not implemented, you will retain your Shares which will remain worthless and Octanex will be delisted from ASX in due course, either at the request of the Octanex Board or as a result of action by ASX as Octanex no longer complies with the ASX Listing Rules so as to justify retained listing on ASX.

Requirements for the Scheme to be Implemented

For the Scheme to come into effect, the Scheme must:

- (a) be agreed to by a majority in number of the Members present and voting in person or by proxy at that Scheme Meeting whose shareholdings represent not less than 75% of the total number of Shares of those Members present and voting at the Scheme Meeting; and
- (b) be approved by the Court pursuant to section 411(6) of the Corporations Act.

Scheme Implementation Agreement and Deed Poll

Set out in Section 8 is the Scheme Implementation Agreement entered into between Mr Albers and Octanex under which each of those parties has effectively agreed to do all acts, matters and things to implement the Scheme and all associated proposals.

The Scheme Implementation Agreement contains a series of conditions precedent and which must be met before the Scheme can be implemented and those conditions are set out in clause 4 of the Scheme in Section 5. They primarily relate to obtaining all requisite approvals for the Scheme to come into effect.

Octanex will provide a certificate to the Court regarding the status of these conditions at the Second Court Date.

Voting Majorities

The Scheme must be approved by a majority of the Non-Associated Shareholders who vote at the Scheme Meeting (in person, by proxy, representative or attorney) who must hold at least 75% of the total number of Shares voted at the meeting. As none of the members of the Albers Group or their Associates will vote at the Scheme Meeting, this requires that the Scheme be approved by a majority of the Non-Associated Shareholders who vote at the Scheme Meeting holding at least 75% of the total number of Shares voted at the Scheme Meeting.

The Scheme Meeting format

There will be a physical meeting as set out in the Notice of Meeting. Members and their authorised proxies, attorneys and corporate representatives will be able to attend the Meeting in person at 10:00am on 23rd May at Level 1, 10 Yarra Street, South Yarra, Victoria.

Members and their authorised proxies, attorneys and corporate representatives who are unable to, or do not wish to, attend the Scheme Meeting in person are encouraged to submit a directed proxy vote as early as possible and in any event by 10:00am (Melbourne time) on 21st May 2023 in accordance with the instructions on the Notice of meeting and Proxy Form.

Your entitlement to vote

If you are a Non-Associated Shareholder, you will be entitled to vote at the Scheme Meeting. You should complete the Scheme Proxy Form if you wish to attend the Scheme Meeting by proxy. You must follow the instructions on the Scheme Notice of Meeting and on the Scheme Proxy Form when you do this to ensure your vote is valid.

Details of how to vote are referred to in clauses 28 and 29 in Section 2 and are as set out in the notice of the Scheme Meeting. Briefly, you may vote:

- by attending the Scheme Meeting in person. The Scheme Meeting will be held at 10:00am on 23rd May 2023 at Level 1, 10 Yarra Street, South Yarra, Victoria.
- by proxy, by completing and submitting the Proxy Form in accordance with the instructions on that form. To be valid, your proxy appointment must be received by Octanex by 10:00am (Melbourne time) on 21st May 2023. That proxy may be lodged online in accordance with the instructions for lodging online proxies as set out in the proxy form.
- by attorney, by appointing an attorney to participate in and vote at the Meeting on your behalf and providing a duly executed power of attorney to the Octanex by 10: 00am (Melbourne time) on 21st May 2023; or
- by corporate representative, in the case of a body corporate, appointing a body corporate representative to participate in and vote at the Meeting on your behalf, and providing a duly executed "Appointment of Corporate Representative" form (in accordance with sections 250D of the Corporations Act) prior to the Meeting in accordance with the notes on the Notice of the Scheme Meeting.

What happens if I do not vote?

If approved, the Scheme will bind you, whether or not you vote. Accordingly, you are encouraged to vote to ensure that you have your say on the proposal being considered at the scheme meeting.

What happens if the Scheme does not come into effect?

If the Scheme does not come into effect, you will continue to hold your Shares. They will remain valueless. Further, given the matters set out in this Scheme Booklet you may reasonably assume that Octanex will become delisted from ASX and that, in due course, Octanex might be wound up with no distribution of any kind to you or any other Shareholders in Octanex.

Important Dates

An indicative timetable for the implementation of the Scheme is set out below. All of the dates following the date of the meeting are indicative only.

Event	Date
Proxy forms for the Scheme Meeting must be received no later than 48 hours before the scheme Meeting (By 10.00 am on 21 st May 2023)	21 st May 2023
Eligibility to vote determined after CHESS update on Monday 20 th May 2023	20 th May 2023
Scheme Meeting held	23 rd May 2023
Application for Orders from the Associate Justice	2 nd June 2023
Application for Final Approval by the Court	5 th June 2023
Effective Date and Record Date	6 th June 2023
Implementation Date: Transfer of Shares to Mr Albers in exchange for payment of the Scheme Consideration.	14 th June 2023

Important Notices

Defined terms

A number of important words and phrases with particular meanings, including certain technical terms, are used in this document. These terms are either defined in context or are defined or explained in the Definitions in Section 10 of this Scheme Booklet.

Investment decision

This Scheme Booklet does not take into account your individual investment objectives, financial situation or your particular needs as Members or the needs of any other person. You should read this Scheme Booklet carefully and in full before making a decision on how to vote in relation to each Scheme. You should, as necessary, consult your professional advisers (solicitor, accountant, stockbroker or licensed financial adviser) if you do not understand the effect of the Scheme or their application to you.

Advantages and Disadvantages of the Scheme

The advantages and disadvantages of the Scheme are set out in Section 9 of the PKF Report and PKF reports on other factors taken into account in concluding that the Scheme is reasonable and, because it is also fair, that it is in your best interests as a Non-Associated Shareholder. You should read the PKF Report in full to understand those advantages and disadvantages as perceived by PKF.

Advantages and disadvantages of the Scheme as perceived by the Independent Directors are set out above in detail and in Ms Clark's covering letter and in clauses 13 and 14 in Section 2 below.

After considering various matters, clause 15 below records that the Independent Directors consider that the advantages of the Scheme being entered into outweigh any disadvantages of the Scheme being entered into.

You should read these carefully and make your own decision as to whether the advantages of the Scheme outweigh the disadvantages of the Scheme.

You should read the whole PKF Report to understand PKF's conclusions and comments on these matters in context.

Forward looking statements

This Scheme Booklet includes information that is historical in character and also includes forward looking statements. The forward looking statements relate to future matters and are subject to various inherent risks and uncertainties. These risks and uncertainties include the risks described herein and other matters not yet known Octanex or not currently considered material by the Independent Directors or by PKF as the Independent Expert.

Actual events or results may differ materially from the events or results expressed or implied by any forward looking statements.

Neither Octanex, nor any of its Directors or officers, nor any person named in this Scheme Booklet with their consent, nor any person otherwise involved in the preparation of this Scheme Booklet, makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or as to any events or results expressed or implied in any forward looking statement, except to the extent required by law. The forward looking statements in this Scheme Booklet reflect views held only as at the date of this Scheme Booklet.

Information

The information contained in this Scheme Booklet has been prepared by Octanex using publicly available information.

References in this Scheme Booklet to Octanex's website are for reference only. Information contained in or otherwise accessible from that website or from ASX and not set out in this Scheme Booklet does not form part of this Scheme Booklet.

Foreign jurisdictions

The distribution of this Scheme Booklet may be restricted by the laws of foreign jurisdictions and persons who come into possession of it should seek advice on and observe all such restrictions. Any failure to comply with any such restrictions may constitute a violation of applicable securities law.

No action has been taken to register this Scheme Booklet outside of Australia or New Zealand.

Queries

If you have any questions about this Scheme Booklet, please contact Ms Rae Clark via email at admin@octanex.com.au in the first instance. Alternatively, you should contact your stockbroker, legal or financial adviser.

SECTION 1 SCHEME PROCESS

1. SCHEME PROCESS AND IMPLICATIONS

1.1 Background

Octanex has relinquished all of its interests in exploration tenements and, as at 31 December 2022 had a deficiency of shareholders' funds of \$683,172, estimated to increase to \$833,172 by 30 April 2023. (See generally Ms Clark's covering letter and clauses 31.10 and 31.11 in Section 3).

All of the information concerning Octanex set out herein has previously been released to ASX by Octanex under its disclosure requirements under the Corporations Act and the Listing Rules.

1.2 Underlying Commercial reasons

The underlying commercial reasons for the formulation of the Scheme are;

- First, to privatise Octanex to enable it to be converted to a proprietary company thus reducing ongoing operating costs by not having to pay audit fees, share registry fees, ASX Listing fees, costs associated with production of annual reports and general meetings, directors fees and all other costs associated with running a listed or unlisted public company.
- Secondly, to acknowledge and compensate Non-Associated Shareholders for any putative value which Octanex may have as a public company shell were it able to be used as such for a back door listing on ASX.
- Thirdly, to enable Albers Group to have the opportunity to seek to recoup the current indebtedness of Octanex to the Albers Group by further funding Octanex as a wholly owned entity within the Albers Group.

The first and second of these objectives are achieved if the Scheme is implemented.

The third objective is limited to provision of an opportunity and that opportunity will be provided if the Scheme is implemented. The prospect of Mr Albers being able to recoup any indebtedness of Octanex to Australis is hypothetical and depends on his further funding Octanex to successful and profitable operations: none of which is certain, and which is not a matter for consideration by the existing Independent Directors or Non-Associated Shareholders.

There is no certainty that Albers Group will have any success in actual recoument of any money owed to Australis by Octanex.

1.3 Who are the members of the Albers Group?

The members of the Albers Group are all entities controlled by Mr Albers and his Associates within the meaning of the Corporations Act hold 155,435,574 Shares representing approximately 60.02% of the issued capital of Octanex. Details of the members of the Albers Group are as follows

Name of Member of Albers Group	Shares Held
Ernest Geoffrey Albers	17,297,794
Ernest Geoffrey Albers	1,215,252
Pamela Joy Albers	3,062,500
Ernest Geoffrey Albers & Pamela Joy Albers	25,868,034
500 Custodian Pty Ltd	459,375
Albers Custodian Company Pty Ltd	171,000
Albers Family Custodian Pty Ltd	2,542,875
Australian Natural Gas Pty Ltd	1,650,000
Australis Finance Pty Ltd	3,773,188
Bass Strait Group Pty Ltd	6,059,049
Cue Diversified Pty Ltd	5,763,357

Name of Member of Albers Group	Shares Held
Gascorp Australia Pty Ltd	35,200,014
Great Australia Corporation Pty Ltd	6,291,000
Great Missenden Group Pty Ltd	2,765,060
Great Missenden Holdings Pty Ltd	12,946,004
National Gas Australia Pty Ltd	7,200,000
Sacrosanct Pty Ltd	14,436,081
Seaquest Petroleum Pty Ltd	2,248,000
The Albers Companies Incorporated Pty Ltd	3,780,491
Ultragas Pty Ltd	600,000
Wilstermere Corporation Pty Ltd	2,106,500
Total	155,435,574

1.4 Proposal

The Proposal being put to members is that each of the Non-Associated Shareholders transfer each of their Shares to Mr Albers on the Implementation Date in exchange for the Scheme Consideration being an amount of \$0.002 (0.2 of a cent) by Mr Albers.

1.5 The object of the Scheme

The object of the Scheme is to facilitate the implementation of the Proposal set out herein.

1.6 When the Scheme will come into Effect

The Scheme will come into effect on the Effective Date. The Effective Date is that date on which an office copy of the Order of the Court approving each of the Scheme is lodged with ASIC.

1.7 When Non-Associated Shareholders will receive the Scheme Consideration

The operative provisions of the Scheme which create the transfer of Shares to Mr Albers in exchange for payment of the scheme Consideration and give effect to the Scheme will not become operative until the Implementation Date.

The Implementation Date is five (5) Business Days after the last of the conditions precedent to the implementation of the Scheme are satisfied. These conditions precedent are set out in clause 4 of the Scheme and incorporate conditions precedent in clause 3 of the Implementation Agreement.

1.8 Conditions Precedent to Scheme coming into effect

These conditions precedent relate to what are primarily technical matters. They include that there are no Orders or decisions of any authority, court or tribunal restraining or prohibiting the Scheme being implemented, that the approval of Members is obtained at the Scheme Meeting and that the approval of the Court to the Scheme is obtained so that the Scheme comes into effect. See clause 4 of the Scheme in Section 5 and clause 3 of the Implementation Agreement in Section 8.

Unless those conditions precedent are satisfied the Scheme will not be implemented and you will continue to hold your Shares.

2. TRANSFER OF SHARES

2.1 Transfer of Shares on Implementation Date

As set out in detail in the Scheme in Section 5, all of the Shares held by Non-Associated Shareholders will be transferred to Mr Albers and or his nominees on the Implementation Date which is five Business days after the Scheme will come into effect (if approved by Members and the Court). For details of the transfer procedure please refer to clause 8 of the Scheme.

3. PROVISION OF SCHEME CONSIDERATION

3.1 How Scheme Consideration will be provided

- a) The Scheme Consideration will be provided by Mr Albers.
- b) Octanex will establish a Trust Account for this purpose and subsequent to the Scheme coming into effect, but prior to the Implementation Date Mr Albers must pay the funds that will comprise the Scheme Consideration into that Trust Account.
- c) On the Implementation Date, subject to the funds having been deposited into the Trust Account, Octanex must pay or procure the payment of the Scheme Consideration to each Non-Associated Shareholder from that Trust Account.
- d) The obligations of Octanex under clause (c) may be satisfied by Octanex (in its absolute discretion) by Octanex transferring the Scheme Consideration to you electronically if you have, before the Scheme Record Date,
 - (i) made a valid election in accordance with the requirements of the Octanex Registry to receive payments from Octanex by electronic funds transfer to a bank account nominated by the Non-Associated Shareholder; and
 - (ii) provided Octanex with an appropriate authority to pay the Scheme Consideration to a bank account nominated by the Non-Associated Shareholder and such authority is in a form acceptable to both Octanex and the financial institution with whom the Trust Account has been established.
- e) Any bank account to which you request electronic transfer of funds must be in your name (or the joint names of all joint holders of the Shares in question) and be an account into which Australian currency payments may validly be made for the credit of the account holder.
- f) If you do not make an election to receive an electronic transfers of funds in payment of the Scheme Consideration, the Scheme Consideration will be provided to you by dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to you by prepaid post to your Registered Address (as at the Scheme Record Date). That cheque will be being drawn in your name, or if you are a joint holder of the relevant Shares, in the names of the joint holders as set out below.
- g) There are technical provisions related to the operation of Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) but these are unlikely to apply to any Non-Associated Shareholder.

3.2 Electronic funds transfer

You are strongly recommended to establish a facility to enable Octanex to transfer the scheme Consideration to which you are entitled by electronic funds transfer. For this purpose, a guide setting out Octanex's Share Registry's requirement in establishing such a facility accompanies this Scheme Booklet for your use.

3.3 If you are a Joint holder

In the case of Shares held in joint names any cheque for the Scheme Consideration made payable to the joint holders shall be sent, at the sole discretion of Octanex, be sent to the holder whose name appears first in the Share Register as at the Scheme Record Date.

Likewise, any other document required to be sent to joint holders under, or in relation to, the Scheme, will be forwarded, at the sole discretion of Octanex, to the holder whose name appears first in the Share Register.

3.4 Payment at Non-Associated shareholders risk

The Scheme provides that neither Octanex nor Mr Albers will be liable for any non-receipt by you of any Scheme Consideration to which you are entitled, provided that in the case of:

- (a) any electronic transfers of funds, Octanex has used all reasonable care to transfer such moneys to the bank account the subject of such election or authority.
- (b) any payment by cheque, Octanex has used all reasonable care to post such cheque to the address of the Non-Associated Shareholder as shown in the Share Register.

3.5 Cancellation of Cheques

Octanex may cancel a cheque issued if the cheque if the Cheque is returned to Octanex, has not been presented for payment within six months after the date on which the cheque was sent or if you request the cancellation and re-issue of any such cheque and it has not been presented for payment.

3.6 Re-issue of Cheques

During the period of 12 months commencing on the Implementation Date, on request in writing by you Octanex must reissue any unpresented cheque that was previously cancelled by it.

3.7 Other matters relevant to Scheme Consideration

- (a) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)).
- (b) Any interest or other benefit accruing from any unclaimed Scheme Consideration will be to the benefit of Albers.
- (c) Where the calculation of the Scheme Consideration to be provided to a particular Non-Associated Shareholder would result in the Non-Associated Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.
- (d) the Scheme sets out standard provisions which make payment of the Scheme Consideration subject to the requirements of orders of any court of competent jurisdiction and any orders or directions of any Government agency.

3.8 Scheme applicable to all Non-Associated Shareholders equally

The Scheme will apply equally to all Non-Associated Shareholders as at the Record Date to determine entitlements to participate in the Scheme.

4. WHERE YOU FIND THE SCHEME AND THE NOTICE OF MEETING FOR THE SCHEME

A copy of Scheme is set out in Section 5. The Notice of Meeting for the Scheme Meeting is set out in in Section 11.

4.1 Resolution to be put to the Scheme Meeting

The only resolution to be put to the Scheme Meeting is a resolution under section 411 of the Corporations Act "*That the proposed scheme of arrangement to be entered into between Octanex Limited and its Members be approved.*"

For the resolution to be approved at the Scheme Meeting, and for the Scheme to come into effect under the Corporations Act, the resolution must be approved at that meeting by a majority comprising a majority in number of the Non-Associated Shareholders present and voting at that meeting who hold in excess of 75% of the total number of Shares voted at that meeting.

5. PRESENT CAPITAL STRUCTURE OF OCTANEX

Octanex's issued capital comprises 258,977,686 fully paid ordinary shares. Of these, the Non-Associated Shareholders hold 103,542,112 ordinary shares in Octanex representing 39.98% of the issued capital of Octanex.

The Albers Group owns 155,435,574 Shares which represents approximately 60.02% of Octanex's issued capital. Sabah International Petroleum Limited owns 40,332,663 Shares which represents approximately 15.57% of Octanex's issued capital.

All of the Shares are listed for quotation on ASX.

In addition, Octanex presently has extant 11,500,000 unlisted Options. 7,500,000 of these are exercisable at \$0.075 and expire in April 2023 prior to the Implementation Date. 4,000,000 are owned by Ms Clark (an Independent Director) and are exercisable at \$0.0195 and expire in November 2023. These 4,000,000 have been agreed to be relinquished by Ms Clark for nil consideration prior to the implementation Date. There will be no Options extant on the Implementation Date.

5.1 Capital Structure of Octanex subsequent to the Scheme

On completion of the Scheme, all 258,977,686 Shares in Octanex will be held by the Albers Group.

6. CONTROL OF OCTANEX

Albers Group controls Octanex, holding approximately 60.02% issued capital of Octanex and 60.02% of the voting power attaching to all Shares in Octanex. The effect of the implementation of the Scheme will be to increase percentage shareholding of Albers Group to 100%. This will not change control of Octanex.

7. RIGHTS OF FOREIGN NON-ASSOCIATED SHAREHOLDERS

All Non-Associated Shareholders are treated identically under the Scheme. However Foreign Shareholders will receive the Scheme Consideration in Australian currency and, if they do not have an Australian currency bank account into which to pay the scheme Consideration they will be exposed to currency risks on conversion of the scheme Consideration amount received by them into their local or preferred currency.

SECTION 2 COMMERCIAL JUSTIFICATION AND PURPOSE OF THE SCHEME

8. OVERVIEW: TERMS OF THE SCHEME

What happens under the Scheme is comparatively straightforward.

As set out in Ms Clark's covering letter and in and notwithstanding that PKF has concluded in Section 7.9 of the PKF Report that your Shares have NIL value, Mr Albers will pay an amount of \$0.002 (0.2 of a cent) for each of the Shares of which you are the registered holder on the Scheme Record Date which will be the date on which entitlement to the Scheme Consideration is determined.

9. NO ALTERNATIVE PROPOSALS

At the date of this Scheme Booklet, there is no alternative proposal which you can accept or expect.

10. INDEPENDENT EXPERT CONCLUDES THAT SCHEME IS FAIR AND REASONABLE AND IN YOUR BEST INTERESTS

As referred to in Ms Clark's covering letter and elsewhere herein PKF has concluded that in PKF's opinion: the Proposed Scheme is **fair and reasonable to the Non-Associated Shareholders** and is therefore **in the best interests of the Non-Associated Shareholders**.

You should read the PKF Report in its entirety to fully understand PKF's conclusions and their reasons for arriving at those conclusions.

11. RECOMMENDATIONS BY DIRECTORS

11.1 Mr Albers abstains from making any recommendation

Mr Albers does not consider himself qualified to make any recommendation to you about the Scheme as he is not independent.

Furthermore, Mr Albers and his Associates have actual or potential conflicts which disqualify them from making any recommendations.

11.2 Recommendations of Independent Directors

Each of Ms Clark and Mr Willis, who are the independent directors of Octanex and who are also Non-Associated Shareholders, each considers that they are qualified to make recommendations and each of them recommends that you vote in favour of the resolution to approve the Scheme to be put to the Scheme Meeting. The reasons of each of them for making such recommendation are:

- (a) The reasons why PKF concludes the Scheme to be fair and reasonable and in your best interests.
- (b) That, in each of their opinions, the advantages to you of implementing the Scheme are significant and outweigh any possible disadvantages to you of implementing the Scheme. From a practical point of view, they each believe there are no significant disadvantages to you in the Scheme being implemented. However, the perceived advantages and disadvantages (such as they are) of entering into the Scheme are set out in Clauses 13 and 14 below immediately below for your consideration.
- (c) Given the conclusions of PKF as the Independent Expert, the market value of your Shares is Nil whereas the scheme Consideration is an amount of \$0.002 (0.2 of a cent) per Share held by you.
- (d) That there are no likely or viable alternatives to the Scheme which would provide better outcomes for Non-Associated Shareholders.

When considering these recommendations, you should have regard to the interests of each of the Independent Directors set out in Ms Clark's covering letter and also detailed in clause 32.1 and 32.3 and how the Scheme affects each of them (clause 39.3) and note that they and their respective Associates will vote in favour of the resolution to approve the Scheme at the Scheme Meeting.

12. POSSIBLE ALTERNATIVES TO THE SCHEME

To provide context to the Independent Directors belief that there are no likely or viable alternatives to the Scheme which would provide better outcomes for Non-Associated Shareholders, the following comments are made.

- (a) Liquidation is not such an alternative. Any liquidator would be a Court Appointed Liquidator. In any liquidation no creditors or Members would receive any distribution of any kind. If any distribution was possible for any reason creditors would rank in priority to Non-Associated Shareholders.
- (b) While the Independent Directors could appoint an Administrator, that would be largely futile from Non-Associated Shareholders point of view. Appointing an Administrator would provide protection for Directors but not advantage Non-Associated Shareholders because, in the absence of a third party proposing a Deed of Company Arrangement (**DOCA**), Administration would lead to liquidation with the outcome referred to in (a) above.
- (c) Even if the Independent Directors exercised their power to appoint an Administrator, any compromise of Octanex's debts under a DOCA would require the support of Albers Group as Octanex's major creditor and Mr Albers has advised that Albers Group would not agree to such a compromise leading to a change of control to third party interests.
- (d) Any third party presenting a proposal to utilise Octanex as a vehicle for a backdoor listing would need to be able to establish conclusively that, under any reconstruction which would be required for such purposes, Octanex's shares would be re-instated to trading on ASX and demonstrate a value in excess of the value attributed to the Shares by the Scheme Consideration.
- (e) The Independent Directors see the following issues set out in 12.1 below in relation to any reconstruction and backdoor listing proposal, in the unlikely event that the Albers Group would support such a proposal if one was received (also highly unlikely given Octanex's capital structure, non-compliance with ASX Listing Rules, the effect of a reconstruction on spread under ASX Listing Rules and its level of indebtedness to the Albers Group).

12.1 Issues relevant to Reconstruction and Backdoor Listing

- (a) Even if the Albers Group was agreeable to such a course of action, (which they are presently not) any reconstruction and backdoor listing would likely involve a significant reconstruction of Octanex's share capital. As an example, Freedom Oil & Gas Limited (ASX Code: FDM) entered into a DOCA on 18 May 2021 which resulted in the 1,077,022,552 shares on issue being consolidated down to 10,770,226 shares by a 100 for 1 consolidation of the shares. Post that reconstruction and completion of the DOCA, the prior existing shareholders in FDM were left with 4.63% of the then issued capital of FDM.
- (b) While each corporate reconstruction has its own parameters and requirements, and exact parallels cannot be drawn, your Independent Directors consider a significant capital reconstruction would also be required under any reconstruction or backdoor listing by which any presently unknown third party took control of Octanex.
- (c) The Independent Directors consider that any such reconstruction of your Shares would not be in your best interests as a Non-Associated Shareholder.
- (d) By way of example, under a 1 for 10 consolidation a Non-Associated Shareholder holding 10,000 Shares would hold 1,000 Shares and, even if that any third party controller under a DOCA was able to raise capital under a "2 cent waiver" under ASX Guidance Note 12 Clause 8.8, that 1,000 Shares would, at 2 cents, be worth \$20.00 and be an unmarketable parcel. To realise that \$20.00 value the Non-Associated Shareholder would need to sell the Shares on market on re-instatement of Quotation of Octanex and you would then pay brokerage. If you held 100,000 Shares your

Shares would consolidate to 10,000 shares which, at 2 cents would realise \$200.00 less an average broking fee of \$16.28² leaving you a net \$183.72.

- (e) Under the proposed Scheme a Non-Associated Shareholder holding 10,000 Shares would receive \$20.00 without any requirement to sell those Shares and pay brokerage. A Non-Associated Shareholder holding 100,000 Shares would likewise receive \$200.00.
- (f) There is no reason to assume the rate of consolidation would be 1 for 10. If the existing capital of Octanex was reduced in any such reconstruction to say, 10,000,000 Shares (which was approximately the number of shares held by existing shareholders in FDM after the reconstruction referred to in 12.4(a)) then a holding of 10,000 Shares would reduce to approximately 386 Shares (worth \$7.20 at \$0.02 per Share: assuming a “2 cent waiver” was obtained by the proponent of the DOCA). A holding of 100,000 Shares would reduce to approximately 3,860 Shares (worth \$72.20 at \$0.02 per Share).
- (g) All of the above ignores entirely the over-riding issue of Octanex’s indebtedness to the Albers Group which makes any reconstruction proposal even more unlikely to be made by any third party.
- (h) Any reconstruction ratio to facilitate a “back door” listing is unknown and uncertain and would likely leave most Non-Associated Shareholdings with a minimum and non-marketable parcel of Shares which would have to be sold to realise any value. Brokerage would be payable on any sale as noted above. Octanex has 949 holders holding 2,783,237 Shares being an average holding of 2,933 Shares. On a reduction of Octanex’s outstanding shares to 10,000,000 Shares as referred to in 12.1(f) their average holding reduce to approximately 113 Shares, which at \$0.02 would reflect an average value of \$2.63 which would be significantly less than the cost of commission payable on their sale.
- (i) The timeframe for any reconstruction to implement a backdoor listing following a DOCA or otherwise can be lengthy. There is no certainty that any proposal for a DOCA would result from Octanex being placed in Administration and, if a DOCA was proposed, there is no certainty it would or could be implemented and, even if it was implemented, there is no certainty that a reconstructed Octanex would then satisfy Chapters 1 and 2 of ASX Listing Rules to enable its restructured capital to be quoted on ASX.
- (j) Further, in recent years, while a reasonable number of listed entities have entered into a DOCA, few such reconstructions appear to have been completed with the entity re-instated to quotation on ASX. FDM for example was delisted from ASX.
- (k) Many reconstructions and backdoor listings rely on obtaining a “2 cent waiver” which may be granted by ASX under GN12 Clause 8.8 in the circumstances set out therein, but the placement or issue of such shares at the price permitted by the waiver may be required to be “*specifically approved by security holders as part of the approval(s) obtained under Listing Rule 11.1.2*”. Mr Albers advises that the Members of the Albers Group, being the controlling shareholders of Octanex, would be highly unlikely to approve same.
- (l) For a backdoor listing to proceed;
 - (i) Octanex would have to satisfy chapters 1 and 2 of the ASX Listing Rules
 - (a) It would have to have net assets of \$4,000,000 (or a market capitalisation of \$15,000,000) or satisfy the Profits test. The profits test requires that *The entity’s aggregated profit from continuing operations for the last 3 full financial years must have been at least \$1 million and that The entity’s consolidated profit from continuing operations for the 12 months to a date no more than 2 months before the date the entity applied for admission must exceed \$500,000.*
 - (b) There must be at least 300 non-affiliated security holders, each of whom holds a parcel of the main class of securities that are not restricted securities or subject to voluntary escrow with a value of at least \$2,000. The top 300 shareholders includes shareholders holding

² Based on average Australian brokerage fees as reported by Canstar at <https://www.canstar.com.au/investor-hub/brokerage-fees/>

30,000 Shares. The Octanex share price would need to be circa \$0.067 (6.7 cents) on a pre-reconstruction basis for Octanex to presently satisfy the spread requirements.

- (c) Octanex would have to have a share price of \$0.20 (unless ASX granted a 2-cent waiver under ASX GN 12). This would require a significant consolidation of the existing share capital. If ASX granted a 2-cent waiver this would also require a significant consolidation. The consolidation ratio would be unknown until the proposal was put. Consolidation of shares is not perceived by the Independent Directors to be in the interests of Non-Associated Shareholders.
- (ii) Octanex would also need to issue a full prospectus in support of re-instatement to trading on ASX (both as required by the Corporations Act and ASX Listing Rules).
- (iii) The resolutions to approve any acquisition of assets would need to be approved by members.
- (m) Any backdoor listing would leave most Non-Associated Shareholders with small shareholdings which do not comprise a marketable parcel and leave them as locked in minorities where brokerage and selling costs would either be more than the sale proceeds or significantly reduce the amount received on sale.
- (n) The time frame for achievement of a backdoor listing is uncertain as is its outcome. Many proposed backdoor listings fail to acquire assets capable of satisfying ASX Listing Rules 1.2 or 1.3 or satisfy other requirements of Chapters 1 and 2 of the listing Rules.
- (o) Octanex has no financial capacity to fund the taking of any steps to implement or seek to implement a backdoor listing.
- (p) Most importantly, any share consolidation, any associated debt reconstruction and any other resolutions needed to be passed by members to make Octanex suitable for a backdoor listing would need the active support of the principal shareholders (the Albers Group) and the principal creditor (Australis), neither of which have been offered.

13. PERCEIVED ADVANTAGES OF THE SCHEME

The following are perceived advantages.

- (a) You receive value for your Shares which PKF has valued as having NIL value.
- (b) By contrast with any reconstruction and backdoor listing, the Scheme proposal is certain, can be readily implemented and provides you with value, as per the PKF Report.
- (c) Importantly you are able to dispose of your Shares to enable you to realise the value attributed to them by the Scheme. Given that the Shares in Octanex are now suspended from trading by ASX, in the absence of any alternative offer, this is the only opportunity you will have to achieve this.
- (d) If you acquired your Shares after Octanex became listed on ASX on 4 November 2009, you will most likely crystallize a loss for tax purposes on disposing of your Shares. Depending on the character in which you hold your Shares that loss may be a capital loss or a revenue loss. The PKF Tax Report deals with this issue, and you are recommended to read the PKF Tax Report in full as the value of a capital loss could be significant for you. Information on potential losses by way of illustrative material is set out in clause 16.2.

14. DISADVANTAGES OF THE SCHEME

The following matters are perceived by the Independent Directors as disadvantages, or possible disadvantages, of the Scheme from your perspective as Non-Associated Shareholders.

- (a) The disadvantages more particularly set out in the PKF Report.

- (b) The Scheme Consideration is a fixed monetary amount per Share and its value is not subject to increase as may be the case if shares in another entity (listed or otherwise) were offered as Scheme Consideration. However, if shares in another entity had been offered as Scheme Consideration the value of those shares could equally well fall as well as rise.
- (c) If the cost base of your Shares is less than the Scheme Consideration, you will make a profit on your Shares and, although making a profit is rarely considered a disadvantage, you may be liable to pay tax on that profit, which you would not have crystallized except for the Scheme coming into effect. Depending on the character in which you hold those Shares any such profit would be on revenue account or on capital account.

However, the probability of any Non-Associated Shareholder making a profit on disposition of their Shares is extremely remote as the Scheme Consideration is significantly below the price at which any Shares have traded on ASX or been issued by Octanex since its listing on ASX in 2009. It is possible that some Non-Associated Shareholders who acquired their Shares before Octanex listed on ASX may have acquired their Shares at less than \$0.002 and, if so, they would make a profit on disposition of their Shares under the scheme. You are referred to the PKF Tax Report for further information.

Non-Associated Shareholders and their advisers may perceive that there are other advantages and disadvantages associated with implementation of the Scheme. These may be specific to their individual circumstances or of more general application. For this reason, if you have any doubts or concerns about the potential impact of any of these factors on your Shares or Options and their value, then you should consult your stockbroker, accountant or other professional advisor to discuss them.

15. DO THE ADVANTAGES OF THE SCHEME OUTWEIGH THEIR DISADVANTAGES

The advantages and disadvantages set out above should not be considered exhaustive.

In considering this issue you should note that the costs associated with any theoretical reconstruction or other course of action are high and will not be funded by Albers Group. Additionally, you should consider the following matters:

- (a) The commercial justification for the Scheme.
- (b) The tax consequences for Non-Associated Shareholders of disposing of their Shares under the Scheme.
- (c) Possible alternatives to the Scheme. At present there are none and none are expected to eventuate. Any alternative to the present Scheme would require the financial and voting support of the Albers Group which will not be available. (See clause 12 for further particulars).
- (d) That PKF has concluded that your Shares have NIL value.
- (e) That whether the Scheme does or does not come into effect, Octanex will in due course be delisted from ASX. This will result either from action by ASX because Octanex no longer complies with the conditions for continued listing on ASX or because the Board requests delisting. Trading in the Shares was suspended by ASX on 16 March 2023 following the lodgement by Octanex of its Half Year Financial Report for the six-month period ending 31 December 2023. That suspension will continue until ASX is satisfied that Octanex's accounts comply with ASX LR 19.11A9b) requiring that "*The accounts must be prepared to Australian accounting standards.*".
- (f) That, on expiration of the extended term of the Loan Facility Agreement between Australis and Octanex on 30 June 2023, Octanex will have a liability to repay Australis the full amount of its indebtedness to Australis which it presently has no capacity to do and that there are no foreseeable circumstances in which it will be able to do so. See clause 33.1 for particulars of the Loan Agreement and clauses 31.8 to 31.12 for details of Octanex's present and projected financial position.
- (g) That Octanex has no assets of any value and absent a major capital raising, no ability acquire any such assets. This is partly because its major shareholders (holding in excess of 75% of Octanex's issued capital) are not prepared to support any further capital raisings by Octanex and partly because it is unlikely that any potential investor would invest in Octanex unless it was

reconstructed and became debt free which would require the support of the Albers Group which is not available. (See clause 12 for further particulars).

- (h) PKF 's conclusion, as the Independent Expert, that the Scheme are fair and reasonable and in your best interests together with the reasons given for arriving at those conclusions.

The Independent Directors consider that the advantages of the Scheme being entered into outweigh any disadvantages of the Scheme being entered into.

However, you should carefully consider these matters in deciding how to vote at the Scheme Meeting.

16. TAXATION CONSEQUENCES OF THE SCHEME FOR NON-ASSOCIATED SHAREHOLDERS

16.1 No Taxation Advice

Neither Octanex nor its Directors are able to give any taxation or other professional advice in relation to the matters set out in this Scheme Booklet.

The PKF Tax Report sets out the effect of the Scheme on Non-Associated Shareholders and is set out in Section 7.

Each Non-Associated Shareholder is recommended to seek professional advice in relation to the possible tax consequences of disposing of their Shares under the Scheme as the circumstances of each of them will differ from those of each other of them.

16.2 Crystallisation of Losses

Under the Scheme you will dispose of your shares for consideration of \$0.002 per Share. All Non-Associated Shareholders who have acquired their Shares on market by purchase on ASX will incur a loss on disposition of their Shares under the Scheme as at no time since Octanex listed on ASX has the sale price of any Shares as recorded on ASX been less than \$0.003.

Set out below is a table which provides illustrative information relating to the potential losses which Non-Associated Shareholders may crystallise on disposal of their Shares under the Scheme. The table presents the Volume Weighted Average Price for each calendar year in order to illustrate the potential quantum of losses that may be crystallised under the Scheme.

The table is illustrative only. By way of example, 20 current shareholders first acquired shares during calendar year 2017. The Volume Weighted Average Price for 2017 was \$0.088. Accordingly, had those shareholders purchased their shares at that price, the loss those shareholders would crystallise on disposal under the Scheme would be \$0.072 per share. By way of further example, 136 current shareholders first acquired shares during calendar year 2010. The Volume Weighted Average Price for 2010 was \$0.399. Accordingly, had those shareholders purchased their shares at that price, the loss those shareholders would crystallise on disposal under the Scheme would be \$0.397 per share.

Each Non-Associated Shareholder will need to calculate the loss arising on disposition of their Shares under the Scheme using their own cost base for their Shares.

Calendar Year	Shareholders who first became shareholders that year – Number¹	Volume Weighted Average Price per share (calendar year)² \$	Volume Weighted Average Loss per share³ \$
<2009 (prior to listing on ASX)	718	N/A	N/A
2009	129	0.343	0.341
2010	136	0.399	0.397
2011	59	0.316	0.314
2012	44	0.183	0.181
2013	41	0.266	0.264

Calendar Year	Shareholders who first became shareholders that year – Number ¹	Volume Weighted Average Price per share (calendar year) ² \$	Volume Weighted Average Loss per share ³ \$
2014	11	0.126	0.124
2015	12	0.050	0.048
2016	26	0.033	0.031
2017	20	0.088	0.086
2018	20	0.015	0.013
2019	6	0.008	0.006
2020	12	0.012	0.010
2021	165	0.045	0.043
2022	37	0.018	0.016
2023	10	0.004	0.002

Notes

- 1) The number of current shareholders in Octanex who first acquired Shares in each calendar year .
- 2) The Volume Weighted Average Price of Shares traded in each calendar year
- 3) The Volume Weighted Average Loss per share calculated by deducting the Scheme Consideration of \$0.002 (0.2 of a cent) from the Volume Weighted Average Price per Share for that year.

The value for tax purposes of any such loss will depend on each Non-Associated Shareholder's own circumstances. See the PKF Tax report in Section 7.

17. INFORMATION FOR NON-RESIDENT NON-ASSOCIATED SHAREHOLDERS

Non-Resident Non-Associated Shareholders being those Non-Associated Shareholders with a registered address outside of Australia and its external territories are treated in the same manner as resident Non-Associated Shareholders save that they will be subject to an exchange risk given that the Scheme Consideration will be paid to all Non-Associated shareholders in Australian currency.

The value to them of the Scheme Consideration to which they will be entitled will depend upon the relevant rates of foreign exchange and that changes in the rates of foreign exchange may have a positive or adverse impact on the value of the Scheme Consideration.

Foreign Shareholders should also each seek independent taxation advice as to the tax consequences of disposing of their Shares under the Scheme.

18. CONDITIONS PRECEDENT TO SCHEME COMING INTO EFFECT

The Scheme and the implementation of the Scheme are subject to the approval of the Court, there being no orders of any court or authority prohibiting or preventing the Scheme being implemented and the approval of Members as required by the Corporations Act as referred to herein. See clause 3 of the implementation Agreement (Section 8) and clause 4 of the Scheme (Section 5).

19. EFFECTIVE DATE

The Scheme will become effective on the Effective Date, as defined in the Scheme, namely, when a copy of the Court Order approving the Scheme is lodged with ASIC in accordance with the Corporations Act.

If the Scheme is approved at the Scheme Meeting, an Order of the Court approving the Scheme will be sought on the Final Court Date.

If the Court approves the Scheme on the Final Court Date, the Court Orders approving the Scheme will then be lodged with ASIC.

The Scheme will come into effect on lodgement of those Court Orders with ASIC.

20. VOTING INTENTIONS OF DIRECTORS IN RELATION TO SCHEME

Mr E G Albers and each of his Associates comprising the Albers Group will abstain from voting on the resolution to be put to the Scheme Meeting.

Each of Mr E G Albers and each of those Associates comprising the Albers Group may only vote on that resolution where a Non-Associated Shareholder appoints any of them as a proxy and directs the proxyholder how to vote, so that no discretion as to how a vote is to be cast rests with any of such persons.

Ms Clark and Mr Willis and each of their respective Associates intend to vote all Shares owned or controlled by them in favour of the resolution to be put to the Scheme Meeting.

21. CHAIR'S VOTING INTENTIONS IN RELATION TO OPEN PROXIES IN CHAIR'S FAVOUR AT SCHEME MEETING

Where any Non-Associated Shareholder appoints the Chair as proxy for the Scheme Meeting and does not direct the Chair how to vote or to abstain from voting, the Chair intends to vote all such proxies in favour of the resolution to be put to the Scheme Meeting.

22. ADDITIONAL RELEVANT MATTERS FOR CONSIDERATION

No consideration has been or will be provided by Octanex for or in connection with the Scheme.

All Non-Associated Shareholders will participate equally in the Scheme and in any benefits accruing pursuant to the Scheme if it comes into effect.

Information in relation to the Scheme that will be available to all Members (including Non-Associated Shareholders, creditors and securities exchanges is that information contained in this Scheme Booklet which comprises the explanatory statement required under the Corporations Act in relation to the Scheme.

23. AMENDMENT OR MODIFICATION OF EITHER OF THE SCHEME

Octanex may, by its counsel, consent on behalf of all persons concerned to any modification or amendment of either of the Scheme which the Court may think fit to impose.

24. OTHER AGREEMENTS OR ARRANGEMENTS

Save as set out herein, there are no other agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of either of the Scheme.

25. CONTINUATION OF PRESENT BUSINESS

25.1 Business

Octanex has been carrying on the business of exploration for petroleum and mineral resources in Australia, all as previously advised to the market in its ASX releases and Annual Reports from time to time. At present it has no exploration or other assets save for minimal cash at bank, receivables and office equipment, furniture files and records. To this extent there are minimal business activities to continue with or change.

25.2 No disposal of fixed assets

Octanex and its directors do not intend that Octanex will dispose of any of its fixed assets. Save for the miscellaneous pieces of office furniture, computers, computer files, accounting and other records relating to its prior activities, Octanex has no fixed assets

25.3 Future of current employees

Octanex and its directors may make changes to the future employment of the present employees of Octanex if the Scheme come into effect and are implemented to the extent that the need for the services of those employees is reduced as a result of Octanex ceasing to be a listed company.

26. NOTICE OF SCHEME MEETING

The Scheme Meeting has been convened by the Court to consider and if thought fit approve the Scheme. The only resolution to be put to the Scheme Meeting is a resolution that the Scheme be approved.

That the Court has ordered the Scheme Meeting to be held must not be taken as an endorsement of the Scheme by the Court.

The Scheme Meeting will be held at Level 1, 10 Yarra Street, South Yarra, Victoria on 23rd May 2023 at 10.00am.

The Court has ordered that the Chairman of the Scheme Meeting be Ms R Clark or, in her absence, Mr Graeme Menzies, and has ordered the Chairman of the Scheme Meeting to report the result of the meeting to the Court.

Given that Mr Albers and his Associates have undertaken to abstain from voting at the Scheme Meeting, the only Members who will vote at the Scheme Meeting are the Non-Associated Shareholders.

Each Non-Associated Shareholder is entitled to attend and to vote either in person or by proxy at the Scheme Meeting. Under the Company's constitution each Member present in person or by proxy has one vote on a show of hands and, on a poll, has one vote for each Share held.

The resolution on the notice of meeting to agree to the Scheme must be passed by the requisite majority of Members present and voting at the meeting as required under Section 411(4) of the Corporations Act which means a majority in number of all of the Members present and voting at the meeting, either in person or by proxy, being a majority whose Shares have nominal values which amount, in the aggregate, to at least 75% of the total of the nominal values of all the Shares of the Members present and voting in person or by proxy at that meeting.

27. COMING INTO EFFECT OF THE SCHEME

The Scheme will only come into effect if:

- (a) the Scheme Meeting passes the resolution to approve the Scheme by the requisite statutory majorities;
- (b) the Scheme is approved by the Court;

28. DOCUMENTS ACCOMPANYING THIS SCHEME BOOKLET

Accompanying this Scheme Booklet is:

- (a) a proxy form for the Scheme Meeting. This proxy form must be returned to Octanex as set out below so it is received no later than 10.00 am on 23rd May 2023.
- (b) a return addressed envelope to return your completed proxy for the Scheme Meeting. This envelope is reply paid if posted in Australia.
- (c) An instruction sheet to assist you to comply with the requirements of the Octanex Registry to receive payments from Octanex by electronic funds transfer to a bank account nominated by you and to enable you to make that election as referred to in clause 3.1 (d) and (e) above.

Details as to how the proxy form must be completed and returned are set out in the notes on the proxy form.

If you have not, for any reason, received the proxy form to which are entitled or if you misplace it or, for any reason, require a replacement, please contact the Share Registrar, the address for which is set out both below and in the contact details set out in the corporate directory on the inside front cover of this Scheme Booklet.

To comply with Section 251AA of the Corporations Act, the proxy form contains three columns to enable Non-Associated Shareholders to vote for or against the resolution or to direct their proxyholder to abstain from voting on the resolution.

Save for proxies appointing any of Mr Albers or his Associates as the proxy holder, where a Non-Associated Shareholder appoints a proxy and does not direct the proxyholder to vote for or against or abstain from voting on any resolution, the proxyholder may vote at the proxyholder's discretion. As stated above the Chair will vote non-directed proxies held by him in favour of the resolution to approve the Scheme.

You should seek professional advice if you do not understand any aspect of the matters raised in this Scheme Booklet, the Scheme notice of meeting or the proxy.

29. ACTION TO BE TAKEN BY NON-ASSOCIATED SHAREHOLDERS

You must understand that the Scheme will not come into effect unless the resolutions to be put to the meeting are passed by the requisite majorities at the meeting to which it is put and the Scheme are also approved by the Court.

You are recommended to read both the PKF Report and the PKF Tax Report carefully and in full and to seek independent advice if there are any matters contained in those reports which you do not fully understand

This Scheme Booklet provides significant additional information which is important for you, as a Member, to consider carefully. Accordingly, you should read this Scheme Booklet carefully and in full before making a decision on how to vote in relation to the Scheme. You should, as necessary, consult your professional advisers (solicitor, accountant, stockbroker or licensed financial adviser) if you do not understand the effect of either Scheme or its application to you.

After reading this Scheme Booklet carefully and obtaining such additional independent profession advice as you consider necessary to ensure that all your information needs are fully satisfied you should, if you decide to vote on any of the resolutions to be put to any of the meeting at which you are entitled to vote either:

- (a) complete, sign and return the proxy form to the Share Registry by posting it in the enclosed return addressed envelope provided, or by delivering it or emailing it to the Share Registry at the following address.

Automic
GPO Box 5193
Sydney NSW 2001

Email: meetings@automicgroup.com.au

- (b) lodge your proxy online in accordance with the instructions on the proxy form.

30. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have authorised the issue of this Scheme Booklet and accept responsibility for the information contained in this document in relation to Octanex and the Scheme. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Scheme Booklet is in accordance with the facts and does not omit anything likely to affect the import of such information.

SECTION 3 PROFILE OF OCTANEX

31. OCTANEX OVERVIEW

31.1 General

Octanex is incorporated in Australia and its Shares are listed on the ASX.

Octanex was for many years a petroleum exploration company. In recent years focussed on mineral exploration and, more specifically, the Sefton Project. It has now relinquished all of its mineral exploration tenements and now holds no exploration tenements of any kind. It has no interest of any kind in any such tenements.

Subsequent to implementation of the Scheme (if that occurs) it may acquire such tenements or interests therein or may acquire other assets. That is unknown and solely a matter of conjecture.

At present Octanex has no intention to acquire any exploration or other assets of any kind and any decision as to what, if any assets it may hereafter acquire will only be made subsequent to the implementation of the Scheme and those decisions will be made by the then Board of Directors.

Subsequent to the Scheme Meeting being held, application will likely be made to ASX for delisting of its securities. Further, if the Scheme comes into effect, it is likely that, as a wholly owned entity of Mr Albers and the Albers Group, it will be converted from a public company limited by shares to proprietary company status.

31.2 Octanex's goals and strategies

Octanex has no presently defined goals or focus. Whether it will continue its existing business is not presently known.

31.3 Review of Operations

Octanex has relinquished all of its exploration tenements (as announced to ASX).

31.4 Ownership

Details of the top 20 holders of Shares are set out in clause 1.3 of this Scheme Booklet. Octanex is controlled by Mr Albers and his Associates who control approximately 60.02% of the issued capital of Octanex.

31.5 Octanex Board

Mr E Geoffrey Albers. LL.B, FAICD – Chair and Chief Executive Officer

Mr Albers is a company director with over thirty-five years' experience as a lawyer and administrator in corporate law, petroleum exploration and resource sector investment. During this period he has sponsored the formation of companies that have made the original Maari (Moki) oilfield discovery in New Zealand, the Yolla gas/condensate discovery in Bass Strait, the Evans Shoal gasfield discovery/appraisal in the Timor Sea, the SE Gobe oilfield development in Papua New Guinea and the Oyong oil/gas discovery in Indonesia. Mr Albers is Chairman of Octanex Limited. He is also a director and shareholder of various other listed companies. Mr Albers incorporated Octanex in 1980 and has been involved with the Company since that time.

Ms Rae Clark B. Bus (dist), AGIA, ACIS Executive Director: Appointed 17 October 2014 and Company Secretary

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.

Having commenced her career with Deloitte in 1997, Ms Clark has worked with junior resource companies since 2005. She is also a Director of Peako Limited and EnegeX Limited.

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

Mr James M D 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 specialty 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.

31.6 Proposed changes to Octanex Board

There are no changes proposed to be made to the Octanex Board on completion of the Scheme during the period Octanex remains a public company limited by shares. When Octanex ceases to be a public company limited by shares and becomes a proprietary company the composition of the Octanex Board will be reviewed.

31.7 Octanex's dividend policy

Octanex has not paid any dividends in recent years and there is no prospect of Octanex paying dividends in the foreseeable future.

31.8 Financial performance, Cash flows and Profitability

Octanex is not currently profitable and is not expected to operate on a profitable basis at any time in the foreseeable future as it has no operating assets of any kind.

In the financial period ended 30 June 2022 Octanex made an operating loss after tax of \$6,163,789. (2021: \$167,955) as set out in the "Statement of Comprehensive Income for the Year Ended 30 June 2022" as contained in the Octanex Annual Report. Of the \$6,163,789 a total of (\$5,131,521 related write-off of the carrying value of the offshore petroleum exploration permit WA-407-P which expired on 18 February 2022 after the Board decided not to seek renewal of the permit).

Octanex losses continued to accrue after the end of the Financial Year ended 30 June 2022.

Octanex's financial position is set out in more detail in Octanex's half-yearly Financial Report for the six month period ended 31 December 2022 and in the table in clause 31.10 which contains a summary of the audited statement of financial position as at 30 June 2022, the auditor reviewed statement of financial position as at 31 December 2022 and an unaudited pro forma statement of financial position as estimated to exist as at 30 April 2023.

31.9 Disclaimer Conclusion in Half Year Financial Report for six-months ended 31 December 2022

In reviewing the Half-Yearly, the auditor made a disclaimer of conclusion as follows.

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.

The PKF Report sets out Octanex's financial position, operating performance and cash flow statements in Sections 6.4, 6.5 and 6.6 of the PKF Report. Clauses 31.8 to 31.12 provide further information and comment on those matters.

Non-Associated Shareholders are referred to those clauses for more detailed information.

31.10 Financial information on Octanex

Further to the matters raised in clause 31.9 the following information is provided.

The financial statements for Octanex for the financial year ended 30 June 2022 are contained in the Octanex Annual Report. Those financial statements were audited by Grant Thornton Audit Pty Ltd Chartered Accountants in accordance with Australian Auditing Standards. A copy of Octanex's annual Financial Statements as lodged with ASIC and ASX are available from the ASX website and from Octanex's website www.octanex.com.au

The summary of the Consolidated Statements of Financial Position of the Octanex Group set out below have been extracted from the audited consolidated financial statements of the Octanex Group for the year ended 30 June 2022 and from reviewed accounts of the Octanex Group as at 31 December 2022, being the most recent financial information available prior to the date of this Scheme Booklet.

AUDITED STATEMENT OF FINANCIAL POSITION OF OCTANEX AS AT 30 JUNE 2022 TOGETHER WITH AUDITOR REVIEWED STATEMENT OF FINANCIAL POSITION OF OCTANEX AS AT 31 DECEMBER 2022 AND UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2023

	Note	Pro Forma based on management accounts 30 April 2023 \$	Consolidated Half-Year Reviewed Accounts as at 31 December 2022 \$	Audited accounts 30 June 2022 \$
CURRENT ASSETS				
Cash and cash equivalents		86,621	35,621	41,530
Trade and other receivables		2,386	98,386	91,499
Prepayments		-	-	30,683
Total current assets		89,007	134,007	162,712
NON-CURRENT ASSETS				
Exploration and evaluation assets		-	-	509,663
Total non-current assets		-	-	509,663
TOTAL ASSETS		89,007	134,007	673,375
CURRENT LIABILITIES				
Trade and other payables		20,741	65,740	222,038
Provisions		205,808	205,808	208,949
Borrowing		695,631	545,631	-
Total current liabilities		922,180	817,179	430,987
NON-CURRENT LIABILITIES				
Interest bearing liabilities		-	-	253,641
Deferred tax liabilities		-	-	-
Total non-current liabilities		-	-	253,641
TOTAL LIABILITIES		922,180	817,179	684,628
NET ASSETS		(833,173)	(683,172)	(11,253)
EQUITY				
Contributed equity		69,598,020	69,598,020	69,598,020
Reserves		30,618	30,618	23,243
Accumulated Losses		(70,461,811)	(70,311,810)	(69,632,516)
Total Equity		(833,173)	(683,172)	(11,253)

31.11 Changes in Financial position of Octanex since 30 June 2022

The Financial position of Octanex as at 31 December 2022 had changed since 30 June 2022 in the following ways;

- **Current Assets** reduced from \$162,712 to \$134,007 and are estimated to reduce to \$89,007 by 30 April 2023.
- **Non-Current Assets** reduced from \$509,663 to NIL reflecting the relinquishment of all of Octanex's exploration interests as referred to herein. These assets were intangible assets reflecting exploration expenditure now written-off.
- **Total Assets** reduced from \$673,375 to \$134,007 and are estimated to reduce to \$89,007 by 30 April 2023.
- **Total Liabilities** increased from \$684,628 to \$817,180 and are estimated to increase to \$922,180 by 30 April 2023.

- **Net Assets** and **Net Shareholders Equity** both reduced from a negative \$11,253 to a negative \$683,172 and are estimated to further increase to a negative \$833,172 by 30 April 2023.
- As shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 31 December 2022 set out in clause 31.12 Octanex's losses increased by a further \$679,294 to an aggregate \$70,461,810 as at 30 April 2023.

The increases in liabilities estimated at 30 April 2023 may exceed the estimates referred to above both as at 30 April 2023 and will exceed the 30 April 2023 estimates as at the Implementation Date.

Any such increases will depend on the actual cost of implementing the Scheme if approved by Members at the Scheme Meeting (currently estimated at \$150,000) and the continuing cost of management of Octanex post 30 April 2023 up to the actual Scheme Implementation Date in early June.

31.12 Consolidated Statements of Profit and Loss for year ended 30 June 2022 and six Months ended 31 December 2022

SUMMARY UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2022 AND SUMMARY AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	CONSOLIDATED	
	31/12/2022	30/06/2022
	\$	\$
Recovery of salary costs	199,304	-
Interest income	629	39
Sundry/other income	-	291,203
Impairment of exploration assets	(534,968)	(5,612,940)
Management fees	(13,500)	(5,060)
Office costs	(44,734)	(91,433)
Other expenses	(58,505)	(183,437)
Reporting, registry and stock exchange	(25,459)	(43,739)
Employee benefits expense	(202,061)	(398,097)
Loss before income tax	(679,294)	(6,043,464)
Income tax benefit	-	-
Net loss for the half year/year (as applicable)	(679,294)	(6,043,464)

31.13 Octanex Capital Structure

Octanex's issued capital comprises 258,977,686 fully paid ordinary shares. In addition, Octanex has extant 11,500,000 unlisted Options.

7,500,000 of the Options are exercisable at \$0.075 (7.5 cents) and expire in April 2023 which is prior to the Record Date to determine entitlements to the Scheme Consideration. The balance of 4,000,000 Options are each exercisable at \$0.0195 (1.95 cents) and in November 2023 but will be surrendered prior to the Implementation Date. Consequently, no Options will remain extant on the Implementation Date.

31.14 Top 20 Shareholders in Octanex

As at the date of this Scheme Booklet the top 20 shareholders in Octanex are as follows:

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 Diversified Pty Ltd	5,763,357	2.23%
Mrs Ermione Rimpas	4,696,986	1.81%
The Albers Companies Incorporated P/L	3,780,491	1.46%
Australis Finance Pty Ltd	3,773,188	1.46%
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%
Mr Neil Clifford Massey Abbot	1,737,002	0.67%
Total	200,926,110	77.58%

31.15 Substantial Shareholders

Substantial shareholders holding an aggregate 75.59% of Octanex's issued capital as disclosed in substantial shareholding notices given to the Company. These are as follows:

Substantial Shareholder	Shareholding	% Voting Power&
Albers Group	155,435,574	60.02
Sabah International Petroleum Limited	40,332,663	15.57

31.16 Octanex Shareholder Analysis

As at the date of this Scheme Booklet an analysis of shareholdings in Octanex was as follows:

Holding Ranges	Holders	Total Units	%
1 - 1,000	181	55,095	0.02%
1,001 - 5,000	623	1,578,424	0.61%
5,001 - 10,000	145	1,149,718	0.44%
10,001 - 100,000	392	14,828,423	5.73%
Over 100,000	135	241,366,079	93.20%
Totals	1,476	258,977,686	100.00%

31.17 Octanex Historical share price performance

Octanex shares are listed for quotation on ASX. Members should note that past share price performance is not necessarily a guide to future price movements.

In particular in Octanex's situation past share price performance is irrelevant to any consideration of the value of Octanex's Shares given the extremely low volume in recent months, that Octanex has changed its financial and operating position substantially, that trading in Octanex Shares has now been suspended by ASX and that Octanex is highly likely to become delisted after the Scheme Meeting, regardless of whether the Scheme is, or is not, approved.

For information, the PKF Report contains details of trading in Shares over recent months.

31.18 Recent dealings in Shares

Shares in Octanex are listed for quotation on ASX but are presently suspended from trading. In the 3 months immediately before the date on which this Scheme Booklet was lodged for registration by ASIC, the number of shares in the capital of Octanex sold was 14,721,098 and insofar as known to Octanex:

- (a) the highest recorded sale price for shares in the capital of Octanex during the three months immediately preceding the date of which this Scheme Booklet was lodged for registration with ASIC was \$0.007 (0.07 of a cent) on each of 15th, 19th, 21st and 23rd of December 2022, and on each of 20th and 24th February 2023.
- (b) the lowest recorded sale price for shares in the capital of Octanex during that three-month period was \$0.003 (0.03 of a cent) on each of 23rd, 25th, 30th and 31st January 2023 and on each of 2nd, 3rd, 6th, and 7th February 2023.

31.19 Rights and liabilities attaching to Shares

The following summary of the rights and liabilities of Octanex shareholders does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Octanex shareholders, which can involve complex questions of law arising from the interaction of the Constitution and statutory, common law and Listing Rule requirements. Members should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

To obtain a free copy of Octanex's constitution, Members may contact Ms Rae Clark by email at admin@octanex.com.au.

Under section 140(1) of the Corporations Act, the constitution of Octanex has effect as a contract between Octanex and each Octanex shareholder and between a Octanex shareholder, Octanex and each other Octanex shareholder.

Meeting of Octanex Shareholders

Subject to the provisions of Octanex's constitution, each Octanex shareholder is entitled to receive notice of, and to attend and vote at, general meeting of Octanex and to receive all notices, accounts and other documents required to be furnished to Octanex shareholders under that constitution, the Corporations Act and the Listing Rules.

A general meeting may be called by:

- (a) a resolution of the directors of Octanex; or
- (b) at the request of:
 - (i) shareholders holding at least 5% of the votes that may be cast at the general meeting; or
 - (ii) at least 100 shareholders who are entitled to vote at the general meeting.

Voting rights

At a general meeting of Octanex, every member present in person or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for each fully paid share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

On a poll, a member who holds a share that is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the share.

Reports and notices

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution and the Corporations Act.

Dividends

The Directors may declare and authorise the distribution, from the profits of Octanex, of dividends to be distributed to members according to their rights and interests. No dividends will be paid in the foreseeable future.

Variation or cancellation of class rights

The rights, privileges and restrictions attaching to a class of shares can be altered with the approval of a special resolution passed at a separate general meeting of the holders of ordinary shares by a three-quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least three-quarters of the ordinary shares on issue, within two months of that general meeting.

If the rights attached to Shares are varied or cancelled without the consent of all the members of the class, shareholders with at least 10% of the votes attaching to the Shares may apply to a court of competent jurisdiction to exercise its discretion to have the variation or cancellation set aside.

Transfer of Shares

Subject to the Constitution, the Corporations Act, the Listing Rules or other legislation, Shares are freely transferable.

Shares are transferable by:

- (a) a written transfer in any usual or common form or in any other form as the directors of Octanex may approve, duly stamped (if necessary) and being delivered to Octanex;
- (b) a proper transfer, which is to be in the form required or permitted by the Corporations Act; or
- (c) a proper transfer effected in accordance with the ASTC Settlement Rules.

The directors of Octanex may, subject to the requirements of the Corporations Act and the Listing Rules, refuse to register any transfer of Shares in the following circumstances:

- (a) if the registration would infringe any applicable laws or the Listing Rules;
- (b) where the transfer is not in registrable form; or
- (c) if permitted to do so under the Listing Rules.

Issue of further shares

The directors of Octanex may, subject to the restrictions on the allotment of shares under the Corporations Act and the Listing Rules, issue, grant or otherwise dispose of shares in Octanex on the terms and conditions and for the consideration they think fit.

Without affecting any special rights conferred on the holders of any Shares, any share in Octanex may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the directors of Octanex may determine.

Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, shareholders will be entitled in a winding up to share in any surplus assets of Octanex in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.

Partly paid shares and liability for calls

At present there are no partly paid shares on issue.

Increases in capital

The allotment and issue of shares is under the control of the Directors. Subject to restrictions on the allotment of shares to Directors and their Associates contained in the Constitution and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

Directors

The Constitution contains provisions relating to the rotation of Directors (other than managing directors and alternate directors).

Number of directors

The Constitution provides that Octanex must have between three and 12 directors.

Officers' indemnity

To the full extent permitted by law, Octanex indemnifies each officer of Octanex (including former officers) against all losses or liabilities incurred by the person as an officer of Octanex or of a related body corporate.

Amending the Constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution by at least 75% of the votes cast by members entitled to vote on the resolution. The Constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, it.

32. OCTANEX DIRECTORS INTERESTS

32.1 Octanex Directors' interests in Octanex securities

As at the date of this Scheme Booklet, the directors of Octanex have the following Relevant Interests in Shares and Options:

Director's name	Shares	Octanex Unlisted Options
E G Albers	155,435,574	0
R Clark	57,551	4,000,000*
J M D Willis	3,117,382	0
TOTAL		

* Exercisable at \$0.0195 (1.95 cents) expiring 5.00 PM (AEST) in November 2023 but which will be surrendered for no consideration prior to the Implementation Date

32.2 Interests of Octanex Directors In Contracts Entered Into By Octanex

Save as set out herein and as set out in the Octanex Annual Report or as otherwise previously disclosed in the published financial statements of Octanex from time to time, no present Octanex Director has received or become entitled to receive a benefit by reason of a contract made by Octanex or a controlled entity of Octanex with that Octanex Director or with a firm of which that Octanex Director is a member, or with a company in which that Octanex Director has a substantial financial interest.

Details of payments made during the financial year ended 30 June 2022 are set out in the Octanex Annual Report.

In the six-month period ended 31 December 2022, the Company incurred Office rental, services and amenities fees of \$49,207.71 (including GST) with Exoil Pty Ltd, a director-related entity of EG Albers. The fees were provided under normal commercial terms and conditions with \$30,258.26 (including GST) remaining unpaid at 31 December 2022.

Since 31 December 2022 Office rental, services and amenities have continued to be provided by Exoil Pty Ltd on the same terms and conditions as in the six-month period to 31 December 2022.

All payments referred to above have been funded by moneys drawn down under the Loan Facility provided by Australis.

No Director's fees were paid in any of the Financial Year ended 30 June 2022, the six-month period ended 31 December 2022 or since 31 December 2022.

32.3 Payment or benefits to Directors, Secretaries and Executive Officers

Save as set out in the table below, it is not proposed that any payment or other benefit will be made or given to any Director, secretary or executive officer of Octanex or of any controlled entity of or subsidiary of Octanex as compensation for loss of, or as consideration for or in connection with, his or her retirement from office in any of the entities referred to in this clause.

Person	Role	Amount	Nature
Raewyn Clark	Executive Officer	\$35,788	Accrued Annual Leave and Long Service Leave entitlements

33. MATERIAL AGREEMENTS AND ADDITIONAL INFORMATION ON OCTANEX

Set out in this section below are details of the Loan Facility Agreement entered into between Octanex as borrower and with Australis Finance Pty Ltd as lender. Octanex has not entered into any other material agreements other than in the ordinary course of its business.

33.1 Loan Facility Agreement with Australis Finance Pty Ltd (as varied)

Under this agreement entered into on 22 December 2021 and as subsequently varied, Australis Finance Pty Ltd (**Australis**) has agreed to advance Octanex up to \$875,000 "or such greater amount as the Lender may, in its absolute discretion, agree to advance".

As at 31 December 2022 Australis had advanced Octanex a total of \$545,631 to fund its operations. As at 16th March 2023 that amount has increased to \$609,823.01. The amount varies on a daily basis depending on drawdowns made and interest calculations.

Advances under the facility bear interest at the rate of 8% per annum. The maturity date for repayment of the moneys advanced under the facility is 30 June 2023. Advances under the facility are unsecured.

If the Scheme does not come into effect by that date Australis will be entitled to demand repayment of the full amount of the principal and interest due thereunder and in that event, Octanex would face difficult financial circumstances if it were unable to meet that obligation. Unpaid interest is capitalised.

34. DISCLOSURE NOTICES LODGED BY OCTANEX

Octanex is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations imposed by the Listing Rules and the Corporations Act. In particular, Octanex is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain limited exceptions.

Copies of announcements made by Octanex to the ASX are available from the ASX website www.asx.com.au.

Copies of documents lodged with ASIC by or in relation to Octanex may be obtained from, or inspected at, any office of ASIC.

Octanex will, prior to the date of the Scheme Meeting, provide a copy of any or all of the following documents free of charge to any Member who requests such documents prior to the date of the Scheme Meeting:

- (a) the Octanex Constitution;
- (b) any Quarterly Report or Half Yearly Report of Octanex lodged with ASX and ASIC after lodgement of the financial statements referred to in (b) above and before lodgement of this Scheme Booklet was lodged with ASIC for registration as the explanatory statement; and
- (c) any continuous disclosure notice given by Octanex to ASX and ASIC after lodgement of the financial statements referred to in (c) above and before lodgement for registration of this Scheme Booklet with ASIC for registration as the explanatory statement. The following is a list of such disclosure notices:

Date	Headline
15/03/2023	Half Year Accounts 31 December 2022
30/01/2023	Quarterly Activities/Appendix 5B Cash Flow Report
20/01/2023	Company Update - Proposal from Mr E. G. Albers
15/11/2022	Updated - Appendix 4G and CSG 2022
27/10/2022	Quarterly Activities/Appendix 5B Cash Flow Report
24/10/2022	Notice of Annual General Meeting/Proxy Form
24/10/2022	Appendix 4G and Corporate Governance Statement 2022
24/10/2022	Annual Report 2022

35. CORPORATE GOVERNANCE

Octanex seeks to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations. These corporate governance procedures, policies and practices can be obtained from Octanex's website.

SECTION 4 EFFECT OF THE SCHEME

36. CONSEQUENCES OF SCHEME FOR ALL NON-ASSOCIATED SHAREHOLDERS

The consequences of the Scheme for Non-Associated Shareholders are set out in clauses 16 and 17as well as generally throughout this Scheme Booklet.

37. TAX CONSEQUENCES OF SCHEME FOR ALL NON-ASSOCIATED SHAREHOLDERS

Australian resident Non-Associated Shareholders are referred to clause 16 above and in particular clause 16.2 and to the PKF Tax Report in Section 7 for details relating to relevant taxation consequences affecting them on implementation of the Scheme.

Non- Australian resident Non-Associated Shareholders should seek their own tax advice.

38. EFFECT OF THE SCHEME ON FOREIGN SHAREHOLDERS

The consequences of the Scheme for Non-Associated Shareholders who are Foreign Shareholders are set out in clause 17.

39. OTHER EFFECTS OF THE SCHEME

39.1 Effects of Scheme on Octanex

The effect of the implementation of the Scheme on Octanex is that Octanex:

- (a) will remain controlled by Mr Albers and those of his Associates who the Members of the Albers Group who will own 100% of the issued capital of Octanex as it exists after the implementation of the Scheme;
- (b) will be delisted from ASX;
- (c) will likely be converted into a proprietary limited company and cease to be a public company;
- (d) may or may not continue to carry on any business. Decisions about Octanex's future activities as a member of the Albers Group will be determined in due course by Mr Albers.

39.2 Effect on Scheme on creditors

Implementation of the Scheme will have no adverse effect on creditors of Octanex.

The reduction in operating costs of Octanex which will result from delisting from ASX and from subsequent conversion to a proprietary company status will benefit creditors by reducing cash outflows for Octanex.

The primary creditor of Octanex is Australis (a member of the Albers Group) and employees of Octanex.

For further details see the PKF Report.

39.3 Effect of Scheme on Directors and past directors of Octanex

Save as otherwise expressly set out herein, implementation of the Scheme will have no effect on the interests of any Director, past Director or associate of any such person within the meaning of the Corporations Act, different from the effect on any other person with like interests.

39.4 Effect of Scheme on market price of Shares

From the Effective Date the Shares will only have any value as evidencing entitlement to be issued and allotted the Scheme Consideration as set out in each of the Scheme. In the opinion of PKF the Shares presently have no value.

40. CONSENTS

40.1 Grant Thornton Audit Pty Ltd (Grant Thornton)

Grant Thornton Audit Pty Ltd has given and has not, at the date on which this Scheme Booklet has been lodged with ASIC for registration, withdrawn its consent to being named in this Scheme Booklet as auditor to Octanex in the form and context in which it is so named and to the issue of this Scheme Booklet with references to, and the extracts from Grant Thornton's Review Report in relation to Octanex's Half Year Financial Report for the six-month period ended 31 December 2022 (being the *Disclaimer Conclusion* and the *Basis for Disclaimer of Conclusion*), each being included herein in the form and context in which those references are so included: either expressly or by inference.

Grant Thornton had no involvement in the preparation of this Scheme Booklet other than the inclusion of its Review Report to the Members of Octanex Limited for the Six-Month period ended 31 December 2022 and such references thereto being so included herein to and has not given any professional or other advice in respect of any other part of this Scheme Booklet. Grant Thornton does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Scheme Booklet.

40.2 PKF Melbourne Corporate Pty Ltd (PKF)

PKF has given and has not, at the date on which this Scheme Booklet has been lodged with ASIC for registration, withdrawn its consent to being named in this Scheme Booklet as Independent Expert to Octanex in the form and context in which it is so named and to the issue of this Scheme Booklet with the inclusion of its Independent Expert's Report (the PKF Report) and all references thereto and extracts therefrom being included herein in the form and context in which they are all so included: either expressly or by inference.

PKF had no involvement in the preparation of this Scheme Booklet other than the inclusion of its Independent Expert's Report and all references thereto and extracts therefrom being included herein in the form and context in which they are all so included and has not given any professional or other advice in respect of any other part of this Scheme Booklet. PKF does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Scheme Booklet.

40.3 PKF Corporate Pty Ltd (PKF Tax)

PKF Tax has given and has not, at the date on which this Scheme Booklet has been lodged with ASIC for registration, withdrawn its consent to being named in this Scheme Booklet as Independent Tax Expert to Octanex in the form and context in which it is so named and to the issue of this Scheme Booklet with the inclusion of its Independent Tax Report (the PKF Tax Report) and all references thereto and extracts therefrom being included herein in the form and context in which they are all so included: either expressly or by inference.

PKF had no involvement in the preparation of this Scheme Booklet other than the inclusion of its Independent Tax Report and all references thereto being included herein in the form and context in which they are all so included and has not given any professional or other advice in respect of any other part of this Scheme Booklet. PKF Tax does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Scheme Booklet.

40.4 Directors

Each of the Directors has given his written consent, and has not, as at the date at the date on which this Scheme Booklet has been lodged with ASIC for registration, withdrawn that consent to all information set out in this Scheme Booklet in relation to that director being included herein in the form and context in which it is so included

SECTION 5 SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT (PURSUANT TO SECTION 411 OF THE CORPORATIONS ACT 2001) BETWEEN OCTANEX LIMITED (ABN 106 653 794) AND ITS MEMBERS

1. INTERPRETATION

In this Scheme, unless the context otherwise requires:

"Albers Group" means those persons and entities listed in the table in clause 1.3 of this Scheme Booklet who hold an aggregate of 155,435,574 Shares and who are not Non-Associated Shareholders.

"ASIC" or **"Commission"** means the Australian Securities and Investments Commission or, in respect of any particular function or power given to the Commission under the Corporations Act, any person to whom the Commission has delegated that function or power.

"Board" in relation to Octanex means the board of directors of Octanex acting in that capacity. A reference to the **"Octanex Board"** means a reference to the board of directors of Octanex acting in that capacity.

"Business Day" means a Business Day as defined in the Listing Rules of ASX.

"Business Rules" means the rules promulgated as the Business Rules of ASX and, in relation to any other Stock Exchange means those rules pursuant to which trading in securities on or through the facilities of the Stock Market conducted by it is regulated by that Stock Exchange.

"Commonwealth" means the Commonwealth of Australia and its external territories.

"Company" or **"Octanex"** each means Octanex Limited (ABN 61 005 632 315).

"Corporations Act" means the Corporations Act 2001 as it applies in Victoria.

"Court" means the Supreme Court of Victoria in relation to matters associated with this Scheme and otherwise means a court of competent jurisdiction under the Corporations Act.

"Court Order Time" means the time at which the Court makes Orders approving this Scheme;

"Directors" means a reference to the directors of Octanex acting as a board of directors or otherwise acting in their role or capacity as a director of Octanex and, unless otherwise indicated, a reference to a **"Director"** means a reference to a director of Octanex acting in his capacity as a director of Octanex;

"Effective" when used in relation to this Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Order of the Court made under section 411(4) (b) in relation to this Scheme.

"Effective Date" means the date on which an office copy of an Order of the Court in relation to this Scheme made under section 411(6) of the Corporations Act is lodged with the Commission;

"End Date" means the date specified in, or determined pursuant to, clause 4.5 of this Scheme;

"Member of the Albers Group" means any person or entity listed in the table in clause 1.3 of the Scheme Booklet of which this Scheme forms part as being a shareholder included in the Albers Group.

"Explanatory Statement" means the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany the Scheme pursuant to the provisions of section 412 of the Corporations Act;

"Foreign Shareholder" means a Member with a Registered Address outside of Australia and its external territories and New Zealand;

"Government Agency" means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal,

agency or entity, or any minister of the Crown in the right of the Commonwealth of Australia or of any State, including the Australian Consumer & Competition Commission, the Takeovers Panel and ASX.

"Independent Directors" means, in relation to Octanex, each of Ms Raewyn Louise Clark and Mr James Max Duddingston Willis being two of the current directors of Octanex.

"Implementation Agreement" means the Implementation Agreement to be tabled at the Scheme Meeting, a copy of which is set out in Section 8 of the Scheme Booklet, which has been entered into between Mr Albers and Octanex conditionally upon this Scheme coming into effect;

"Implementation Date" means the date on which is five (5) Business Days after the that date on which the conditions precedent set out in clause 4 of the Implementation Agreement have been satisfied;

"Listing Rules" means, in relation to any Stock Exchange, the rules of that Stock Exchange governing trading in securities quoted on that Stock Exchange as in force from time to time and, in relation to ASX, mean the Listing Rules of ASX as in force from time to time;

"Members" means those persons registered as the holders of the shares in the capital of Octanex on the Share Register as at the date and time of the Scheme Meeting Provided That if a Member shall after that date and time cease to be registered as a member of Octanex on the Share Register such person shall cease to be a Member for the purposes of this Scheme Provided further that where a person shall after that date and time become registered as a member of Octanex on the Share Register in respect of any share in the capital of Octanex such person shall, from the time his name is entered on the Share Register, be deemed to be a Member for the purposes of this Scheme;

"Mr Albers" means Mr Ernest Geoffrey Albers, a director of Octanex and a Member of the Albers Group. For the purposes of clause 8 of this Scheme, a reference to Mr Albers shall include a reference to any nominee or nominees of Mr Albers as a transferee of any of the Shares where that nominee or those nominees are each a Member of the Albers Group.

"Octanex Directors" means a reference to the directors of Octanex acting as a board of directors or otherwise acting in their role or capacity as a director of Octanex and a reference to an **"Octanex Director"** means a reference to a director of Octanex acting in his capacity as a director of Octanex;

"Non-Associated Shareholders" means all of the Members on the Record Date other members of the Albers Group.

"Officers" means, in relation to a company, its directors, company secretaries and other persons designated as officers under the Corporations Act.

"Options" means such of the 11,500,000 unlisted options to acquire ordinary shares in the capital of Octanex presently extant as may remain extant as at the Implementation Date.

"person" includes the Crown, and all bodies or persons corporate or unincorporate.

"Record Date" means that date and time being 7.00 pm on the Effective Date.

"Registered Address" means in relation to a Member, that member's address shown in the Share Register.

"Regulations" means the Corporations Regulations in force under the Corporations Act from time to time.

"Regulatory Approval" means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Public Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Public Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"Scheme" each means this proposed scheme of arrangement to be entered into between Octanex and its Members pursuant to which the Shares held by Non-Associated Shareholders will be transferred to Mr Albers in consideration of the payment to them of the Scheme Consideration as provided herein before the End Date as specified in or determined under Clause 4.5 of this Scheme. A reference to this Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act.

"Scheme Meeting" means the meeting of Members ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if thought fit, approving the entering into of this Scheme.

"Scheme Consideration" means an amount of \$0.002 (0.2 of a cent) to be payable by Mr Albers for each Share held by a Non-Associated Shareholder transferred to Mr Albers pursuant to the Scheme which Scheme Consideration shall be payable as set out in clause 9 hereof.

"Scheme" means this Scheme.

"Second Court Date" means the date on which application is first made to the Court for approval of the Scheme.

"Share Register" means the register of members of Octanex kept in accordance with the Corporations Act.

"Share Registry" means Automic Pty Ltd of Level 3, 50 Holt Street Surry Hills, NSW 2010 or other person from time to time maintaining the Share Register.

"Shares" means ordinary fully paid shares in the capital of Octanex.

"Stock Exchange" means any stock exchange on which the Shares may be listed from time to time, including, but not limited to, ASX;

"Stock Market" means a stock market conducted by any Stock Exchange;

"Transaction Documents" means the Implementation Agreement, the Deed Poll and any other agreement entered into between Mr Albers and Octanex for the purpose of giving effect to or implementing this Scheme.

"Trust Account" means the trust account required to be established by Octanex in accordance with the provisions of this Scheme.

2. PRELIMINARY

Octanex is a public company limited by shares.

Octanex's issued capital comprises 258,977,686 fully paid ordinary shares. Of these the Non-Associated Shareholders hold 103,542,112 Shares which represents approximately 39.98% of Octanex's issued capital with the Albers Group owning 155,435,574 Shares representing 60.02% of Octanex's issued capital.

In addition, Octanex has extant 11,500,00 Options of which 4,000,000 are exercisable at \$0.0195 (1.95 cents) up to 5.00 PM (AEDT) in November 2023 and 7,500,000 of which are exercisable at \$0.075 (7.5 cents) and expire in April 2023. By agreement between the holder of the 4,000,000 Options and Octanex, those Options will be surrendered for no consideration prior to the Second Court Date if the Scheme Meeting approves the resolution to approve the Scheme. As a consequence, as at the Implementation Date there will be no Options extant.

The Albers Group does not have any relevant interest or any legal or equitable interest in any Options.

The Directors of Octanex have determined that it is in the interests of the Members to enter into the Scheme and for that purpose have made application to the Court for orders convening a meeting of the Members in accordance with the provisions of Section 411 of the Corporations Act to enable the Members to consider and if thought fit approve this Scheme.

Mr Albers, who has an interest in the outcome of the Scheme, is not an Independent Director and abstained from attending the Board Meeting resolving to put the Scheme to Members for approval and to seek Orders from the Court for that purpose and, likewise, abstained from voting on such resolutions.

Each of Mr Albers and Octanex have undertaken to do all acts matters and things contemplated to be done by either of them pursuant to either of the Scheme or to give effect thereto and for such purposes they have entered into the Implementation Agreement.

The implementation of this Scheme is primarily intended to result in the Shares held by the Non-Associated Shareholders being transferred to Mr Albers, in exchange for the Scheme Consideration being paid to the Non-Associated Shareholders in accordance with the provisions of clause 7 hereof.

3. OBJECT OF THIS SCHEME

The object of this Scheme is to enable the Non-Associated Shareholders to receive the Scheme Consideration and for Octanex to become wholly owned by Mr Albers.

4. CONDITIONS PRECEDENT AND SUBSEQUENT

4.1 Conditions precedent to be satisfied before coming into Effect of Scheme

This coming into effect of this Scheme is conditional upon all of the conditions precedent set out in clause 3 of the Implementation Agreement having been satisfied or having been waived in accordance with the terms of the Implementation Agreement, by the Court Order Time.

4.2 Conditions precedent

The fulfilment of clause 4.1 is a condition precedent to the operation of the provisions of clause 6.

4.3 Certificate

On the Second Court Date Octanex shall provide to the Court a certificate confirming whether or not all the conditions precedent in clause 3 of the Implementation Agreement have been satisfied or waived in accordance with the terms of the Implementation Agreement.

4.4 End Date

This Scheme will lapse and be of no further force or effect if the Implementation Date has not occurred on or before 30 September 2023 or such later date as Mr Albers may advise Octanex in writing.

5. COMPLIANCE WITH THE SCHEME

5.1 Obligations of Octanex and its Directors to comply with the Scheme

The Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far, as it lies within the exercise of their powers as directors of Octanex shall, at the cost of Octanex, procure Octanex to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Octanex.

5.2 Obligations of Mr Albers to comply with the Scheme

Mr Albers, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by him in so far as it lies within his power to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by him.

6. LODGEMENT WITH ASIC

Octanex will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving this Scheme by 5:00pm on the first Business Day after the last to occur of the day on which the Court approves this Scheme.

7. APPOINTMENT OF OCTANEX AS ATTORNEY AND AGENT FOR NON-ASSOCIATED SHAREHOLDERS

On the Effective Date, each of the Non-Associated Shareholders will be deemed for all purposes to have appointed Octanex and each of the Independent Directors as their joint and several attorneys (herein collectively called Octanex) to execute the Share Transfer on their behalf to enable the transfer of the Shares to Mr Albers pursuant to this Scheme and to do all other acts matters and things which may be necessary or desirable to give effect to or implement this Scheme.

8. TRANSFER OF SHARES ON IMPLEMENTATION DATE

Subject to this Scheme coming into effect and subject to the provision of the Scheme Consideration in accordance with this clause 8 and the provisions of the Implementation Agreement, the Shares, together with all rights and entitlements attaching to the Shares as at the Implementation Date, must be transferred to Mr Albers, without the need for any further act by any Non-Associated Shareholder (other than acts performed by Octanex as attorney and agent for Non-Associated Shareholders as set out below).

8.1 Execution of Share Transfer and delivery up thereof to Mr Albers

Octanex shall, acting as the Non-Associated Shareholders' attorney hereunder, subsequent to Effective Date but prior to the implementations Date, execute and deliver up to Mr Albers a duly completed Share Transfer for the transfer all of the Shares to Mr Albers. Where Mr Albers nominates any Member of the Albers Group as a transferee of any of the Shares Octanex shall deliver up to Mr Albers separate Share Transfers into the names of such nominees as applicable to give effect to any such nomination or nominations.

8.2 Execution of Share Transfer by Mr Albers

On receipt of the Share Transfer (or, as appropriate having regard to any nominations made by Mr Albers and referred to in clause 8.1 above) Share Transfers duly executed by Octanex, Mr Albers shall duly execute or procure the execution of any or each such Share Transfer as transferee and, on the Implementation Date, deliver them up to Octanex for registration.

8.3 Registration of Share Transfer

Octanex must, immediately following receipt of the Share Transfer (or if more than one, Share Transfers) from Mr Albers in accordance with 8.2 above, but subject to the stamping of the Share Transfer (if required), enter, or procure the entry of, the name each transferee of Shares named therein as the registered holder of all the Shares the subject thereof in the Share Register.

9. PROVISION OF SCHEME CONSIDERATION

9.1 Establishment of Trust Account

Subject to the Scheme Meeting passing the resolution to approve the Scheme being entered into, Octanex shall set up the Trust Account prior to the Final Court Date and shall provide full details thereof to Mr Albers.

9.2 Payment of Scheme Consideration into Trust Account

Mr Albers must, and Octanex must use its best endeavours to procure that Mr Albers does, by no later than two Business Day before the Second Court Date, deposit, or procure the deposit of an amount equal to Scheme Consideration payable to all Non-Associated Shareholders into the Trust Account in Australian currency in cleared funds together with such additional amounts as necessary to pay all bank charges and fees payable in relation to the Trust Account and the payment of the Scheme Consideration, (provided that any interest on the amounts so deposited (less such bank fees and other charges) will be credited to Mr Albers' account).

9.3 Payment of Scheme Consideration from Trust Account

- (a) On the Implementation Date, subject to funds having been deposited in accordance with clause (a) above, and subject to Octanex having executed the Share Transfer and having

delivered up the duly executed Share Transfer (or Share Transfers) to Mr Albers all as provided in clause 8, Octanex must pay or procure the payment of the Scheme Consideration to each Non-Associated Shareholder from the Trust Account.

(b) The obligations of Octanex under clause (a) may be satisfied by Octanex (in its absolute discretion, and despite any election or authority referred to in below made or given by the Non-Associated Shareholder) by Octanex doing any of the following:

- (i) if a Non-Associated Shareholder has, before the Scheme Record Date,
 - A. made a valid election in accordance with the requirements of the Octanex Registry to receive payments from Octanex by electronic funds transfer to a bank account nominated by the Non-Associated Shareholder;
 - B. provided Octanex with an appropriate authority to pay the Scheme Consideration to a bank account nominated by the Non-Associated Shareholder and such authority is in a form acceptable to both Octanex and the financial institution with whom the Trust Account has been established;

then Octanex may pay, or procure the payment of, the relevant amount due to that Non-Associated in Australian currency by electronic means in accordance with that election or authority.

Any bank account referred to in above must be in the name of the Non-Associated Shareholder and be an account into which Australian currency payments may validly be made for the credit of the account holder.

- (ii) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Non-Associated Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Non-Associated Shareholder (or in the case of joint holders, in names of the joint holders as set out below.

9.4 Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth)

If Mr Albers is required by Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) to pay amounts to the Australian Taxation Office (**ATO**) in respect of the acquisition of Shares from certain Non-Associated Shareholders, Albers is entitled to deduct the relevant amounts from the payment of the Scheme Consideration to those Non-Associated Shareholders and remit those amounts to the ATO. Mr Albers will not be obliged to increase the aggregate sum paid to Non-Associated Shareholders by the amount of the deduction and the net aggregate sum payable to those Non-Associated Shareholders should be taken to be in full and final satisfaction of amounts owing to those Non-Associated Shareholders. Mr Albers must pay any amount to the ATO in the time permitted by law and, if requested in writing by the relevant Non-Associated Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Scheme Shareholder.

9.5 Joint holders

In the case of Shares held in joint names:

- (a) If the joint holders have jointly made a valid election or provided a joint authority as referred to above, then in either such case Octanex may deposit the Scheme Consideration payable to such joint Non-Associated Shareholders to such nominated bank account of the joint holders).
- (b) any cheque made payable to the joint holders shall be sent, at the sole discretion of Octanex, to the holder whose name appears first in the Share Register as at the Scheme Record Date.
- (c) any other document required to be sent to joint Non-Associated Shareholders under, or in relation to, the Scheme, will be forwarded, at the sole discretion of Octanex, to the holder whose name appears first in the Share Register.

9.6 Payment at Non-Associated shareholders risk

If;

- (a) any electronic transfer of the moneys comprising the Scheme Consideration is for any reason not received in the bank account to which the Non-Associated Shareholder has elected or authorised such moneys to be sent, neither Mr Albers nor Octanex shall be liable for any loss of any kind suffered by any Non-Associated Shareholder provided that Octanex has used all reasonable care to transfer such moneys to the bank account the subject of such election or authority.
- (b) Any cheque made payable to any Non-Associated Shareholder becomes lost or is not received by the Non-Associated Shareholder neither Albers nor Octanex shall be liable for any loss of any kind suffered by any Non-Associated Shareholder provided that Octanex has used all reasonable care to post such cheque to the address of the Non-Associated Shareholder as shown in the Share Register.

9.7 Unclaimed monies

Octanex may cancel a cheque issued under this clause 9 if the cheque:

- (a) is returned to Octanex; or
- (b) has not been presented for payment within six months after the date on which the cheque was sent.
- (c) If the Non-Associated Shareholder requests the cancellation and re-issue of any such cheque which has not been received by the Non-Associated Shareholder and has not been presented for payment. In the case of joint holders such request shall be validly made by the first named joint holder as shown in the Share Register.

9.8 Re-issue of Cheques

During the period of 12 months commencing on the Implementation Date, on request in writing from a Non-Associated Shareholder to Octanex (which request may not be made until the date which is 20 Business Days after the Implementation Date), Octanex must reissue any unpresented cheque that was previously cancelled under clause 9.6.

9.9 Unclaimed Moneys

The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)).

9.10 Interest on Unclaimed Moneys

Any interest or other benefit accruing from any unclaimed Scheme Consideration will be to the benefit of Mr Albers.

9.11 Remaining monies (if any) in Trust Account

To the extent that, following satisfaction of Octanex's obligations under the other provisions of this Scheme and provided Albers has by that time acquired the Shares in accordance with the Scheme, there is a surplus in the Trust Account, then subject to compliance with applicable laws, the terms of this Scheme, the Deed Poll and the Implementation Agreement, that surplus (less any bank fees and related charges) shall be paid to Mr Albers by Octanex.

9.12 Fractional entitlements of a cent

Where the calculation of the Scheme Consideration to be provided to a particular Non-Associated Shareholder would result in the Non-Associated Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

9.13 Court Orders and orders and directions from any Government Agency

If written notice is given to Octanex (or the Share Registrar) or Albers, of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Shares held by a particular Non-Associated Shareholder, which would otherwise be payable to that Non-Associated Shareholder by Albers in accordance with this clause 6, then Octanex shall be entitled to provide that consideration to that third party from the moneys held in the Trust Account on behalf of that particular Non-Associated Shareholder and the obligation of Albers to provide Scheme Consideration to such Non-Associated Shareholder shall, depending on the amount of such moneys so paid be satisfied in whole or part by the provision of such moneys to that third party. or
- (b) prevents Mr Albers providing Scheme Consideration to any particular Non-Associated Shareholder (and/or prevents Octanex utilising the funds held in the Trust Account for the purpose of providing Scheme Consideration to any particular Non-Associated Shareholder) in accordance with the Scheme, or the payment of such Scheme Consideration to that particular Non-Associated Shareholders is otherwise prohibited by applicable law, Octanex shall retain the Scheme Consideration which that particular Non-Associated Shareholder would otherwise be entitled to under the Scheme be entitled to (as applicable) the Scheme Consideration until such time as provision thereof is permitted by that (or another) order or direction or otherwise by law.
- (c) To the extent that amounts are so deducted or withheld in accordance with clause this clause 9.13 such deducted or withheld amounts will be treated for all purposes as having been paid under the Scheme to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

10. SCHEME APPLICABLE TO ALL NON-ASSOCIATED SHAREHOLDERS EQUALLY

The Scheme will apply equally to all Non-Associated Shareholders as at the Record Date to determine entitlements to participate in the Scheme.

11. DEALINGS IN SHARES

For the purpose of establishing who are Non-Associated Shareholders, dealings in Shares will only be recognised if registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Share Register is kept.

11.1 Registration of transfers before Record Date

Octanex must register registrable transmission applications or transfers of Shares on or before the Record Date except where its constitution permits or requires it not to register a transmission application or transfer.

11.2 No registration of transfers after Record Date

Octanex will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date.

11.3 Octanex to maintain Share Register until Scheme Consideration paid

For the purpose of determining entitlements to the Scheme Consideration, Octanex will, until payment of the Scheme Consideration has been made, maintain the Share Register as at the Record Date in accordance with the foregoing provisions of this clause 11 and the Share Register in this form will solely determine entitlements to the Scheme Consideration.

11.4 Certificates and holding statements after Record Date

All certificates or holding statements for Shares held by Non-Associated Shareholders will cease to have any effect from the Record Date as documents of title in respect of Shares held by Non-Associated Shareholders. As from the Record Date, each entry current at that date on the Share Register relating to such Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration payable pursuant to this Scheme.

12. COMPANY TO PROVIDE DETAILS OF MEMBERS

Octanex must procure that by 9:00am on the Business Day after the Record Date, details of the names, registered addresses and holdings of the Shares of every Non-Associated Shareholder as shown in the Share Register at the Record Date are available to Mr Albers in such form as he may reasonably require.

13. GENERAL SCHEME PROVISIONS

13.1 Consent to Alterations or Additions to Scheme

Should the Court propose to approve this Scheme subject to any alterations or conditions, each of Mr Albers may by his counsel consent to those alterations or conditions to which Octanex has consented. Each of Mr Albers, Octanex and all Non-Associated Shareholders shall each be bound by any such alterations or conditions which are approved by the Court.

13.2 Notices to Octanex

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Octanex it shall not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Octanex's registered office or at the Share Registry.

13.3 Further Acts

Octanex and Mr Albers will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under this Scheme.

13.4 Consent to Further Acts by Octanex

Mr Albers consents to Octanex doing all things necessary or incidental to the implementation of this Scheme.

13.5 Appointment of Octanex and Octanex Directors as Attorneys and Agents

Each Member, without the need for any further act, irrevocably appoints each of Octanex and each of the Independent Directors (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme.

13.6 Governing Law

The proper law of this Scheme is the law of the State of Victoria.

14. SCHEME PROVISIONS TO PREVAIL OVER CONSTITUTION

Insofar as any provision of this Scheme may be inconsistent with the provisions of the constitution of Octanex, then this Scheme shall prevail to the extent of any such inconsistency.

15. BINDING NATURE OF SCHEME

This Scheme shall bind Octanex and all Members, including those who do not attend or vote at the Scheme Meeting convened by order of the Court in this matter.

SECTION 6 INDEPENDENT EXPERTS REPORT BY PKF



12 April 2023

The Independent Directors
Octanex Limited
Level 1, 10 Yarra Street
SOUTH YARRA VIC 3141

Dear Independent Directors

Re: Independent Expert's Report

1. Introduction

The Independent Directors of Octanex Limited ("**Octanex**" or "**OXX**" or the "**Company**") have requested PKF Melbourne Corporate Pty Ltd ("**PKF Corporate**") to prepare an Independent Expert's Report ("**IER**") in respect of a proposed transaction that may see Mr Geoffrey Albers, a Director and the major shareholder of the Company through his associates (collectively the "**Albers Group**") acquire all of the Ordinary Shares on issue in Octanex in which the Albers Group does not currently have a relevant interest in.

The proposed acquisition is to be effected pursuant to Part 5.1 of the Corporations Act 2001 (the "**Act**") by a Scheme of Arrangement (the "**Scheme**") between Octanex and its shareholders (collectively the "**Proposed Scheme**"). For the Proposed Scheme to be effected the Octanex Shareholders (by the requisite majorities) and such court of competent jurisdiction under the Act (the "**Court**") must approve the Scheme.

2. The Proposed Scheme

2.1 Terms of the Proposed Scheme

On 6 December 2022, Octanex announced to the Australian Securities Exchange ("**ASX**") that it had received an expression of interest from Mr Albers to privatise the Company under which the Albers Group would acquire all of the Ordinary Shares on issue in Octanex not held by the Albers Group.

Subsequently, on 20 January 2023 Octanex announced to the ASX that it had received a proposal from Mr Albers in relation to the Proposed Scheme. Under the terms of the Proposed Scheme, the Non-Associated Shareholders will receive AU\$0.002 per OXX share payable in cash (the "**Scheme Consideration**").

The terms and conditions of the Proposed Scheme are detailed in the accompanying Scheme Booklet. The terms, which are defined in the 'Glossary' to the Scheme Booklet, have the same meaning when used in the IER unless otherwise defined herein or the context requires otherwise. A summary of the key terms and conditions of the Proposed Scheme are as follows:

- the Non-Associated Shareholders of Octanex approval of the Proposed Scheme, by the requisite majority of shareholders (75.0% of all votes cast by shareholders and 50.0% of the number of Octanex shareholders who vote);
- Court approval of the Scheme in accordance with Section 411(6) of the Act; and
- the Albers Group (specifically Australis Finance Pty Ltd) extended its existing finance facility to Octanex effective 31 December 2022 to meet the anticipated costs and disbursements in implementing or seeking to implement the Scheme (currently estimated to be approximately AU\$150,000).

PKF Melbourne Corporate Pty Ltd
ACN 063 564 045
AFSL No: 222050
Level 12, 440 Collins Street, Melbourne, Victoria 3000
T: +61 3 9679 2222 F: +61 3 9679 2288 www.pkf.com.au

PKF Melbourne Corporate Pty Ltd is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms



Octanex Shareholders should refer to Clause 16 of the Scheme Booklet for a general description of the Australian taxation implications of the Scheme.

2.2 Impact of the Proposed Scheme

Octanex currently has 258,977,686 Ordinary Shares on issue. The Albers Group holds a total of 155,435,574 of the Ordinary Shares on issue in Octanex, representing approximately 60.02% of the issued capital of Octanex, and the remaining 103,542,112 Ordinary Shares on issue in Octanex, representing approximately 39.98% of the issued capital of Octanex, are collectively held by the Non-Associated Shareholders. Refer to Section 6.3 of the IER for further details.

Upon completion of the Proposed Scheme, Octanex will be de-listed from the ASX and exist as a private company wholly owned by the Albers Group.

The Independent Directors of the Company have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of Expert Reports and ASIC Regulatory Guide 60 – Schemes of Arrangement. These ASIC Regulatory Guides require the Independent Expert to advise the Non-Associated Shareholders of the Company whether the Proposed Scheme is fair and reasonable and in the best interests, when considered in the context of the interests of the Non-Associated Shareholders of the Company (all shareholders entitled to vote on the Proposed Scheme).

3. Summary opinions

In our opinion the Proposed Scheme is **fair and reasonable to the Non-Associated Shareholders** and is therefore **in the best interests of the Non-Associated Shareholders**. Our principal reasons for reaching this opinion are:

Fairness

In Section 8 of the IER, we concluded that the Proposed Scheme is **fair** as the value of the Scheme Consideration (**AU\$0.002 per Octanex Ordinary Share**) is greater than the control value of an Octanex Ordinary Share (**nil value**).

Reasonableness

In Section 9 of the IER, we considered that in the absence of a superior offer the advantages of the Proposed Scheme outweigh the disadvantages of the Proposed Scheme and for this reason we concluded that the Proposed Scheme is **reasonable** for the Non-Associated Shareholders.

A summary of the significant factors that we considered are as follows:

Advantages

- If the Scheme is implemented the Non-Associated Shareholders will be able to liquidate their shareholding and crystallise any taxation losses in respect of their investment.

As Octanex shares are an illiquid investment, the Proposed Scheme provides an opportunity to the Non-Associated Shareholders to dispose of their shares in exchange for cash and in doing so they will not incur brokerage fees. Accordingly, the cash certainty provides Non-Associated Shareholders with an opportunity to utilise the cash received for other purposes.

Disadvantages

- The Scheme Consideration of AU\$0.002 per OXX share is less than the recent share trading in Octanex shares (refer to Section 7.3 of the IER) and is at a discount to the closing share price of an Octanex share prior to the announcement of Mr Albers' intention to privatise the Company (closing share price of AU\$0.007 per share on 5 December 2022).

If the Scheme is not implemented and in the current circumstances, Octanex shares are currently suspended and there is no tradeable market in which shares may be realised. Accordingly, there is no guarantee that the Non-Associated Shareholders can realise a price per Octanex share greater than the Scheme Consideration.

- If the Scheme is implemented the Non-Associated Shareholders will forego the opportunity to receive any competing bid from an alternative acquirer or a more superior offer to that offered under the Proposed Scheme.

However, no alternative or superior offer has presented itself since the announcement of the Proposed Scheme and we can see no reason as to why an offer would be initiated at this time without the consent and support of the Albers Group as the Company's major shareholder.

Other factors

- There is no superior offer or competing proposal to the Proposed Scheme available to Non-Associated Shareholders. Should an alternate to the Proposed Scheme present itself, it would require the support of the Albers Group as the major shareholder.
- In Section 7.3 of the IER we analysed the share trading activity of Octanex shares following the initial announcement on the ASX in respect to the intention of Mr Albers to privatise the Company.

Following the 'Company Update' announcement made by the Company on the ASX on 6 December 2022, we observed that Octanex shares experienced a higher volume of trading during the month of December 2022. However, the shares traded were not of any significant volume or value.



Following the announcement of the Proposed Scheme made by the Company on the ASX on 20 January 2023, there was no immediate trading in Octanex shares. On 23 January 2023, approximately 8.0 million Octanex shares were traded which was the first time shares in Octanex were traded since 23 December 2022.

During February 2023, Octanex shares traded more consistently than previously observed although the shares traded were not of any significant volume or value.

On 16 March 2023, shares in Octanex were suspended from trading pending compliance with ASX Listing Rule 19.11A(b) in relation to the disclaimer conclusion of the Company's auditor as set out in the Company's 31 December 2022 Half Year Financial Report.

If the Scheme is not implemented and should the Company successfully re-comply with ASX Listing Rules and Octanex shares recommence trading, Octanex shareholders may continue to be exposed to an illiquid market in Octanex shares and the Company will be left with no immediate alternative proposal to create shareholder value.

If the Scheme is not implemented and Octanex shares remain suspended, Octanex shareholders will have no tradeable market in which Octanex shares can trade and there is a risk that Octanex shares may continue to remain suspended from trading and result in Octanex from being delisted from the ASX. In such a scenario, Octanex shareholders will hold shares in an unlisted company with no primary market in which Octanex shares can be traded.

- The Company has no assets from which it can generate any positive cash flows from and is reliant on the financing facility provided by the Albers Group in order to meet ongoing administration and compliance costs.

In order for the Company to provide any shareholder value it would need to seek a new asset(s). This would require extensive management focus and expense to secure. Although the Company has an unused drawdown amount (approximately AU\$265,000 as at 16 March 2023) from the existing financing facility provided by the Albers Group, there is no guarantee that such available funds will be sufficient to meet such costs.

Management can seek alternative funding although given the current position of the Company with no assets and its level of indebtedness to the Albers Group the prospects of such alternative funding may be on substantially less advantageous or unfavourable terms and may be highly dilutive to Octanex shareholders.

As set out in the Scheme Booklet, the Albers Group is not prepared to continue to further support Octanex (apart from the Proposed Scheme) and Sabah has not expressed any interest in providing any financial support. Accordingly, Octanex would need to source funding from new investors.

- The Company's largest independent shareholder, Sabah (refer to Section 6.3 of the IER), has indicated that if the IER concludes the Proposed Scheme is in 'the best interests' and there is 'no superior offer or proposal capable of implementation' they will vote in favour of the Proposed Scheme.
- The Independent Directors of the Company have announced that they unanimously recommend that all Shareholders vote in favour of the Proposed Scheme.

The Independent Directors consider that if the Proposed Scheme is not approved, the prospect of Octanex being used as a 'backdoor listing' is minimal and that they will have no realistic alternative but to de-list the Company from the ASX and/or place the Company into administration.

- If the Scheme is implemented, Mr Albers and/or the Albers Group may be able to utilise some or all of the accumulated tax losses of the Company over time. At 30 June 2022, the Company reported an unrecognized deferred tax asset of approximately AU\$6.2 million. If the Scheme is not implemented, Non-Associated Shareholders could only benefit from such accumulated tax losses from future profitable trading of Octanex which would require the acquisition of assets capable of generating such profits and the support of the Albers Group.

4. Structure of this report

The remainder of this report is divided into the following sections:

<u>Section</u>		<u>Page</u>
5	Purpose of the report	6
6	Octanex – key information	8
7	Assessment as to the value of an Octanex Share	13
8	Assessment as to Fairness	17
9	Assessment as to Reasonableness	17
10	Conclusion as to 'In the Best Interests'	19
11	Financial Services Guide	20
<u>Appendix</u>		
A	Sources of Information	22
B	Declarations, Qualifications and Consents	23
C	Valuation methodologies	24

5. Purpose of the report

This report has been prepared to meet the following regulatory requirements:

Corporations Act 2001 – Part 5.1

The proposed acquisition is to be implemented by way of a Scheme of Arrangement under Section 411 of the Act.

Section 411 of the Act provides that where a scheme of arrangement is proposed between a company and its members or any class of them, the Court may order that a meeting of members or meetings of classes of members be convened. Section 412 (1) of the Act provides that where a meeting is convened under Section 411 of the Act, the notice sent to members convening the meeting shall include an explanatory statement that includes prescribed information.

Part 3 of Schedule 8 to the Corporations Regulations of the Act prescribes the information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to Section 411 of the Act.

Paragraph 8303 of the Corporations Regulations prescribes that if:

- the other party to the Scheme (the Albers Group) holds more than 30.0% of the voting shares in the company (Octanex); or
- a director of any corporation that is the other party (Mr Geoffrey Albers) to the Scheme is also a director of the company that is the subject of the Scheme (Octanex);

the explanatory statement must be accompanied by a copy of a report made by an expert who is not associated with the corporation that is the other party, stating whether or not, in his or her opinion, the proposed Scheme is in the best interests of the members of the company the subject of the Scheme and setting out his or her reasons for that opinion.

As the Albers Group holds more than 30.0% of the voting shares in the Company and as Mr Geoffrey Albers, the Chairman of Octanex is also a Director of the Albers Group of entities, Octanex is obliged to include an IER in the explanatory statement (which is incorporated in the Scheme Booklet).

ASIC Regulatory Guide 111 – Content of Expert Reports (“RG 111”)

RG 111.5 In deciding on the appropriate form of analysis for a report, an expert should bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction. An expert should focus on the purpose and outcome of the transaction, that is, the substance of the transaction, rather than the legal mechanism used to effect the transaction.

RG 111.18 Schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, we expect the form of analysis to be substantially the same as for a takeover bid, even though the wording of the opinion will also be whether the proposed scheme is 'in the best interests of the members of the company'. This reflects that the legislative test for schemes of arrangement differs from that applicable to a Ch 6 takeover bid.

RG 111.10 It has long been accepted in Australian mergers and acquisitions practice that the words 'fair and reasonable' in s640 establish two distinct criteria for an expert analysing a control transaction:

- (a) is the offer 'fair'; and
- (b) is it 'reasonable'?

That is, 'fair and reasonable' is not regarded as a compound phrase.

- RG 111.11 Under this convention, an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer¹. This comparison should be made:
- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
 - (b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.
- RG 111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.
- RG 111.23 When a scheme of arrangement is used to acquire or increase a party's control, the report should address the interests of members who are bound to give up rights under the scheme. The expert should separately consider the interests of each class of those members under the scheme.

RG111 requires that the Proposed Scheme be assessed as if it was a takeover of the Company. In assessing a takeover bid, RG111 states that the expert should consider whether the Proposed Scheme is both "fair" and "reasonable" in forming an opinion as to whether the Proposed Scheme is "in the best interests".

General

The terms "in the best interests", "fair" and "reasonable" are not defined in the Act, however, guidance as to the meaning of "fair" and "reasonable" are provided by ASIC in RG111. For the purpose of this report, we have defined them as follows:

- | | |
|----------------|--|
| Fairness | the Proposed Scheme is "fair" if the value of the Scheme Consideration is equal to or greater than the value of an Octanex Ordinary Share. |
| Reasonableness | the Proposed Scheme is "reasonable" if it is fair. It may also be "reasonable" if, despite not being "fair" but after considering other significant factors, we consider that the Non-Associated Shareholders should vote in favour of the Proposed Scheme in the absence of a superior proposal being received before the Scheme meeting. |

What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Scheme is in the best interests of the Non-Associated Shareholders, is summarised as follows:

- (i) In determining whether the Proposed Scheme is fair, we have:
 - assessed the value of Octanex and determined the control value of an Octanex Ordinary Share; and
 - compared the Scheme Consideration with the control value of one Octanex Ordinary Share.
- (ii) In determining whether the Proposed Scheme is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Scheme.

6. Octanex - key information

¹ In an ASIC Corporate Finance Liaison presentation in May 2013, ASIC has expressed the view that transactions purpose to item 7 of Section 611 of the Act should be assessed by "comparing the fair market value of the company's shares pre-transaction on a control basis, with the fair market value of the company's shares post-transaction on a minority basis".

6.1 Background

Octanex is an ASX listed company which was focused on exploration for oil and gas and more recently up until November 2022 was focused on mineral exploration in the East Yilgarn region of Western Australia in particularly with a focus on the 'Sefton Project'.

On 25 November 2022, the Company announced to the ASX that it had relinquished its remaining exploration tenements located in the East Yilgarn region following the failure to define any compelling targets for further testing. Accordingly, Octanex is currently an ASX listed 'shell' with no assets with which it can progress or undertake any business activities.

6.2 Directors

The Company's current Directors are presented in the table below.

Table 1

Octanex Limited Directors
Mr Geoffrey Albers (Chairman)
Ms Raewyn Clark (Executive Director)
Mr James Willis (Independent Non-Executive Director)

Source: ASX

6.3 Issued capital

Octanex currently has a total of 258,977,686 fully paid Ordinary Shares on issue of which the Albers Group holds a total of 155,435,574, representing approximately 60.02% of the total issued ordinary capital of Octanex. We have presented the shareholding of the Albers Group in the table below.

Table 2

Octanex Limited Shareholder name	Number of shares held	Percentage Interest
The Albers Group		
Gascorp Australia Pty Ltd	35,200,014	13.59%
Mr Ernst Geoffrey Albers & Mrs Pamela Joy Albers	25,868,034	9.99%
Mr Ernst Geoffrey Albers	18,513,046	7.15%
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 Diversified Pty Ltd	5,763,357	2.23%
The Albers Companies Incorporated Pty Ltd	3,780,491	1.46%
Australis Finance Pty Ltd	3,773,188	1.46%
Mrs Pamela Joy Albers	3,062,500	1.18%
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%
Australian Natural Gas Pty Ltd	1,650,000	0.64%
Ultragas Pty Ltd	600,000	0.23%
500 Custodian Pty Ltd	459,375	0.18%
Albers Custodian Company Pty Ltd	171,000	0.07%
Total	155,435,574	60.02%

Source: Scheme Booklet



The remaining 103,542,112 Ordinary Shares on issue in Octanex, representing approximately 39.98% of the issued ordinary capital of Octanex, are collectively held by the Non-Associated Shareholders. Approximately 38.95% or 40,332,663 of the Ordinary Shares held by the Non-Associated Shareholders are held by Sabah International Petroleum Limited (“**Sabah**”) representing approximately 15.57% of the total issued ordinary capital of Octanex.

Octanex currently also has a total of 11.5 million unlisted options on issue that are convertible into Ordinary Shares of Octanex. We have presented the terms of these options in the table below.

Table 3

Octanex Limited Options	Total number	Exercise price AU\$	Expiry date
Unlisted options	7,500,000	0.075	30-Apr-23
Unlisted options	4,000,000	0.020	27-Nov-23
Total	11,500,000		

Source: ASX

The 4.0 million unlisted Octanex options with an expiry date of 27 November 2023 are held by Ms Clark, a Director of the Company. Ms Clark has agreed to relinquish these options for nil consideration prior to implementation of the Scheme.

After considering the terms and conditions of the remaining 7.5 million unlisted Octanex options, we have not treated any of these options on an as converted basis in the balance of the IER as these options expire on 30 April 2023 and have an exercise price much greater than the closing share price of an Octanex share on 10 March 2023 of AU\$0.006 (refer to Section 7.3 of the IER) which are considered to be well out of the money.

6.4 Statements of Financial Position

Octanex's consolidated statements of financial position as at 30 June 2021 and 2022 and 31 December 2022 are presented in the table below.

Table 4

Octanex Limited Consolidated Statement of Financial Position	Audited June 2021 AUS	Audited June 2022 AUS	Reviewed Dec 2022 AUS
Assets			
Current Assets			
Cash and cash equivalents	700,033	41,530	35,621
Trade and other receivables	181,808	91,499	98,386
Other financial assets	148,332	30,683	-
Total Current Assets	1,030,173	163,712	134,007
Non Current Assets			
Exploration and evaluation expenditure	5,314,686	509,663	-
Total Non Current Assets	5,314,686	509,663	-
Total Assets	6,344,859	673,375	134,007
Liabilities			
Current Liabilities			
Trade and other payables	165,723	222,038	65,740
Provisions	191,552	208,949	205,808
Interest bearing liabilities	-	-	545,631
Total Current Liabilities	357,275	430,987	817,179
Non Current Liabilities			
Interest bearing liabilities	-	253,641	-
Total Non Current Liabilities	-	253,641	-
Total Liabilities	357,275	684,628	817,179
Net Assets	5,987,584	(11,253)	(683,172)
Equity			
Issued capital	69,568,020	69,598,020	69,598,020
Reserves	(752,221)	23,243	30,618
Accumulated losses	(62,828,215)	(69,632,516)	(70,311,810)
Total Equity	5,987,584	(11,253)	(683,172)

Source: Octanex's Annual Reports for the financial years ended 30 June 2021 and 2022, Octanex's Half Year Financial Report for the half year ended 31 December 2022

In relation to the financial position of the Company, we provide the following comments:

- As at 31 December 2022, the Company held available cash resources of approximately AU\$35,000.
- As at 31 December 2022, the Company's net trade and other receivables (net of trade and other payables) totalled approximately AU\$33,000. This amount relates to the share of office rental and administration charges from an entity associated with Mr Albers.

The Albers Group has funded the costs of assessment and phase-out in respect to the recent exploration activities of the Company as well as the general management and outgoings of the Company.

- As at 31 December 2022, the Company reported provisions for annual leave, Director's retirement benefit and long service leave totalling approximately AU\$205,000. Of this amount, approximately AU\$82,000 relates to the retirement benefit of Mr Albers and approximately AU\$36,000 relates to the annual leave and long service leave of Ms Clark.
- Effective 31 December 2022, the Company extended its unsecured line of credit facility with the Albers Group (via Australis Finance Pty Ltd) to AU\$875,000 with an interest rate of 8.0% per annum and a maturity date of 30 June 2023. As at 31 December 2022, the Company had approximately AU\$350,000 undrawn from this financing facility. However, as at 16 March 2023 the Company had utilised approximately AU\$610,000 of this financing facility, with only approximately AU\$265,000 undrawn and available to, among other things, meet the anticipated costs and disbursements in implementing or seeking to implement the Scheme (currently estimated to be approximately AU\$150,000).
- The Company reported a net asset deficiency of approximately AU\$680,000 as at 31 December 2022 based on its unaudited financial statements. A pro-forma statement of financial position is presented in Clause 31.9 of the Scheme Booklet which discloses a net asset deficiency of approximately AU\$830,000 as at 30 April 2023.

As the Company relies on operating and financial support provided by the Albers Group, it is expected that the net asset deficiency of the Company will increase further up until the implementation of the Scheme.

6.5 Operating Performance

Octanex's consolidated statements of profit or loss and other comprehensive income for the financial years ended 30 June 2021 ("FY21") and 30 June 2022 ("FY22") as well as the half year ended 31 December 2022 ("HY22") are presented in the table below.

Table 5

Octanex Limited Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited June 2021 AU\$	Audited June 2022 AU\$	Reviewed Dec 2022 AU\$
Interest income	218	39	629
Other income	396,428	291,203	199,304
Expenses	(696,844)	(721,766)	(344,259)
Impairment of exploration assets	-	(5,612,940)	(534,968)
Profit/(loss) before income tax benefit	(300,198)	(6,043,464)	(679,294)
Income tax benefit	-	-	-
Profit/(loss) after income tax benefit	(300,198)	(6,043,464)	(679,294)
Items that will not be reclassified subsequently to profit or loss			
Changes in financial assets at fair value through other comprehensive income	80,882	-	-
Income tax on items of comprehensive income	(24,264)	-	-
	56,618	-	-
Total comprehensive income profit/(loss) for the year	(243,580)	(6,043,464)	(679,294)

Source: Octanex's Annual Reports for the financial years ended 30 June 2021 and 2022, Octanex's Half Year Financial Report for the half year ended 31 December 2022

6.6 Cash Flow Statements

Octanex's consolidated statements of cash flows for FY21, FY22 and HY22 are presented in the table below.

Table 6

Octanex Limited Consolidated Statement of Cash Flows	Audited June 2021 AU\$	Audited June 2022 AU\$	Reviewed Dec 2022 AU\$
Cash flows from operating activities			
Administration fees received	371,299	392,009	204,872
Payments to suppliers	(559,775)	(585,548)	(477,994)
Government Grants - Covid	119,500	-	-
Net cash used in operating activities	(68,976)	(193,539)	(273,122)
Cash flows from investing activities			
Payments to suppliers - exploration	(511,396)	(714,964)	(38,470)
Proceeds from the sale of investments	98,954	-	-
Refund of tenement applications	-	-	30,683
Net cash used from investing activities	(412,442)	(714,964)	(7,787)
Cash flows from financing activities			
Proceeds from borrowings	-	250,000	275,000
Proceeds of share issue	750,000	-	-
Costs of issue	(49,907)	-	-
Net cash from financing activities	700,093	250,000	275,000
Net increase/decrease in cash and cash equivalents	218,675	(658,503)	(5,909)
Exchange gains	-	-	-
Cash and cash equivalents at the beginning of the period	481,358	700,033	41,530
Cash and cash equivalents at the end of the period	700,033	41,530	35,621

Source: Octanex's Annual Reports for the financial years ended 30 June 2021 and 2022, Octanex's Half Year Financial Report for the half year ended 31 December 2022

7. Assessment as to the Value of a Share in Octanex

7.1 Value definition

PKF Corporate's valuation of Octanex shares is on the basis of 'fair market value', defined as:

'the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.

7.2 Valuation methodologies

In selecting appropriate valuation methodologies to assess the value of Octanex shares, we considered the applicability of a range of generally accepted valuation methodologies. Each methodology is described in detail in Appendix C of the IER.

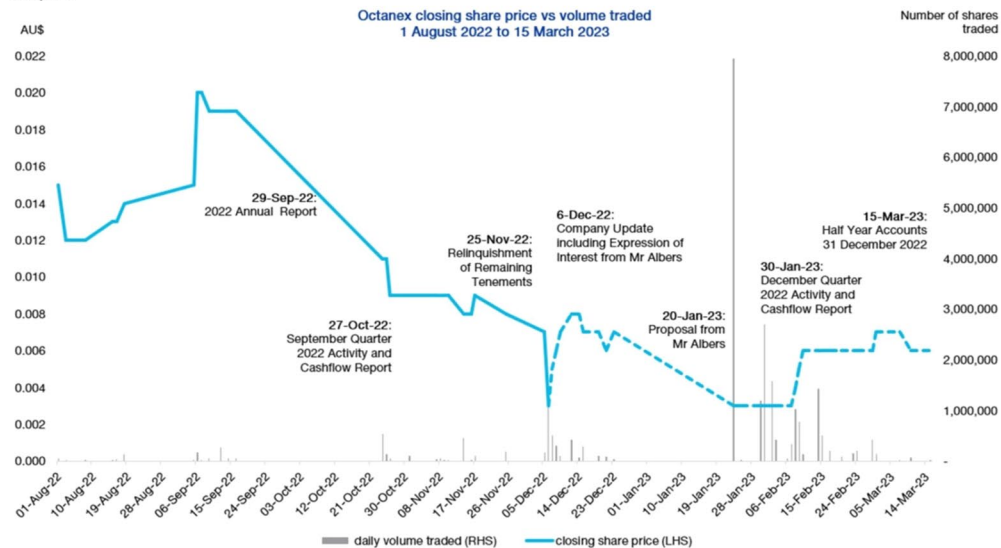
7.3 Share price history

As the share price history of Octanex will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to use in assessing the value of an Octanex share.

We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction. We note that the intention to privatise Octanex was first announced to the ASX on 6 December 2022. Subsequently on 20 January 2023, the Company announced to the ASX the details of the Proposed Scheme.

To show the impact of the Proposed Scheme we have analysed the share price of Octanex up to the 15 March 2023. On 16 March 2023, shares in Octanex were suspended from trading pending compliance with ASX Listing Rule 19.11A(b) in relation to the disclaimer conclusion of the Company's auditor as set out in the Company's 31 December 2022 Half Year Financial Report. We have set out below a graph showing the daily closing share price and the volume of Octanex shares traded up to and including 15 March 2023 as well as a selection of market sensitive announcements on the ASX.

Graph 1



Source: ASX, PKF Corporate analysis

We provide the following comments in respect to our key observations of the trading activity in Octanex shares:

- Prior to the Company announcing to the ASX on 25 November 2022 that it had relinquished the remaining mineral tenements that it held, Octanex's shares only traded on twenty-five (25) trading days between 1 August 2022 and 25 November 2022.

During this period, the Octanex shares traded as low as AU\$0.008 per share and as high as AU\$0.02 per share. The volume of Octanex shares traded during this period totalled approximately 2.59 million Octanex shares representing a total value of Octanex shares traded of less than AU\$32,000 (calculated based on the closing share price multiplied by the volume of shares traded for those trading days only).

- Since the ASX announcement in respect to the relinquishment of the remaining exploration tenements held by Octanex (25 November 2022) and up to 5 December 2022 being the day prior to Octanex announcing to the ASX the intention of Mr Albers to privatise the Company (6 December 2022), Octanex shares only traded on one (1) trading day being 5 December 2022.

On this trading day approximately 180,000 Octanex shares traded representing a total value of less than AU\$1,300 based on the closing share price on this day of AU\$0.007 per share.

- On 6 December 2022, the Octanex shares were placed in a trading pause until the announcement of the 'Company Update' which include the intention of Mr Albers to privatise the Company. This announcement did not disclose any of the terms and conditions of the Proposed Scheme.

Following this announcement after 2.00pm, the Octanex shares re-commenced trading. Approximately 1.53 million Octanex shares traded on this day and the Octanex shares traded as low as AU\$0.003 per share and as high as AU\$0.006 per share, closing at AU\$0.003 per share.

- From 6 December 2022 to 20 January 2023 being the day Octanex announced to the ASX Mr Albers proposal in respect to the Proposed Scheme, Octanex shares traded on ten (1) trading days. The volume of Octanex shares traded during this period totalled approximately 3.40 million Octanex shares representing a total value of Octanex shares traded of less than AU\$17,000 (calculated based on the closing share price multiplied by the volume of shares traded for those trading days only).

Based on the above comments and analysis, we have concluded that the market in Octanex shares is not sufficiently liquid and the free float in Octanex shares is very low given the Albers Group and Sabah collectively hold more than 75.0% of the Octanex shares on issue (refer to Section 6.3 of the IER) available to be traded on market. For this reason, we consider that the share price valuation methodology is not a reliable methodology to use to value Octanex or an Octanex share.

7.4 Capitalisation of future maintainable earnings

As Octanex does not currently hold any assets with which it can progress or undertake any business activities, we consider that the capitalisation of maintainable earnings methodology cannot be used to value Octanex or an Octanex share.

7.5 Net present value of future cash flows

As Octanex does not currently hold any assets from which future cash flows can be derived, we consider that the net present value of future cash flows methodology cannot be used to value Octanex or an Octanex share.

7.6 Asset based methods

As at 31 December 2022, Octanex reported a net asset deficiency of approximately AU\$683,000 as per the Half Year Report for the half year ended 31 December 2022 (refer to Section 6.4 of the IER).

With the exception of nominal cash resources and receivables totalling approximately AU\$134,000 (refer to Section 6.4 of the IER), the Company does not hold any assets which have potential upside value. The Company has over AU\$800,000 in liabilities, the majority of which relate to the Directors of the Company or their associates, including a financing facility provided by the Albers Group.

The Company is currently reliant on operational support and funding provided by the Albers Group in order to meet ongoing costs and administration. Under the Proposed Scheme, the Albers Group will fund the costs of the Scheme currently estimated to be approximately AU\$150,000. Accordingly, as the Company continues to rely on funding from the Albers Group the net asset deficiency position of the Company will increase as amounts owing to the Albers Group will increase.

The net asset deficiency of the Company does not attribute any value to Octanex as an ASX listed 'corporate shell' which could be used to acquire a new asset(s). Assuming the full amount of the financing facility provided by the Albers Group is drawn down to fund Octanex's ongoing administration and compliance costs (additional unused financing facility available as at 31 December 2022 of AU\$350,000), this would result in an increased net asset deficiency greater than AU\$1.0 million. Accordingly, we consider that in order for Octanex to return a meaningful residual net asset value the value attributed to Octanex as an ASX listed 'corporate shell' would need to exceed a minimum of say AU\$1.5 million. This would produce a net asset value of say AU\$500,000.

There is currently no reliable market data on the value of an ASX listed 'corporate shell' that can be used for a change of business activity with new larger shareholders. Our experience together with discussions with several entrepreneurs, our review of similar recent transactions² and the values attributed to shells by corporate advisors would indicate that the value is in a range of AU\$100,000 to AU\$2.0 million depending on the following factors:

- the spread of shareholders with marketable parcels;
- whether all statutory obligations in respect of audited accounts, tax returns etc are current;
- whether there is outstanding litigation or contingent liabilities;
- whether all outstanding creditors have been paid or legal agreements are in place to satisfy settlement of all of their claims; and
- the amount of cash that is held.

Having regard to the above factors, as:

- the Albers Group and Sabah hold more than 75.0% of the issued capital in Octanex (refer to Section 6.3 of the IER), there is a very low spread in the existing shareholder base of Octanex and this may not be compliant with ASX Listing Rules,
- Octanex shares are currently suspended from trading under ASX Listing Rule 17.3,
- Octanex holds no assets with which it can progress or undertake any business activities, it may not be compliant with other ASX Listing Rules (in particularly ASX Listing Rules 1 and 2) and this may require Octanex to re-comply with such other ASX Listing Rules following any acquisition of new asset(s),
- Octanex has nominal cash reserves and is reliant on the financing facility provided by the Albers Group, it has limited sources of available funding to meet ongoing administration and compliance costs,

² the value of an ASX listed 'corporate shell' implied by the recapitalisation of Ragusa Minerals Limited (August 2020) and Ookami Limited (April 2021) as well as the value attributed to an ASX listed 'corporate shell' by the respective Independent Experts in respect to the proposed recapitalisation/corporate transactions of Wellness and Beauty Solutions Limited (September 2021), ZipTel Limited (June 2020) and Indus Energy NL (July 2019).

we consider that the value of Octanex as an ASX listed 'corporate shell', albeit currently suspended, would not be material and would not exceed a minimum value of say AU\$1.5 million in order to produce a meaningful net asset value.

Having regard to the above comments and analysis, we have concluded that Octanex has a nil value based on a net asset valuation approach. Accordingly, the value of an Octanex share also has a **nil value**. Under an orderly realisation of assets or liquidation of assets scenarios, we would not expect the value of Octanex to return a value greater than that under a net asset valuation approach.

7.7 Comparable market transactions

As Octanex does not currently hold any operating assets, we consider that the comparable market transactions valuation methodology cannot be used to value Octanex or an Octanex share.

7.8 Alternative acquirer

We are not aware of any alternative proposals or any other formal offers for the Octanex shares and we can see no reason as to why an offer would be initiated at this time without the consent and support of the Albers Group.

7.9 Conclusion

In the current circumstances of Octanex, we have only been able to utilise the asset based valuation methodologies (refer to Section 7.6 of the IER), however, as Octanex holds no assets with which it can progress or undertake any business activities and as a result of the level of its indebtedness we have not been able to assess the value of Octanex above nil. In light of our comments and calculations in Section 7.6 of the IER, we have concluded that the value of an Octanex share has a **nil value**.

8. Assessment as to Fairness

The Proposed Scheme is "fair" if the value of the Scheme Consideration is equal to or greater than the value of an Octanex Share.

In Section 7.9 of the IER, we concluded that the value of an Octanex Ordinary Share has a **nil value**.

As the value of the Scheme Consideration (**AU\$0.002 per OXX Ordinary Shares**) is greater than the control value of an Octanex Ordinary Shares (**nil value**), we have concluded that the Proposed Scheme is **fair**.

9. Assessment as to Reasonableness

Prior to deciding whether to approve or reject the Proposed Scheme, the Non-Associated Shareholders of the Company should also consider the following significant factors:

Advantages

- In Section 8 of the IER, we assessed the Proposed Scheme as being fair.
- If the Scheme is implemented the Non-Associated Shareholders will be able to liquidate their shareholding and crystallise any taxation losses in respect of their investment.

As Octanex shares are an illiquid investment, the Proposed Scheme provides an opportunity to the Non-Associated Shareholders to dispose of their shares in exchange for cash and in doing so they will not incur brokerage fees. Accordingly, the cash certainty provides Non-Associated Shareholders with an opportunity to utilise the cash received for other purposes.

Disadvantages

- The Scheme Consideration of AU\$0.002 per OXX share is less than the recent share trading in Octanex shares (refer to Section 7.3 of the IER) and is at a discount to the closing share price of an Octanex share prior to the announcement of Mr Albers' intention to privatise the Company (closing share price of AU\$0.007 per share on 5 December 2022).

If the Scheme is not implemented and in the current circumstances, Octanex shares are currently suspended and there is no tradeable market in which shares may be realised. Accordingly, there is no guarantee that the Non-Associated Shareholders can realise a price per Octanex share greater than the Scheme Consideration.

- If the Scheme is implemented the Non-Associated Shareholders will forego the opportunity to receive any competing bid from an alternative acquirer or a more superior offer to that offered under the Proposed Scheme.

However, no alternative or superior offer has presented itself since the announcement of the Proposed Scheme and we can see no reason as to why an offer would be initiated at this time without the consent and support of the Albers Group as the Company's major shareholder.

- Non-Associated Shareholders who wish to participate in the future of the Company will not be able to achieve such investment exposure if the Scheme is implemented and, as such, they will forego the opportunity to benefit from realising any future prospects of the Company. Accordingly, the individual investment, taxation or other strategic objectives of individual shareholders may not be achieved if the Scheme is implemented.

In the current circumstances Octanex holds no assets with which it can progress or undertake any business activities to provide shareholders with any potential upside value.

Other factors

- There is no superior offer or competing proposal to the Proposed Scheme available to Non-Associated Shareholders. Should an alternate to the Proposed Scheme present itself, it would require the support of the Albers Group as the major shareholder.
- In Section 7.3 of the IER we analysed the share trading activity of Octanex shares following the initial announcement on the ASX in respect to the intention of Mr Albers to privatise the Company.

Following the 'Company Update' announcement made by the Company on the ASX on 6

December 2022, we observed that Octanex shares experienced a higher volume of trading during the month of December 2022. However, the shares traded were not of any significant volume or value.

Following the announcement of the Proposed Scheme made by the Company on the ASX on 20 January 2023, there was no immediate trading in Octanex shares. On 23 January 2023, approximately 8.0 million Octanex shares were traded which was the first time shares in Octanex were traded since 23 December 2022.

During February 2023, Octanex shares traded more consistently than previously observed although the shares traded were not of any significant volume or value.

On 16 March 2023, shares in Octanex were suspended from trading pending compliance with ASX Listing Rule 19.11A(b) in relation to the disclaimer conclusion of the Company's auditor as set out in the Company's 31 December 2022 Half Year Financial Report.

If the Scheme is not implemented and should the Company successfully re-comply with ASX Listing Rules and Octanex shares recommence trading, Octanex shareholders may continue to be exposed to an illiquid market in Octanex shares and the Company will be left with no immediate alternative proposal to create shareholder value.

If the Scheme is not implemented and Octanex shares remain suspended, Octanex shareholders will have no tradeable market in which Octanex shares can trade and there is a risk that Octanex shares may continue to remain suspended from trading and result in Octanex from being delisted from the ASX. In such a scenario, Octanex shareholders will hold shares in an unlisted company with no primary market in which Octanex shares can be traded.

- The Company has no assets from which it can generate any positive cash flows from and is reliant on the financing facility provided by the Albers Group in order to meet ongoing administration and compliance costs.

In order for the Company to provide any shareholder value it would need to seek a new asset(s). This would require extensive management focus and expense to secure. Although the Company has an unused drawdown amount (approximately AU\$265,000 as at 16 March 2023) from the existing financing facility provided by the Albers Group, there is no guarantee that such available funds will be sufficient to meet such costs.

Management can seek alternative funding although given the current position of the Company with no assets and its level of indebtedness to the Albers Group the prospects of such alternative funding may be on substantially less advantageous or unfavourable terms and may be highly dilutive to Octanex shareholders.

As set out in the Scheme Booklet, the Albers Group is not prepared to continue to further support Octanex (apart from the Proposed Scheme) and Sabah has not expressed any interest in providing any financial support. Accordingly, Octanex would need to source funding from new investors.

- If Non-Associated Shareholders do not approve the Proposed Scheme, the Company will incur additional costs associated with the Scheme and although they may be funded by the Albers Group this will only increase the level of indebtedness of the Company to the Albers Group.

In such a scenario, the Company may suffer financial distress if it is not able to seek alternative funding to meet the repayment of monies owed to the Albers Group under the financing facility which has a maturity date of 30 June 2023.

- The Company's largest independent shareholder, Sabah (refer to Section 6.3 of the IER), has indicated that if the IER concludes the Proposed Scheme is in 'the best interests' and there is 'no superior offer or proposal capable of implementation' they will vote in favour of the Proposed Scheme.

- The Independent Directors of the Company have announced that they unanimously recommend that all Shareholders vote in favour of the Proposed Scheme.

The Independent Directors consider that if the Proposed Scheme is not approved, the prospect of Octanex being used as a 'backdoor listing' is minimal and that they will have no realistic alternative but to de-list the Company from the ASX and/or place the Company into administration.

- As Octanex holds no assets with which it can progress or undertake any business activities and is currently suspended under ASX Listing Rule 17.3, it may also become non-compliant with other ASX Listing Rules and, as such, any re-compliance may be costly and will require funding, either from the Albers Group or an alternative source.
- The Company currently has insufficient cash resources to repay its indebtedness to the Albers Group. The Company's independent auditor's review report set out in the Company's Half-Year Financial Report for the half year ended 31 December 2022 disclosed that they have not been able to obtain sufficient appropriate evidence in respect to the Company's ability to pay its debts as and when they fall due for a period of 12 months and, as such, this raises a concern in respect to the Company's ability to continue as a going concern. If Non-Associated Shareholders do not approve the Proposed Scheme and the financing facility provided by the Albers Group is not extended or restructured, the Company may not be able to meet its ongoing working capital requirements and remain solvent.
- If the Scheme is implemented, Mr Albers and/or the Albers Group may be able to utilise some or all of the accumulated tax losses of the Company over time. At 30 June 2022, the Company reported an unrecognized deferred tax asset of approximately AU\$6.2 million. If the Scheme is not implemented, Non-Associated Shareholders could only benefit from such accumulated tax losses from future profitable trading of Octanex which would require the acquisition of assets capable of generating such profits and the support of the Albers Group.

Based on the above significant factors, we consider that in the absence of a superior offer the advantages of the Proposed Scheme outweigh the disadvantages of the Proposed Scheme and we have concluded that the Proposed Scheme is **reasonable** for the Non-Associated Shareholders.

10. **Conclusions as to 'In the Best Interests'**

After considering the above matters, we have concluded that the Proposed Scheme is **fair and reasonable to the Non-Associated Shareholders**. Therefore, the Proposed Scheme is **in the best interests of the Non-Associated Shareholders**.

11. Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

11.1 PKF Corporate

PKF Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

11.2 Financial Services Offered by PKF Corporate

PKF Corporate prepares reports commissioned by a company or other entity ("**Entity**"). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

11.3 General Financial Product Advice

In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

11.4 Independence

At the date of this report, none of PKF Corporate, Mr Stefan Galbo, Mr Steven Perri nor Mr Paul Lom have any interest in the outcome of the Proposed Scheme, nor any relationship with the Company, and associated entities or any of their directors. Fees for this report are not contingent on the outcome, content or future use of this report.

An advanced draft of this report was provided to and discussed with the management of the Company and its advisors. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with the Company that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Scheme.

PKF Corporate had no part in the formulation of the Proposed Scheme. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

11.5 Remuneration

PKF Corporate is entitled to receive a fee of approximately AU\$20,000 for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

11.6 Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints should be in writing and sent to the Complaints Officer, PKF Corporate at level 12, 440 Collins Street, Melbourne Vic 3000.

PKF Corporate will make every effort to resolve a complaint within 45 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

PKF Melbourne Corporate Pty Ltd



Stefan Galbo
Director



Steven Perri
Director

Sources of Information

The key documents and sources we have relied upon in preparing the IER are:

- Octanex's Annual Report for the year ended 30 June 2022;
- Octanex's Half Year Report for the half year ended 31 December 2022;
- Octanex's draft Scheme Booklet;
- Research data from publicly accessible web sites in particular ASX announcements by Octanex; and
- Discussions with the management of Octanex and its advisors.

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the Independent Directors of Octanex Limited for inclusion in the Scheme Booklet to be provided to shareholders in connection with the Proposed Scheme pursuant to Section 411 of the Corporations Act 2001. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Scheme is in the best interests of the shareholders of Octanex Limited.

In the preparation of this report, we have relied upon information concerning the Proposed Scheme and Octanex Limited as provided to us and available in the public domain, which we believe, on reasonable grounds, to be reliable and not misleading.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

The statements and opinions included in this report are given in good faith and in the belief that such statements are not false and misleading.

To the extent that this report relies on prospective information, actual results may be different from the prospective information referred to in this report since the occurrence of anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective information will be achieved.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

2. Qualifications

Mr Stefan Galbo and Mr Steven Perri, Directors of PKF Corporate, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Galbo is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

Mr Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

Mr Paul Lom, a consultant of PKF Corporate reviewed this report. Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

Valuation methodologies

Share price history

The share price history valuation methodology values a company based on the past trading in its shares.

Capitalisation of future maintainable earnings

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits.

There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax (EBIT) or Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). One advantage of using EBIT or EBITDA is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

Net present value of future cash flows

An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.

Asset Based Methods

This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

(c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

Comparable market transactions

Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

Alternative acquirer

This methodology considers the value that an alternative bidder may be prepared to pay to acquire a business, asset or company.

SECTION 7 TAXATION REPORT BY PKF TAX

PKF Melbourne



11 April 2023

PRIVATE & CONFIDENTIAL

The Directors
Octanex Ltd

Dear Directors

General Australian Taxation Report
Australian Taxation Implications arising from the proposed scheme

1. Introduction

Octanex Ltd has requested PKF Melbourne Pty Ltd ("PKF Melbourne") to prepare this independent taxation report for inclusion in a Scheme Booklet relating to a scheme of arrangement (Scheme) proposed to be entered into between Octanex and its members under which Scheme Mr Albers will acquire all of the shares in Octanex not presently held by him or his Associates (Albers Group) from all of the other members of Octanex (Non-Associated Shareholders) for an Scheme Consideration of \$0.002 (0.2 of a cent) for each share in Octanex held by the Non-Associated Shareholders.

No consideration will be provided to Non-Associated Shareholders by Octanex Ltd.

Expressions and terms defined in the Scheme Booklet have the same meaning in this report, unless otherwise specified.

2. Scope

You have requested PKF Melbourne to prepare a taxation report in relation to the proposed Scheme to be included in Section 7 of the Scheme Booklet.

The taxation matters covered in this report seek to provide an overview of the potential tax implications that may arise from the Scheme.

The following tax comments are based on the tax law in Australia in force as at the date of the Scheme. It is important to note that Australian tax laws can be complex and this summary is general in nature only.

It is not intended to be an authoritative or a complete statement of all potential tax implications for each Non-Associated Shareholder. During the period of ownership of the Shares by Non-Associated Shareholders, the taxation laws of Australia and/or their interpretation may change. The implications of ownership or disposal of the Shares will depend upon on the specific circumstances of each Non-Associated Shareholder. It is strongly recommended that Non-Associated Shareholders seek professional advice regarding the taxation implications of holding or disposing of the Shares, taking into account their individual circumstances.

The following information is a general summary of the Australian income tax, stamp duty and goods and services tax (GST) implications for Australian tax-resident individuals, complying superannuation entities,

PKF Melbourne Pty Ltd ABN 58 071 092 581

Level 12, 440 Collins Street, Melbourne, Victoria 3000

T: +61 3 9679 2222 F: +61 3 9679 2288 www.pkf.com.au

Liability limited by a scheme approved under Professional Standards Legislation

PKF Melbourne Pty Ltd is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

trusts, partnerships and corporate investors and non- Australian tax resident corporate shareholders who hold their shares on capital account. It is important to note that these comments do not apply to other investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

3. Australian Capital Gains Tax Implications

3.1. Australian Tax Resident Non- Associated Shareholders

Australian tax resident Non-Associated Shareholders holding their Shares on capital account should consider the Australian capital gains tax (CGT) provisions in respect of the disposal of their Shares. The time of the disposal of Shares for CGT purposes should be the Implementation Date.

If the capital proceeds from the disposal exceed the CGT cost base or reduced cost base of the Shares, a capital gain will be recognised. The CGT cost base of the Shares generally includes the issue or acquisition price plus incidental costs of acquisition and disposal.

Conversely, if the capital proceeds are less than the reduced CGT cost base, a capital loss may be recognised.

All capital gains and losses recognised by an Australian tax resident Non-Associated Shareholder for an income year are added together. To the extent that a net gain exists, such Shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied).

In the event the Non-Associated Shareholder has unapplied revenue losses, these may similarly be applied to reduce the gain (subject to the relevant loss recoupment tests). Any remaining net gain (after the application of any carried forward capital losses) will then be required to be included in the Australian tax resident Non-Associated Shareholder's assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the Non-Associated Shareholder's applicable rate of tax.

Where a net capital loss is recognised, the loss will only be deductible against other current year capital gains or future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Non-Associated Shareholders (individuals, complying superannuation entities or trustees) may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for at least 12 months prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual or trustee Non-Associated Shareholder, and a one third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder. The concession applies to any net capital gain (i.e. it applies after capital losses have been deducted against any gains). The concession is not available to corporate Non-Associated Shareholders.

The rules surrounding capital gains and the CGT discount are complex in relation to trustee Non-Associated Shareholders. The benefit of the CGT discount may flow through to relevant beneficiaries of the trust, provided those beneficiaries are not corporate entities. Trustee Non-Associated Shareholders should seek specific advice as to the circumstances in which a beneficiary may be entitled to a CGT discount.

Under the Scheme, each Share will receive a payment of \$0.002 (0.2 of a cent). Where the Non-Associated Shareholder's reduced CGT cost base of the share is greater than the Scheme payment, a capital loss will be recognised.

3.2. Non-Australian Tax Resident Non-Associated Shareholders

Non-Associated Shareholders who are not tax residents of Australia, holding Shares on capital account are generally not liable for Australian income tax upon the disposal of their Shares, unless the following conditions are met:

- a. Non-Associated Shareholder (together with its associates) directly holds 10% or more of the issued share capital of Octanex (known as a portfolio holding) at the time of the disposal, or throughout a continuous period of 12 months within the two years before the disposal; and
- b. at the time of the disposal, more than 50% of Octanex's underlying assets (by market value) are "taxable Australian property".

Taxable Australian Property

Octanex is not expected to hold any mining tenements on the Implementation Date. Octanex does not currently hold any other direct nor indirect interest in Australian real property nor mining quarrying or prospecting rights and as such Octanex does not currently hold any 'taxable Australian property'.

At the time of the disposal, the market value of the Australian real property assets is expected to be less than 50% of the Octanex's market value of the total underlying assets.

The shares in the Octanex will not be taken to be Taxable Australian Property and as such any gain or loss arising from the disposal of Octanex shares by a non-Australian tax resident held with a non-portfolio holding for a continuous period of 12 months (within two years before the implementation date) will be disregarded.

Non-Associated Shareholders who are not tax residents of Australia should seek independent professional advice in relation to their own particular circumstances, including in respect of taxation in the jurisdiction where they are resident.

4. Shares held on Revenue Account

Australian tax resident Non-Associated Shareholders holding their Shares on revenue account should consider including a revenue gain in respect of their Shares if the payment received from the disposal under the Scheme exceeds the cost incurred in acquiring the Shares.

Conversely, where the Scheme payment received from the disposal of the Shares is less than the acquisition cost, the loss is deductible under section 8-1 of the *Income Tax Assessment Act 1997*.

5. Shares held as Trading Stock

Australian tax resident Non-Associated Shareholders holding their Shares as trading should consider including the Scheme payment in their assessable income where the Scheme payment exceeds their trading stock value.

Conversely, where the Scheme payment received from the disposal of the Shares is less than the trading stock value, an allowable deduction is recognised under section 8-1 of the *Income Tax Assessment Act 1997*.

6. Stamp Duty (also known as Transfer Duty)

Under current stamp duty legislation, no stamp duty would ordinarily be payable by Non-Associated Shareholders on the disposal of Shares. Albers Group is advised to seek professional advice as to the impact of stamp duty in their own particular circumstances.

7. Australian Goods and Services Tax

Under current Australian GST law, Australian Non-Associated Shareholders may incur GST on costs associated with the disposal of Shares of the Octanex such as brokerage, or other professional advisory services. A full input tax credit may not be available to Non-Associated Shareholders on these expenses as they are in connection with a financial supply.

Australian Non-Associated Shareholders should seek their own advice to determine whether they will be entitled to claim GST incurred on any costs associated with the disposal of Shares.

Yours faithfully
PKF MELBOURNE

PKF Melbourne

TIMOTHY BOW
PARTNER

SECTION 8 IMPLEMENTATION AGREEMENT

THIS IMPLEMENTATION AGREEMENT is made at South Yarra on 12 April 2023 between

OCTANEX LIMITED (ABN 17 106 6563 794) of Level 1, 10 Yarra Street, South Yarra Vic 3141 ("Octanex")

and

ERNEST GEOFFREY ALBERS Level 1, 10 Yarra Street, South Yarra Vic 3141 ("Mr Albers")

WHEREAS the parties hereto have agreed in good faith to implement the Scheme upon and subject to the terms and conditions of this Implementation Agreement and to do all acts matters and things done or required to be done to implement the Scheme and all associated proposals as set out in the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany the Scheme pursuant to the provisions of section 412 of the Corporations Act ("**the Scheme Booklet**").

IT IS NOW AGREED AND DECLARED between the parties as follows:

1. INTERPRETATION

1.1 Definitions

In this Implementation Agreement, unless the context otherwise requires, the following words and expressions have meanings as follows:

In this Implementation Agreement:

- (a) headings are for convenience only and do not affect interpretation;
- (b) terms defined in the Scheme or the Scheme Booklet of which this Implementation Agreement forms part shall, unless inconsistent with the context hereof, have the same meaning in this Implementation Agreement as they have in the Scheme or Scheme Booklet as the case may be.
- (c) a reference to any document (including this Implementation Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (d) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (e) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (f) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Implementation Agreement, and a reference to this Implementation Agreement includes any schedule, exhibit or annexure to this Implementation Agreement;
- (g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (h) the word "includes" in any form is not a word of limitation; and
- (i) a reference to "\$", AU\$ or "dollar" is to Australian currency.

1.2 Governing Law

This Implementation Agreement is governed by and will be construed according to the laws of Victoria.

1.3 Business Day

Except where otherwise expressly provided, where under this Implementation Agreement the day on which any act, matter or thing is to be done is a day other than a Business Day, such act matter or thing shall be done on the immediately succeeding Business Day.

2. IMPLEMENTATION AGREEMENT TO PROCEED WITH SCHEME

The parties agree to propose the Scheme upon and subject to the terms and conditions of this Implementation Agreement.

3. CONDITIONS PRECEDENT TO COMING INTO EFFECT OF SCHEME

The obligations of the parties under this Agreement are subject to the satisfaction of the following conditions precedent prior to the Effective Date namely that:

3.1 Orders

- (a) there is no preliminary or final decision or decree issued by a Governmental Agency;
- (b) no action or investigation instituted or threatened by any Governmental Agency;
- (c) no application made to any Governmental Agency;

which restrains or prohibits or threatens to restrain or prohibit, or otherwise materially adversely impacts, the Scheme or either of them or the Transaction Documents.

3.2 Approval of Scheme

At the Scheme Meeting, the Members approve the Scheme being entered into and that on the Second Court Date, the Court approves the Scheme and that the Scheme comes into effect in accordance with the Act:

3.3 Transaction Documents

The execution and delivery of the Transaction Documents and such documents not being terminated, rescinded, varied or waived in any manner other than with the written consent of the parties.

4. SCHEME

Octanex agrees to propose a scheme of arrangement to its Members under which all of the Shares held by the Non-Associated Shareholders will be transferred to Mr Albers in consideration of the payment of the Scheme Consideration with the transfer of Shares and payment of Scheme Consideration to be in accordance with clauses 5 and 6 hereof.

5. TRANSFER OF SHARES

The parties agree that the transfer of the Shares shall take place in accordance with the provisions set forth in the proposed Scheme, a copy of which is annexed to this Implementation Agreement, with such modifications thereto as may be agreed between the Parties hereto and approved by the Court.

6. PAYMENT OF SCHEME CONSIDERATION

The parties agree that the payment or provision of the Scheme Consideration shall take place in accordance with the provisions set forth in the proposed Scheme a copy of which is annexed to this Implementation Agreement, with such modifications thereto as may be agreed between the Parties hereto and approved by the Court.

7. TERMINATION

Without prejudice to any other rights of termination under this Implementation Agreement, this Implementation Agreement may be terminated at any time prior to the Second Court Date.

7.1 Termination in case of action by Court or Government Agency

Either Octanex or Mr Albers may terminate this Implementation Agreement by serving written notice of termination on the other of them if any Court or Government Agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the Scheme, and such order, decree, ruling, other action or refusal shall have become final and non-appealable.

8. IMPLEMENTATION

8.1 Octanex's Obligations

Octanex must at its own cost execute all documents and do all acts and things necessary for the implementation and performance of the Scheme as expeditiously as practicable, including:

- (a) **(Scheme Booklet):** Prepare and despatch a Scheme Booklet containing the Explanatory Statement required by the Corporations Act in relation to the Scheme in a form approved by the Court and to despatch such Scheme Booklet to the Members as required by Order of the Court.
- (b) **(Meeting of Octanex Directors):** As soon as practicable after preparation of the final form of the Scheme Booklet, convene a meeting of the Octanex Directors for the purpose of approving the Scheme Booklet.
- (c) **(Section 411(17)(b) statement):** Apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.
- (d) **(Scheme Meeting):** Apply to the Court for orders convening the Scheme Meeting.
- (e) **(Court approval):** Apply to the Court for orders approving the Scheme as soon as reasonably possible after the passing of the Scheme Resolution at the Scheme Meeting subject to the Scheme resolution being passed by the requisite majorities required under the Corporations Act and provided that all other conditions are satisfied or waived other than the obtaining of Court approval.
- (f) **(Lodge copy of Court orders):** Lodge with ASIC an office copy of the Court order approving the Scheme on approved of the Scheme by the Court.
- (g) **(Set up the Trust Account):** set up the Trust Account prior to the Final Court Date. Such Trust Account shall be set up by Octanex with the National Australia Bank Limited with such account to be styled or named "*Scheme Consideration Account*". The account is to be operated via dual signatories with Ms Raewyn Louise Clark or Mr James Max Duddingston Willis (the Independent Directors) one of the required dual signatories.
- (h) **(Execute and deliver up Share Transfer to Mr Albers):** Execute a Share Transfer or Share Transfers in accordance with the provisions of the Scheme and deliver up same to Mr Albers for execution by Albers or any nominee of Mr Albers as permitted by the Scheme in accordance with the Scheme.
- (i) **(Register all Share Transfers of Shares into names of transferees):** Subject to payment of the Scheme Consideration in accordance with the provisions of the Scheme, and subject to Albers delivering, or procuring the delivery up of the Share Transfer or Share Transfers as provided by the Scheme, duly executed and stamped (if necessary) register the Share Transfer or Share Transfers and issue new certificates or holding statements for the Shares in the names of each transferee thereof and deliver same up to Mr Albers.
- (j) **(Payment of Scheme Consideration):** Subject to Mr Albers paying the Scheme Consideration and other moneys into the Trust Account in accordance with clause 8.2(b) pay the Scheme Consideration in accordance with the provisions of the Scheme.

8.2 Mr Albers Obligations

Mr Albers must at his own cost execute all documents and do all acts and things necessary for the implementation and performance of the Scheme as expeditiously as practicable including:

- (a) **(Representation):** Undertaking in writing to the Court, as necessary, at the Court hearings convened for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act, to do all such things and take all such steps within his power as may be necessary in order to ensure the fulfilment of its obligations under this Implementation Agreement and the Scheme on the Scheme coming into effect.
- (b) **(Payment of Scheme Consideration into Trust Account):** Subject to the Scheme coming into effect, pay the Scheme Consideration and other moneys into the Trust account in accordance with the provisions of the Scheme.
- (c) **(Execution and delivery up of Share Transfer):** Subject to the Scheme coming into effect and to Octanex executing the Share Transfer and delivering same up to him, execute the Share Transfer and deliver same up to the Share Registrar to enable registration of the Shares into his name in accordance with the provisions of the Scheme.
- (d) **(Payment of costs and disbursements incurred in relation to Scheme):** Notwithstanding that the Loan Facility Agreement entered into between Octanex as Borrower and Australis as Lender on 22 December 2021 was varied with effect from 31 December 2022 to increase the amount of the Facility to \$875,000 and the maturity date extended to 30 June 2023, to enable Octanex to pay all costs and expenses of whatsoever kind related to the implementation, or attempted implementation, of the Scheme (presently estimated at \$150,000 but not limited to that amount).

9. GENERAL

9.1 Further acts

Each party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by any other party to give effect to this Implementation Agreement.

9.2 Notices

Any communication under or in connection with this Implementation Agreement must be in writing and must be addressed as shown below:

OCTANEX LIMITED

The Directors, Octanex Limited
Level 1, 10 Yarra Street
South Yarra Vic 3141

Email: admin@octanex.com.au
For the attention of: Ms R Clark

ALBERS

MR Geoff Albers
Level 1, 10 Yarra Street
South Yarra Vic 3141

Email: info@albersgroup.com
For the attention of: Mr E G Albers

(or as otherwise notified by that party to the other party from time to time);

- (a) must be signed by the party making the communication or (on its behalf) by the solicitor for, or by any attorney, director, secretary, or authorised agent of, that party;

- (b) must be delivered or posted by prepaid post to the address, or sent by fax to the number, of the addressee, in accordance with clause 8.2(b); and
- (c) will be deemed to be received by the addressee:
 - (i) (in the case of prepaid post) on the third business day after the date of posting;
 - (ii) (in the case of delivery by hand) on delivery at the address of the addressee as provided in clause 8.2(b), unless that delivery is made on a non-Business Day, or after 5:00pm on a Business Day, when that communication will be deemed to be received at 8:00am on the next Business Day; and
 - (iii) in the case of an e-mail, on the date and time at which it enters the recipient's information system (as shown in a confirmation of delivery report from the sender's information system, which indicates that the e-mail was sent to the e-mail address of the recipient notified for the purposes of this clause).

9.3 Jurisdiction

Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria, and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating in any way to this Implementation Agreement.

9.4 Amendments

This Implementation Agreement may only be varied by a document signed by or on behalf of each of the parties.

9.5 Assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this Implementation Agreement without the prior written consent of the other party.

9.6 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this Implementation Agreement by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this Implementation Agreement.
- (b) Any waiver or consent given by any party under this Implementation Agreement will only be effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this Implementation Agreement will operate as a waiver of another breach of that term or of a breach of any other term of this Implementation Agreement.

9.7 Consents

Any consent referred to in, or required under, this Implementation Agreement from any party may not be unreasonably withheld, unless this Implementation Agreement expressly provides for that consent to be given in that party's absolute discretion.

9.8 Counterparts

This Implementation Agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the Implementation Agreement of each party who has executed and delivered that counterpart.

9.9 Entire Implementation Agreement

To the extent permitted by law, in relation to the subject matter of this Implementation Agreement, this Implementation Agreement embodies the entire understanding of the parties and constitutes the entire terms agreed upon between the parties.

9.10 No representation or reliance

Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this Implementation Agreement. Each party acknowledges and confirms that it does not enter into this Implementation Agreement in reliance on any representation or other inducement by or on behalf of the other party.

9.11 No Merger

The rights and obligations of the parties will not merge on completion of any transaction under this Implementation Agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

9.12 GST

Any payment or other consideration referred to in any other provision of this Implementation Agreement for any supply that may be made under this Implementation Agreement is set out or calculated to be exclusive of GST.

Where any amounts that may be payable under this Implementation Agreement are calculated by reference to a cost, expense or other amount paid or incurred by a party, the amount so payable shall be reduced by the amount of any input tax credits to which the party incurring such cost, expense or other amount is entitled in connection with any acquisition relating to such cost, expense or other amount.

If this Implementation Agreement states that any consideration is to be provided to a party for a taxable supply made under this Implementation Agreement, the party required to provide that consideration shall, in addition, pay to the party making the taxable supply an additional amount equal to the amount of that consideration multiplied by the applicable rate of GST.

Any such additional amount shall be provided at the same time as this Implementation Agreement requires the first part of the consideration for the taxable supply to be provided and the party making the taxable supply shall issue a tax invoice to the party providing the consideration for any such taxable supply at or before such time.

"GST", "supply", "tax invoice" and "Taxable supply", have the meanings given in the A New Tax System (Goods and Services Tax) 1999 as amended from time to time requires the first part of the consideration for the taxable supply to be provided and the party making the taxable supply shall issue a tax invoice to the party providing the consideration for any such taxable supply at or before such time.

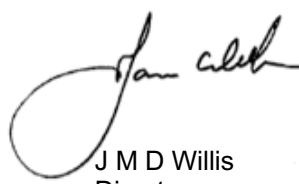
"GST", "supply", "tax invoice" and "Taxable supply", have the meanings given in the A New Tax System (Goods and Services Tax) 1999 as amended from time to time.

IN WITNESS whereof the parties hereto have hereunto executed these presents the day and year first hereinbefore written.

EXECUTED by **OCTANEX LIMITED** in)
accordance with section 127 of the)
Corporations Act)
)
)



R L Clark
Director



J M D Willis
Director

EXECUTED by **ERNEST GEOFFREY**)
ALBERS in the presence of)
)
)



G A Menzies



E G Albers

SECTION 9 DEED POLL

Deed Poll made at Melbourne on the 12th day of April 2023

By **MR ERNEST GEOFFREY ALBERS** of Level 1, 10 Yarra Street, South Yarra Vic 3141 (**Mr Albers**)

In favour of **Each Holder of Shares in Octanex Limited** ABN 17 106 653 794 (**Octanex**) who is a “**Non-Associated Shareholder**” as defined in the Scheme Booklet of which this Deed Poll forms part (**Non-Associated Shareholders**)

Recitals

- A. The directors of Octanex consider that it is in the interests of Octanex and of the Non-Associated Shareholders that the Scheme (as contained in the Explanatory Statement filed by Octanex with ASIC in *Matter Number* SCI 2023 (**Scheme Booklet**) as required by Section 412(1) of the Corporations Act 2001 (“the Corporations Act”) be approved and come into effect in accordance with the provisions of the Corporations Act.
- B. The coming into effect of the Scheme contained in the Scheme Booklet will enable:
- (a) The Non-Associated Shareholders to transfer their shares in Octanex (**Shares**) to Albers under the Scheme for a Scheme Consideration of \$0.002 (0.2 of a cent per Share) under the Scheme;
 - (a) Albers to acquire all of the Shares not presently owned by Mr Albers and the Albers Group as defined in the Scheme Booklet so that Octanex becomes wholly owned by Mr Albers and the Albers Group.
- C. The effect of implementation of the Scheme will be that all Shares held by Non-Associated Shareholders as defined in the Scheme will be transferred to Mr Albers or his nominees being Members of the Albers Group (as defined in the Scheme Booklet of which this Deed Poll forms part) in consideration of provision of the Scheme Consideration being an amount of \$0.002 (0.2 of a cent) with fractional entitlements to a cent being rounded down to a cent.
- D. Mr Albers and Octanex have entered into a scheme implementation agreement (**Implementation Agreement**) in the form set out in the Scheme Booklet.
- E. In the Implementation Agreement, Mr Albers agreed to do all things and execute all deeds, agreements and other documents which may be necessary or expedient on his part to implement the Scheme including, without limitation but subject to the satisfaction of certain conditions, providing the Scheme Consideration under the Scheme and certain other specific obligations.
- F. Mr Albers is entering into this Deed Poll for the purpose of covenanting in favour of the Members generally (including the Non-Associated Shareholders to perform its obligations under the Scheme Implementation Agreement and under the Scheme.

THIS DEED PROVIDES

1. Definitions and interpretation

1.1 Definitions:

In this Deed Poll, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to such in the Scheme Booklet;
- (b) the singular includes the plural and vice versa;
- (c) each gender includes every other gender;
- (d) associations, bodies corporate and any government agency;
- (e) words and phrases not included in the Scheme Booklet have the same meaning (if any) given to them in the Corporations Act;
- (f) references to any legislation or regulations include any statutory modification of or substitution for such legislation or regulations;
- (g) references to agreements are to agreements as amended from time to time;

- (h) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of, and a party, annexure, exhibit and schedule to, this Deed Poll and a reference to this Deed Poll includes any annexure, exhibit and schedule;
- (i) headings and sub-headings to this Deed Poll do not affect the interpretation of this Deed Poll; and
- (j) references to \$ are to Australian dollars.

2. Nature of Deed Poll

Mr Albers acknowledges that this Deed Poll may be relied on and enforced by any Member in accordance with its terms even though no Members is a party to it.

3. Conditions precedent

Mr Albers' obligations are subject to the Scheme coming into effect in accordance with section 411(4) of the Corporations Act.

4. Termination

If the Scheme does not come into effect in accordance with section 411(4) of the Corporations Act on or before 30 September 2023 or such later date as advised by Albers to Octanex in writing, the obligations of Albers under this Deed Poll will automatically terminate unless Mr Albers and Octanex otherwise agree in accordance with the Implementation Agreement.

4.1 Consequences of termination

If this Deed Poll is terminated under this clause 4, then, in addition and without prejudice to any other rights, powers or remedies available to him, Mr Albers is released from his obligations to further perform this Deed Poll except any obligations in the Implementation Agreement referred to clause 5 and which survive termination. Notwithstanding such termination Members retain the rights they have against Mr Albers in respect of any breach which occurred before this Deed Poll is terminated.

5. Scheme Obligations

Mr Albers will comply with its obligations under the Implementation Agreement and do all things necessary or expedient on its part to implement the Scheme including that in consideration of the transfer of the Shares to him, he will pay the Scheme Consideration to the Non-Associated Shareholders subject to and in accordance with the provisions of the Scheme.

6. Continuing obligations

This Deed Poll is irrevocable and, subject to clause 4, remains in full force and effect until Mr Albers has completely performed his obligations under the Scheme or until the earlier termination of this Deed Poll under clause 4.

7. Stamp Duty

Except as otherwise provided in the Scheme Mr Albers must pay all stamp duty imposed on this Deed Poll and on any instrument or other document executed to give effect to this Deed Poll.

8. Notices

8.1 Notice Details

A notice, consent, request or any other communication to Mr Albers under this Deed Poll must be in writing and must be left at the address of Albers, or sent by prepaid post (airmail if posted to or from a place outside Australia) to the address of Mr Albers or emailed to the email address of Albers Specified.

MR ERNEST GEOFFREY ALBERS
Level 1, 10 Yarra Street
South Yarra Vic 3141
Email: info@albersgroup.com
For the attention of: Mr E G Albers

8.2 Delivery

A notice, consent, request or any other communication is taken to be received:

- (a) if by delivery, when it is delivered unless it is delivered on a day other than a Business Day in which case it is taken to be received by 9:00am on the next Business Day;
- (b) (in the case of prepaid post) on the third business day after the date of posting; and
- (c) in the case of an e-mail, on the date and time at which it enters the recipient's information system (as shown in a confirmation of delivery report from the sender's information system, which indicates that the e-mail was sent to the e-mail address of the recipient notified for the purposes of this clause).

8.3 Cumulative rights

The rights, powers and remedies of Octanex and each of the Members under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

8.4 Waiver and variation

- (a) A provision or a right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.
- (b) A provision of this Deed Poll may not be varied unless the variation is agreed to by Octanex in which event Mr Albers will enter into a further Deed Poll in favour of the Members giving effect to such amendment.

8.5 Governing law and jurisdiction

- (a) This Deed Poll is governed by the laws of Victoria.
- (b) Mr Albers irrevocably submits to the non-exclusive jurisdiction of the Courts of Victoria.

9. Assignment

The rights and obligations of a person under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.

Executed as a deed.

EXECUTED by ERNEST GEOFFREY)
ALBERS in the presence of)



Graeme Alan Menzies



Ernest Geoffrey Albers

SECTION 10 INTERPRETATION

Definitions

In this Scheme Booklet, unless the context otherwise requires:

“**Albers Group**” means each of Ernest Geoffrey Albers and the persons and entities listed in the table in clause 1.3 in Section 1 under the sub-heading *Who are the members of the Albers Group*.

“**ASIC**” or “**Commission**” means the Australian Securities and Investments Commission or, in respect of any particular function or power given to the Commission under the Corporations Act, any person to whom the Commission has delegated that function or power;

“**AASB**” means the Australian Accounting Standards Board.

“**AIFRS**” means the Australian equivalents to International Financial Reporting Standards.

“**Associate**” has the meaning given in the Corporations Act and a reference to an Associate of any person means a reference to the associates of that person within the meaning of the Act.

“**ASTC**” means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532, the body which administers the CHESS system in Australia.

“**ASTC Settlement Rules**” means the settlement rules of ASTC.

“**ASX**” means ASX Limited ABN 98 008 624 691 or the securities exchange operated by it, as appropriate.

“**ASX Market Rules**” means the ASX Market Rules binding on Market Participants as defined therein in accordance with the provisions of the Corporations Act as in force from time to time and a reference to ASX Market Rules includes a reference to any rules issued by ASX in substitution or replacement thereof from time to time howsoever styled. Where a company is listed on any Stock Exchange other than ASX a reference herein to ASX Market Rules shall mean a reference to the rules of such Stock Exchange which regulate trading in the securities of that company on that Stock Exchange.

“**Australian Accounting Standards**” means the Australian Accounting Standards as issued by the Australian Accounting Standards Board.

“**Australian Auditing Standards**” means the Australian Auditing Standards as issued by the Auditing and Assurance Standards Board.

“**Australian Standards on Review Engagement**” means Australian Standards on Review Engagement as issued by the Auditing and Assurance Standards Board.

“**Board**” in relation to any of Octanex means the board of directors of that party. A reference to the “**Octanex Board**” means a reference to the board of directors of Octanex acting in that capacity.

“**Business Day**” means a Business Day as defined in the Listing Rules of ASX.

“**Business Rules**” means, in the case of ASX those rules promulgated as the Business Rules of ASX and, in relation to any other Stock Exchange means those rules pursuant to which trading in securities on or through the facilities of the Stock Market conducted by it is regulated by that Stock Exchange.

“**CGT**” means capital gains tax.

“**CHESS**” means the Clearing House Electronic Subregister System operated by ASTC, which provides for electronic share transfer in Australia.

“**Commonwealth**” means the Commonwealth of Australia and its external territories.

“**Company**” or “**Octanex**” each means Octanex Limited (ABN 17 106 653 794).

"Corporations Act" means the Corporations Act 2001 as it applies in Victoria.

"Court" means the Supreme Court of Victoria in relation to matters associated with the Scheme and otherwise means a court of competent jurisdiction under the Corporations Act.

"Court Order Time" means, in relation to each Scheme, the time at which the Court makes Orders approving the Scheme.

"Directors" means a reference to the directors of Octanex acting as a board of directors or otherwise acting in their role or capacity as a director of Octanex and, unless otherwise indicated, a reference to a **"Director"** means a reference to a director of Octanex acting in his capacity as a director of Octanex;

"PKF " or **"Independent Expert"** each means PKF Melbourne Corporate Pty Ltd AFSL No: 222050.

"PKF Report" means the independent experts report prepared by PKF for the purposes of complying with Regulation 8303 made under the Corporations Act and which is included in this Scheme Booklet.

"Effective" when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Order of the Court made under section 411(4) (b) in relation to the Scheme.

"Effective Date" means the date on which an office copy of an Order of the Court in relation to the Scheme made under section 411(6) of the Corporations Act is lodged with the Commission.

"Encumbrance" means any mortgage, charge (whether fixed or floating), pledge, lien, option, restriction as to transfer or any other encumbrance or security or adverse interest whatsoever.

"End Date" means the date specified in, or determined pursuant to, clause 4.5 of the Scheme.

"Explanatory Statement" means the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany the Scheme pursuant to the provisions of section 412 of the Corporations Act.

"Foreign Shareholder" means a Non-Associated Shareholders with a Registered Address outside of Australia and its external territories and New Zealand.

"Government Agency" means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in the right of the Commonwealth of Australia or of any State, including the Australian Consumer & Competition Commission, the Takeovers Panel and ASX.

"Group" when used in relation to a company, means that company and each company that is a related body corporate of that company or which is a related body of any related body corporate of that company. Thus a reference to the **"Octanex Group"** means a reference to Octanex and all of its related bodies corporate.

"GST" has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cwth).

"Implementation Agreement" means the Implementation Agreement to be tabled at the Scheme Meeting and a copy of which is set out in Section 8 of this Scheme Booklet and which has been entered into between the Octanex and Albers conditionally upon the Scheme coming into effect.

"Implementation Date" means the date on which is five (5) Business Days after the that date on which the conditions subsequent set out in clause 4 of the Implementation Agreement have been satisfied;

"Independent Expert" or **"PKF"** each means PKF Melbourne Corporate Pty Ltd AFSL No: 222050.

"Independent Expert's Report" means the report prepared by the PKF contained in Section 6 of this Scheme Booklet.

"issue" means, in relation to a share, the issue and allotment thereof, and, in relation to an option to acquire an ordinary share, means the grant of such option.

"Listing Rules" means, in relation to any Stock Exchange, the rules of that Stock Exchange governing trading in securities quoted on that Stock Exchange as in force from time to time and, in relation to ASX, mean the Listing Rules of ASX as in force from time to time.

"Market Participant" means a Market Participant as defined in Section 3 of the ASX Market Rules including any person taken to be approved by ASX as a Market Participant under Rule 29.3 of the ASX Market Rules and where a company is admitted to the official list of an overseas Stock Exchange then any Stockbrokers or Sharebroker or other such person as authorised to deal in securities of that company pursuant to the rules of that Stock Exchange governing trading in or through the facilities of that market.

"Member of the Albers Group" means any person or entity within the definition of Albers Group being any person or entity listed in the table under the sub-heading *Who are the members of the Albers Group* in clause 1.3 in Section 1 of the Scheme Booklet.

"Members" means those persons registered as the holders of the shares in the capital of Octanex on the Share Register as at the date and time of the Scheme Meeting Provided That if a Member shall after that date and time cease to be registered as a member of Octanex on the Share Register such person shall cease to be a Member for the purposes of the Scheme Provided further that where a person shall after that date and time become registered as a member of Octanex on the Share Register in respect of any share in the capital of Octanex such person shall, from the time his name is entered on the Share Register, be deemed to be a Member for the purposes of the Scheme;

"Octanex" means Octanex Limited (ABN 17 106 653 794).

"Octanex Directors" means a reference to the directors of Octanex acting as a board of directors or otherwise acting in their role or capacity as a director of Octanex and a reference to an **"Octanex Director"** means a reference to a director of Octanex acting in his capacity as a director of Octanex.

"Octanex Group" means Octanex and its controlled entities within the meaning of the Corporations Act.

"Octanex Information" means the information in relation to Octanex set out herein.

"Non-Associated Shareholders" means all of the Members on the Record Date other than Mr Albers and his Associates holding Shares in Octanex comprising the Albers Group.

"Non-Current Liabilities" means, all Non-Current Liabilities as determined in accordance with Australian Accounting Standards as applied by Octanex in the preparation of the Statement of Financial Position set out in the Octanex Annual Report, consistently applied.

"Officers" means, in relation to a company, its directors, company secretaries and other persons designated as officers under the Corporations Act.

"Options" means the 11,500,000 options to acquire ordinary shares in the capital of Octanex which are not listed for quotation on the stock market conducted by ASX of which 7,500,000 are exercisable at \$0.075 (7.5 cents) per option in April 2023 and of which 4,000,000 are exercisable at \$0.0195 (1.95 cents) in November 2023.

"PKF" or **"Independent Expert"** each means PKF Melbourne Corporate Pty Ltd AFSL No: 222050.

"PKF Report" means the independent experts report prepared by PKF for the purposes of complying with Regulation 8303 made under the Corporations Act and which is included in this Scheme Booklet.

"PKF Tax" means PKF Corporate Pty Ltd.

"PKF Tax Report" means the report by PKF Tax as to the tax consequences to the shareholders and Octanex contained in Section 7 of this Scheme Booklet.

"Record Date" means that date and time being 5.00 pm (AEST) on the Effective Date.

"Registered Address" means in relation to a Scheme Member, that member's address shown in the Share Register.

"Regulations" means the Corporations Regulations in force under the Corporations Act from time to time.

“Regulatory Approval” means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Public Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Public Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

“Related Body Corporate” has the meaning given to that term in the Corporations Act.

“Related Party” has the meaning given to that term in the Corporations Act.

“Relevant Interest” has the meaning given to that term in the Corporations Act.

“Shares” means ordinary fully paid shares in the capital of Octanex.

“Scheme” means the proposed scheme of arrangement to be entered into between Octanex and its Members pursuant to which the Shares held by Non-Associated Shareholders will be

reference to the Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act.

“Scheme Meeting” means the meeting of Members ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of the Scheme.

“Scheme Consideration” means:

“Second Court Date” means, in relation to each Scheme, the date on which application is first made to the Court for approval of the Scheme.

“Share Register” means the register of members of Octanex kept in accordance with the Corporations Act

“Share Registry” means Automic Pty Ltd of Level 3, 50 Holt Street Surry Hills, NSW 2010 or other person from time to time maintaining the Share Register.

“Shares” means the ordinary shares in the capital of Octanex.

“Shareholding” means the holding of Shares of any Member.

“Stockbroker” and **“Sharebroker”** each mean a person qualified and authorised to act as such under the rules of any Stock Exchange governing trading by members of any such Stock Exchange in any securities of any company or entity the securities of which are listed on such Stock Exchange.

“Stock Exchange” means any stock exchange on which Octanex securities are listed from time to time (including, but not limited to, ASX).

“Stock Market” means a stock market conducted by any Stock Exchange.

“Tax” means any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, which is assessed, levied, imposed or collected by any Government Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of, any of the above.

“Tax Act” or **“ITAA 1997”** each means the Income Tax Assessment Act 1997 as amended from time to time.

“Transaction Documents” means the Implementation Agreement and any other agreement entered into between PKO and Octanex for the purpose of giving effect to or implementing this Scheme;

“VWAP” means the volume weighted average price.

Interpretation

In this Scheme Booklet, unless the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation and unless the context indicates a contrary intention;
- (b) a reference to any document (including this Scheme Booklet) is to that document as varied, novated, ratified or replaced from time to time;
- (c) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (d) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (e) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a derivative or corresponding meaning;
- (f) the word "includes" in any form is not a word of limitation;
- (g) any reference to time is, unless the context otherwise requires, a reference to local time in Melbourne Australia on the relevant date;
- (h) a reference to "\$" or "dollar" is to Australian currency; and
- (i) a reference to:
 - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes the legal personal representatives, successors and assigns of that person;
 - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (iv) a right includes a benefit, remedy, direction or power;
 - (v) a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
 - (vi) time is to Melbourne time;
 - (vii) "\$A", "\$" or "AUD" is a reference to the lawful currency of Australia;
 - (viii) a clause, subclause, section, subsection, paragraph, subparagraph or annexure is to a clause, subclause, section, subsection, paragraph, subparagraph or annexure of this Scheme Booklet.

Headings

Headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet.

SECTION 11 NOTICE OF SCHEME MEETING

NOTICE OF SCHEME MEETING OF MEMBERS OF OCTANEX LIMITED SUMMONED PURSUANT TO AN ORDER OF THE SUPREME COURT OF VICTORIA

NOTICE IS HEREBY GIVEN that by an Order of the Supreme Court of Victoria the Court has directed a Meeting of Members of the be summoned pursuant to Section 411 of the Corporations Act 2001 for the purpose of considering and if thought fit agreeing with or without amendment to the following resolution in accordance with Section 411 of the Corporations Act 2001.

"THAT the Scheme of Arrangement proposed to be entered into between Octanex Limited and its Members be agreed to."

Court has ordered the Meeting to be held at Level 1, 10 Yarra Street South Yarra, Victoria on 23rd May 2023 at 10.00 am (AEST).

Enclosed is the Scheme booklet being the Explanatory Statement explaining the effect of the Scheme of Arrangement as required by Section 412 of the Corporations Act 2001.

All Members entitled to attend and vote at the Meeting are entitled to appoint proxies to attend and vote on their behalf. Proxies must be lodged 48 hours before the time appointed for the Meeting at the registered office of the Company pursuant to the Order of the Court.

The Court has ordered that the Chairman of the Meeting be Mr Graeme A Menzies and, in his absence, Ms R Clark, and has ordered the Chairman of the Meeting to report the result of the Meeting to the Court.

The Scheme of Arrangement if agreed to by the Scheme Meeting will not come into force unless it is approved by the Court and until a copy of the Order approving it is lodged with the Australian Securities and Investments Commission.

For the Scheme of Arrangement to be approved by the Court and to come into effect pursuant to the provisions of the Corporations Act and in accordance with the terms of the Scheme itself it is necessary for the Scheme to be agreed to by a majority in number of the Members present and voting in person or by proxy at this Scheme Meeting convened in accordance with the Order of the Court and whose shareholdings represent not less than 75% of the total number of shares of those persons present and voting either in person or by proxy at that meeting.

Members are urged to either vote in person or by proxy in relation to this matter. If the Scheme of Arrangement becomes effective in accordance with the Corporations Act 2001 the Scheme will bind all Members including those Members who do not attend and vote.

DATED this day of April 2023.

BY ORDER OF THE COURT

R Clark
Company Secretary
OCTANEX LIMITED

NOTES

1. A member may vote at the meeting in a number of ways. These include:
 - (a) By attending the meeting in person. Members may attend the meeting physically attend the meeting or may attend the meeting in person using the video conferencing facility as referred to below.
 - (b) lodging a proxy in in the manner set out herein. That includes completing, executing and lodging a proxy by delivering an executed proxy to the Company in person, by courier, by mail or by email as referred to below. No facility is provided for lodging proxies online through the Share Registry.

- (c) by appointing an attorney under power of attorney and lodging that power of attorney in like manner as a proxy and causing the attorney to attend the meeting in person with a copy of the power of attorney and vote in accordance therewith.
 - (d) for corporate shareholders, by lodging a proxy or proxy or corporate appointment of representative form in accordance with the provisions of Section 250D of the Corporations Act 2001 in like manner as a proxy and by causing the corporate representative to attend the meeting in person with a copy of the appointment and vote in accordance therewith.
2. The resolution to be put to the meeting will be determined by way of a poll. The poll will be conducted based on votes submitted by proxy and by votes cast in person at the meeting including votes cast through the video conferencing facility. All electronic votes through the video conference facility will be votes on that poll. No vote will be taken on a show of hands.
 3. A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
 4. A proxy duly appointed need not be a Member. In the case of joint holders all must sign.
 - (a) A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged in accordance with note 5 below or otherwise lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy (including any proxy completed and lodged online) lodged after that time will be treated as invalid.
 - (b) Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
 - (i) completes and lodge with the Company a valid appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or
 - (ii) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act 2001 or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (iii) has appointed an attorney and such proxy, personal representative or attorney attends the relevant meeting;
 then such corporate shareholder will be unable to exercise any votes at the meeting.
 5. Proxies and corporate appointment of representative forms may be returned to the Company at its registered office set out below by delivery (by hand, mail, courier or email) to arrive not less than 48 hours before the time appointed for the Meeting. A reply paid envelope is included for Members with an address in the Register within Australia. This facility is not available for Members with an address in the Register outside Australia. Envelopes provided for their use are not reply paid. The address to return duly completed proxies to is:

Automic
GPO Box 5193 Sydney NSW 2001
Australia

Proxies may also be lodged online with Octanex's Share Registry in accordance with the instructions on the proxy form.
All proxies which are emailed must be emailed to meetings@automicgroup.com.au
 6. Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act.
 7. For Octanex to rely on the assumptions in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This means that the status of the persons signing the document must be set out and comply with Section 127(1) or (2) as applicable.
 8. In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
 9. Completion of a proxy form will not prevent individual Members from attending the meeting in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
 10. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.