



Quarterly Activity Report

ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2015

HIGHLIGHTS

- > Octanex share of Ophir development fully funded following placement of shares to Sabah International Petroleum
- > Activities to develop Ophir oil field continued
- > Permit sale and surrenders following Strategic Asset Review

OCTANEX STRATEGY

Octanex has pursued a grassroots exploration strategy over many years. Its business has been to seek prospective acreage and to upgrade that acreage through seismic acquisition and the development of attractive targets, with the general intention of attracting international companies as farminees.

Octanex is in the process of implementing a change in strategy so as to reduce its exposure to exploration and to include the acquisition of near-term production assets which have the capacity to provide future cashflow generation.

Octanex has interests in two development assets, the Ophir oil field, offshore Malaysia, and the Cornea oil field, offshore Western Australia, in addition to its portfolio of exploration acreage in Australia and New Zealand. The location of Octanex's interests are shown in Figure 1, below, and information follows regarding each, including current activities.



Figure 1 Octanex location of interests

COMPANY OVERVIEW

ASX Code	Fully paid:	OXX
	Partly paid:	OXXCB
Share price*	OXX	\$0.057
	OXXCB	\$0.010
Shares on issue	OXX::	225M ¹
	OXXCB:	74M
Options		18.1M

¹ Inclusive of 33M options held by trustee
As at 31 March 2015

DIRECTORS

Geoffrey Albers	Chairman & CEO
Rae Clark	Executive Director & COO
James Willis	Non-Executive Director
Tino Guglielmo	Non-Executive Director
David Coombes	Non-Executive Director
Kevin How Kow	Non-Executive Director
Suhnyla Kler	Non-Executive Director

CONTACT DETAILS

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ASSETS AND ACTIVITIES OVERVIEW

Ophir Oil Field Risk Service Contract, Malaysia

Octanex has a 50% interest in Ophir Production Sdn Bhd (OPSB), the joint venture company that holds the Risk Service Contract (RSC) for the development of the Ophir oil field, offshore Peninsular Malaysia.

Octanex's joint venture shareholders in OPSB are Scomi with 30% and Vestigo with 20%. Scomi is a wholly-owned subsidiary of Scomi Energy Services Bhd, a Malaysian downstream oil and gas services company listed on the Main Board of Bursa Malaysia. Vestigo is a wholly-owned subsidiary of Petronas focussed on the development of small, marginal and mature fields.

The RSC model was introduced 2011 as a new petroleum arrangement designed with the objective of intensifying upstream Malaysian oil and gas activities and developing smaller, stranded oil and gas resources. The RSC model balances the sharing of risks with fair returns for the development and production of discovered small fields. Under the terms of an RSC, the Contractor (in this case OPSB) is the service provider and Operator of the field, while PETRONAS is the resource owner.

Upfront investment of capital is contributed by the Contractor, with the Contractor compensated via the reimbursement of costs plus a remuneration fee for services rendered. The remuneration fee is linked to production volumes as well as certain key performance indicators.

Following the decline in oil price, OPSB, in consultation with PETRONAS, prioritised efforts to reduce both capital and operating costs. OPSB expects that the savings identified through its comprehensive project cost reduction work should enable it to generate returns for its client, PETRONAS, and shareholders, even if oil prices remain low.

During the quarter significant facilities optimisation activities were undertaken in order to reduce both capital and operating expenditure. The oil price decline provides opportunities for additional savings as industry participants compete for reduced work.

Reservoir characterisation work has been completed, providing increased confidence in the understanding of the field. A dynamic model was built during the quarter with early production profiles generated and sensitivity analysis run.

Financing

Octanex's share of the Ophir project is fully funded following execution by OPSB of a Facilities Agreement for 75% project financing and execution by Octanex of a Share Placement and Convertible Note Agreement with Sabah International Petroleum.

Cornea Retention Lease, Browse Basin

Octanex holds an aggregate 18.75% interest in the Cornea Retention Lease, WA-54-R (Lease), granted for an initial 5-year term in May 2014 and located in the Browse Basin, offshore from Western Australia.

The Lease covers the Cornea Location Area of six graticular blocks (approximately 497 km²) and incorporates the Cornea oil and gas accumulations (Greater Cornea Fields) – see Figure 2. The Greater Cornea Fields include the Cornea (Central and South), Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field.

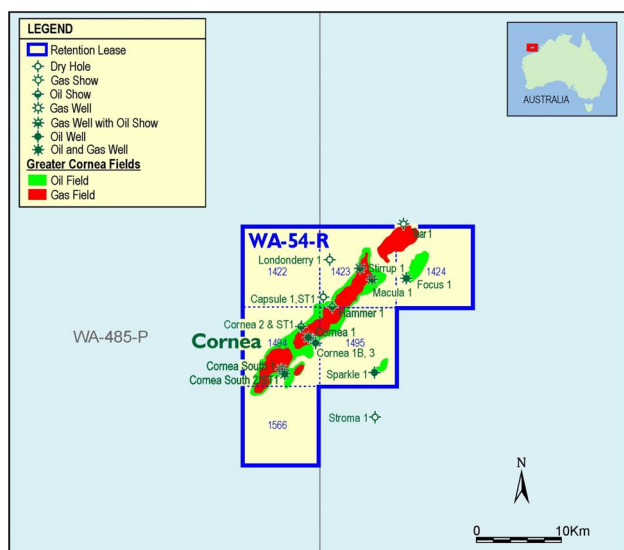


Figure 2 Cornea Retention Lease Location Map

Work Program designed to achieve early commercial production

The Greater Cornea Fields are seen as an economic value opportunity and the path to early development is to overcome the technical challenges to unlock that value as quickly as possible. The recent steep oil price decline has added another challenge to development.

During the quarter work on various studies continued with Year-1 studies nearing conclusion. In the main, the studies are a lead up to the drilling of a production test well in Year-4. The studies are aimed at overcoming various technical challenges likely to be faced in bringing the Greater Cornea Fields into commercial production. The oil and gas volumes in the Greater Cornea Fields are such that, if threshold production flow rates can be demonstrated, but dependent on oil price, the economics should be attractive and provide a reasonable expectation of commercial development.

Contingent Oil Resources

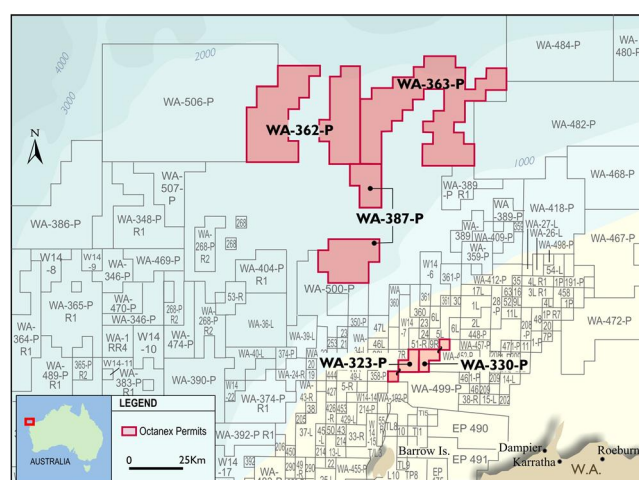
The following Table 1 presents the probabilistically derived In-place and Contingent Oil Resources for the Cornea Central and South Oil Fields, with no development risk having been applied in deriving these volumes.

Middle Albian B & C Sands	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)
Total Oil In-place mmbbl	298.0	411.7	567.2
Recovery Factor %	2	7	25
Contingent Oil Resources mmbbl	7.9	28.8	101.9
Octanex Economic Interest mmbbl (18.75%)	1.48	5.40	19.11

Table 1 In-place and Contingent Oil Resources for Cornea Central and South Fields

Carnarvon Basin Exploration Interests

Octanex has various interests in the Dampier sub-basin and the Exmouth Plateau (Refer Figure 3)



that the estimated size of the Winchester discovery, by itself, to be insufficient to be developed economically. Further contributions from possible deeper or adjacent hydrocarbon zones to the Winchester location would be required to augment the discovered resource. The Winchester discovery is located near existing pipeline and processing infrastructure and likely future infrastructure extensions.

There is further prospectivity in the Parker tilted fault block where the Parker-1/ST1 well in WA-330-P, located 3.2 km to the northeast of Winchester-1/ST1, drilled a separate structure and encountered gas shows in Triassic Mungaroo Formation sandstones over a 211m gross interval. These were not logged or tested before the well was abandoned.

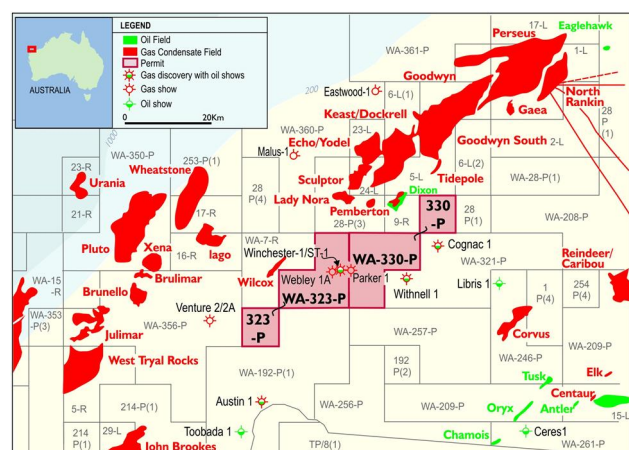


Figure 4 WA-323-P and WA-330-P and Winchester-1/ST1 Location Map

Reprocessing and re-interpretation of the 720 km² Winchester 3D seismic data set is ongoing. This work has been designed to enable better definition of the Winchester structure, in the vicinity of the Parker-1 well in particular, and over additional Triassic targets in the north of WA-330-P.

During the quarter the Davros 3D BroadSeis™ and BroadSource™ multi-client survey commenced acquisition in the Northern Carnarvon Basin including the entire area of WA-323-P and WA-330P. The Operator has licensed the data over these permits.

Exmouth Plateau interests

Octanex has interests in three permits in the Exmouth Plateau as shown in Figure 5. The high-impact potential of these interests is highlighted by the late 2014 award of WA-506-P to Statoil with a significant work commitment involving 2,000 line km of 2D seismic and 3,500 km² of 3D seismic data. WA-506-P adjoins Octanex's WA-362-P permit. In commenting on the award, Statoil noted that "this is an untested part of a prolific basin, offering significant upside potential"

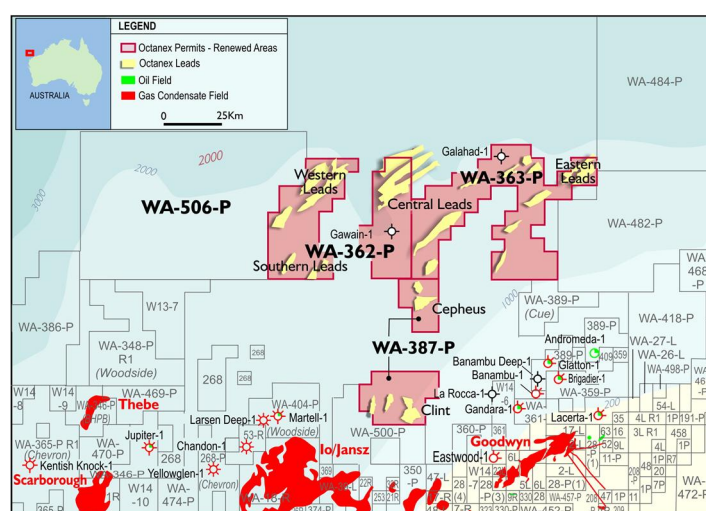


Figure 5 Exmouth Plateau Permits

WA-362-P & WA-363-P – Exmouth Plateau

The WA-362-P and WA-363-P Joint Ventures each consist of:

ENI Australia Ltd (Eni)	66.667% and Operator
Octanex	33.33%

The WA-362-P and WA-363-P permits are located on the northern margin of the Exmouth Plateau, 300 – 400 km northwest of the Western Australian coastline and comprise a combined exploration area of approximately 10,956 km². The work program in both permits calls for seabed coring and studies to be followed by a new 3D seismic survey and an exploration well in the last two years of each permit's term.

Work in the last quarter includes planning for a seabed geochemical coring program and geotechnical studies related to better defining the prospectivity of the permits

Octanex remains fully carried by Eni though all exploration activity, including the next well in each permit, should a well be drilled in either or both of the permits.

WA-387-P – Exmouth Plateau

Octanex has a 100% interest in the WA-387-P permit which comprises an exploration area of approximately 2,419 km².

WA-387-P is prospective for gas within fluvial and deltaic sandstones of the Triassic Mungaroo Formation. This play is the main reservoir in the Wheatstone and Pluto gas fields located 35km and 45km due south of the permit respectively. The Mungaroo Formation is also the reservoir for the giant Goodwyn gas field located 65km to the east of the permit. A secondary play is the Late Jurassic, Oxfordian Jansz Sandstone, which is the reservoir for the giant Jansz/lo gas discovery located 35km southwest of the permit.

The current work program calls for the acquisition of 2D seismic surveys and studies. Octanex is discussing possible participation of other exploration companies to join with it in this work.

WA-386-P

During the quarter, Octanex completed the sale of its interest in WA-386-P to Shell Australia Pty Ltd for consideration of \$350,000.

Bonaparte Basin Exploration Interests

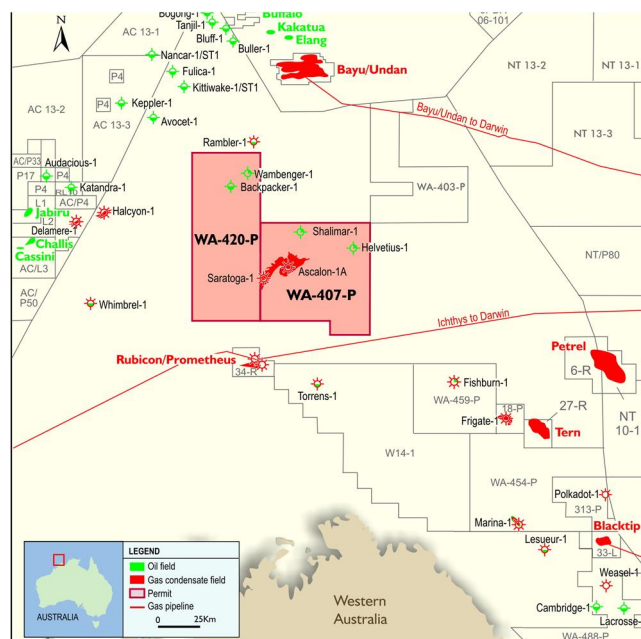


Figure 6 Location map of Bonaparte Basin Permits and Completed Seismic Surveys

Octanex now holds 100% interests in two adjacent petroleum exploration permits (WA-407-P and WA-420-P) in the offshore Southern Bonaparte Basin that comprise an area of approximately 9,950 km² in total. The prospects and leads in the two permits are shown in Figure 7.

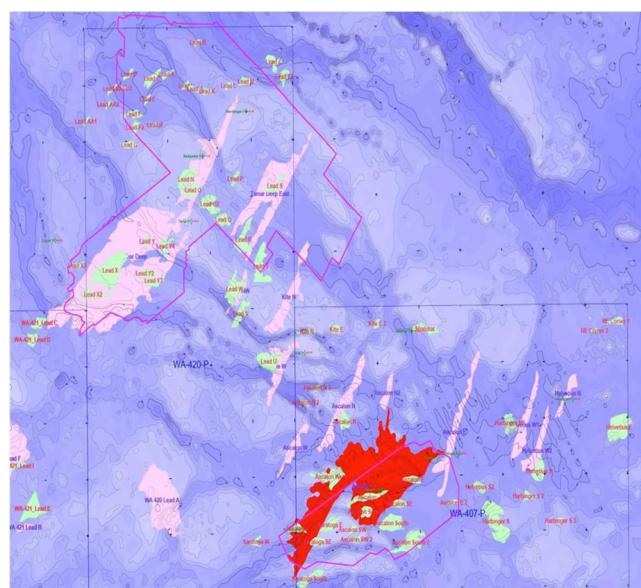


Figure 7 Bonaparte Basin Permits showing Ascalon gas discovery (in red) and Tamar Deep gas prospect (in pink) and various oil prospects (in green)

WA-420-P

During the quarter the year 6 work program for WA-420-P was successfully varied, replacing a well obligation with seismic inversion and geotechnical studies.

WA-420-P is prospective for oil and gas within several plays. The northern part of the permit is covered by 1,725km² of new and newly reprocessed 3D seismic data which has enabled improved mapping of these plays. The main oil play is in porous and permeable, shallow marine sandstones of the Early Cretaceous, Sandpiper Sandstone Formation, which are present over the Tamar Nose; a structural high that runs through the northern part of the permit and plunges to the southeast into the Sahul Syncline hydrocarbon source kitchen. Oil shows were encountered within a distal equivalent of this play in the Rambler-1 well, located 7km due north of the permit. Another oil play within the permit is in Jurassic shallow marine sandstones of the Elang Formation and deltaic sandstones of the Plover Formation, which are closely juxtaposed on the Tamar Nose. The Elang Formation contains gas in the Rambler-1 well, located within the deep Sahul Syncline. The permit also contains one large structure (Tamar Deep) within the Late Permian, Hyland Bay Subgroup that is prospective for gas (see Figure 8).

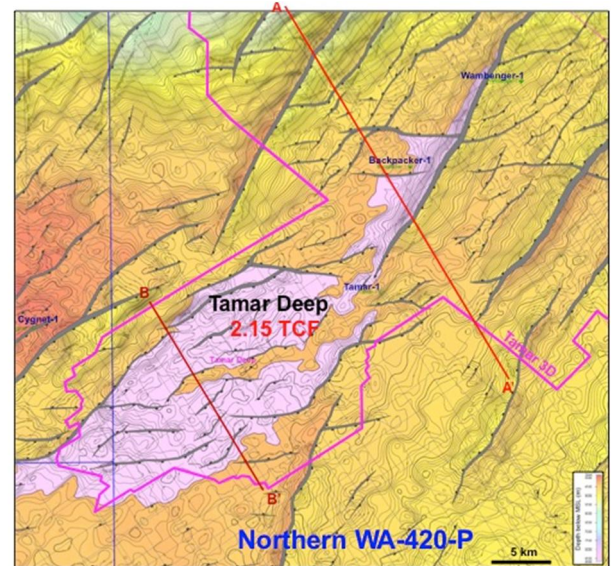


Figure 8 Tamar Deep Prospect P50 Prospective Resource

WA-407-P

Following the grant of a twelve month suspension and corresponding extension to year five of WA-407-P during the quarter, an application for the Declaration of a Location over the Ascalon gas accumulation was lodged in preparation for making an application for Retention Lease over the accumulation.

The Ascalon gas accumulation was discovered by Mobil Exploration in 1995 with the Ascalon-1A well. The gas is contained in a faulted horst structure within shallow marine sandstones of the Late Permian, Cape Hay Formation of the Hyland Bay Subgroup. The closure has been mapped on modern 3D and newly reprocessed 2D seismic over an area of 260km² with a maximum closure height of 380m. The lowest closing contour appears coincident with lowest know gas defined from logs in the Ascalon-1A well. Modern petrophysics indicates a 146m gross gas column within the Cape Hay Formation in the Ascalon-1A well, which is located off the crest of the structure. The reservoir sandstones within the Cape Hay Formation are tight, not unlike those in the nearby Petrel and Tern gas discoveries.

WA-421-P

As previously reported WA-421-P expired in November 2014 and Octanex applied to renew the permit. An offer to renew the permit for a further 5 year term was received at the end of the quarter. WA-421-P is considered to be prospective for small oil targets and accordingly the oil price decline significantly reduces the prospect of achieving a farmin for the permit. Following a review of the Permit's prospectivity, Octanex decided to decline the renewal offer for the Permit.

Taranaki Basin Exploration Interest

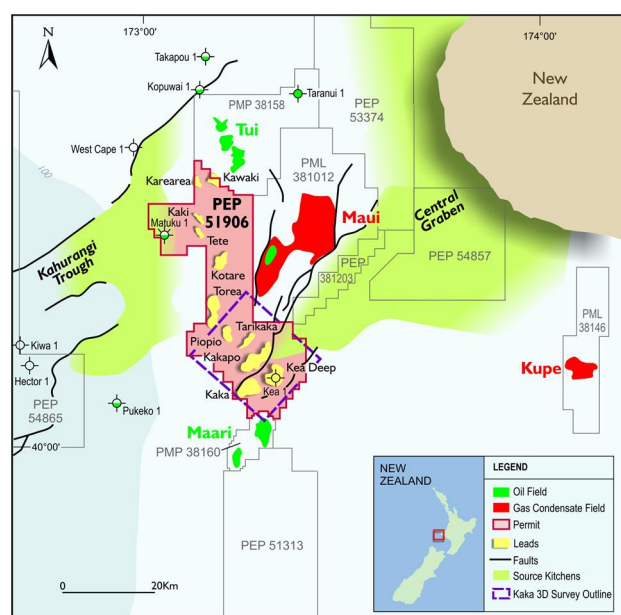


Figure 9 PEP 51906, Matuku-1 and Kaka 3D Survey Location Map

PEP 51906 – Taranaki Basin

The PEP 51906 Joint Venture consists of:

OMV New Zealand Limited (OMV)	65% and Operator
Octanex	22.5%
New Zealand Oil & Gas Limited (NZOG)	12.5%

The PEP 51906 permit covers an area of 1,613 km² and is adjacent to three producing fields; the Maui

gas/condensate field to the east (which has been in production since 1979), the Tui oil field to the northeast (which has been producing since 2008) and the Maari/Manaia fields to the south (which commenced production in 2009) – see Figure 9 PEP 51906, Matuku-1 and Kaka 3D Survey Location Map.

Earlier in 2014, the Kaka seismic survey acquired 403.8 km² of new 3D data from within and adjacent to PEP 51906 – see Figure 9 PEP 51906, Matuku-1 and Kaka 3D Survey Location Map. A further 67.4 km² of 3D tie lines were acquired as part of the overall survey.

As a result of these and earlier 3D seismic acquisitions, the Joint Venture holds an extensive modern database over a number of attractive leads and prospects.

PEP 53537 – Taranaki Basin

Octanex holds a 35% interest in PEP 53537 with the Operator, OMV New Zealand Limited, holding 65%. Following a critical review of the assessment of prospectivity of the Permit, the Joint Venture has commenced the process for surrender of the Permit.

PEP 55790 – Taranaki Basin

PEP 55790 was surrendered during the quarter following a prospectivity review.

CORPORATE MATTERS

Strategic Alliance with and Funding from Sabah International Petroleum (SIP)

SIP is wholly owned by Sabah Development Bank Berhad which is in turn wholly owned by the Ministry of Finance of the state of Sabah in the Malaysian Federation.

In February 2015, Octanex shareholders approved the placement of 40,332,663 shares to SIP. This constituted part settlement of the US\$6million bridge loan drawn by Octanex in December 2014. Following

the end of the quarter the US\$1million balance of the bridge facility was repaid.

Shareholders also approved a convertible note facility whereby SIP will subscribe for US\$12million in Convertible Notes in three equal tranches with conversion prices of 15, 20 and 25 cents per share for each of the tranches. The Notes have a redemption date of 30 June 2017 and an alternative conversion option until June 30, 2016 into a 35% shareholding in Octanex Pte Ltd.

On Market Share Buy-back

At the end of the quarter the previously announced on market share buy-back for up to 7,500,000 of the Company's fully paid ordinary shares ended. A total of 194,500 shares were acquired for a total consideration of \$20,300.

Peak Loan

During the quarter, an amended and restated loan agreement with Peak Oil & Gas Limited (Peak) and its subsidiary Peak Oil & Gas (Australia) Pty Ltd (POGA) was executed in regards to the \$1.95million loan owed by Peak to Octanex. Both Peak and POGA have, pursuant to an ASX waiver, granted charges over their assets to secure repayment of the Peak Group's indebtedness.

The amended agreement provides for extensions of the due date for payment of Peak's debt to Octanex on a recurring 60 day cycle with possible extensions on a rolling basis for a maximum term of 18 months until 30 June 2016, subject to Octanex not terminating the arrangement at any time during a 60 day period.

A meeting of the members of Peak has been called to consider a resolution authorising Peak to dispose of its main undertaking, being its interests in the South Block A Production Sharing Contract (SBA Interests). The meeting is to be held on 1 May 2015 and assuming that shareholder approval is granted,

Octanex is hopeful that Peak will secure a sale of its SBA Interests, enabling it to repay the loan to Octanex.

Octanex

Octanex is used through this report to refer to Octanex N.L. and its subsidiaries.

Rae Clark

Executive Director
& Chief Operating Officer
30 April 2015

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10, 01/05/2013

Name of entity

OCTANEX N.L.

ABN

61 005 632 315

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sale and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(260)	(904)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received		10
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	(35)	(35)
1.7	Other	475	693
Net Operating Cash Flows		(382)	(2,654)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities	(620)	(5,979)
1.11	Loans repaid by other entities		
1.12	Other		
Net investing cash flows		(620)	(5,979)
1.13	Total operating and investing cash flows (carried forward)	(1,002)	(8,633)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,002)	(8,633)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		6,638
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Share issue costs	(128)	(128)
	Share buy-back		(20)
	Net financing cash flows	(128)	6,490
	Net decrease in cash held	(1,130)	(2,143)
1.20	Cash at beginning of quarter/year to date	8,043	8,507
1.21	Exchange rate adjustments to item 1.20	383	932
1.22	Cash at end of quarter	7,296	7,296

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	127
1.24	Aggregate amount of loans to the parties included in item 1.10	620

1.25 Explanation necessary for an understanding of the transactions

1.10 Shareholder advance to 50% owned Ophir Production Sdn Bhd ("OPSB") for the quarter - \$620k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	
4.3 Production	
4.4 Administration	440
Total	540

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,296	8,043
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,296	8,043

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed		See Activity Report Section		
6.2 Interests in mining tenements and petroleum tenements acquired or increased		See Activity Report Section		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	192,265,561 74,278,910 33,000,000	192,265,561 74,278,910 -	- 25 cents -	- 15 cents -
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	40,332,663	40,332,663		
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor) * Subject to vesting criteria and expiry date adjustment	7,600,000 1,000,000 1,000,000 5,000,000 1,750,000 1,750,000	- - - - - -	Exercise Price 15.34 cents 15.00 cents 15.00 cents 15.00 cents 20.00 cents 25.00 cents	Expiry date 25/10/2018 19/05/2018 11/06/2018 11/06/2018* 01/02/2018* 01/02/2019*
7.8	Issued during quarter	5,600,000 1,000,000 1,000,000 5,000,000 1,750,000 1,750,000	- - - - - -	15.34 cents 15.00 cents 15.00 cents 15.00 cents 20.00 cents 25.00 cents	25/10/2018 19/05/2018 11/06/2018 11/06/2018* 01/02/2018* 01/02/2019*
7.9	Exercised during quarter				
7.10	Cancelled during quarter	1,500,000 3,350,000	- -	32 cents 15.34 cents	30/06/2015 21/05/2016

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30/04/15
(Company Secretary)

Print name: R.J. WRIGHT

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.