



Quarterly Activity Report 30 June 2015

HIGHLIGHTS

- Improved potential commerciality of Ophir oil field development from significant indicated capital and operating cost savings
- \$700,000 loan repayment received from Peak Oil & Gas Limited
- Seismic acquisition and processing activities to mature drilling prospects in Carnarvon and Taranaki Basin permits

OCTANEX STRATEGY

Increase production exposure

Octanex is seeking to increase its exposure to production and development assets while moderating exploration activities.

Ophir oil development

Octanex has a 50% interest in the Ophir oil field development, offshore Malaysia, now targeting production in 2016. In addition to pursuing other near-term development opportunities Octanex also has interests in two appraisal assets; the Cornea oil field and Ascalon gas discovery, both offshore Western Australia.

2 appraisal assets

Exploration portfolio

Octanex's exploration interests cover seven offshore permits in Australia and New Zealand. Octanex's exploration strategy is focussed on upgrading prospective acreage through geological and geophysical work with the intention of attracting international companies as farminees. Successful farm outs have resulted in Octanex being partnered with world-class Operators in five of its seven exploration permits.

Strategic relationships

A key element of Octanex's strategy is its relationships. In addition to its strategic alliance with Sabah International Petroleum (wholly owned by the Malaysian state of Sabah), Octanex is partnered with Scomi (Bursa Malaysia listed global service provider), Vestigo (marginal field focussed subsidiary of Petronas), ENI, Santos, OMV and NZOG.

Octanex approach

Octanex combines the flexibility and adaptability of a small company with large company discipline and rigour.

COMPANY OVERVIEW

ASX Code	Fully paid:	OXX
	Partly paid:	OXXCB
Share price*	OXX	\$0.04
	OXXCB	\$0.010
Shares on issue	OXX:	225M ¹
	OXXCB:	74M
Options		15.1M
Cash		\$5.8M
	¹ Inclusive of 33M held by trustee	
	As at 30 June 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
Suhnylla Kler	Non-Executive Director












CONTACT DETAILS

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PORTFOLIO SUMMARY

	Oil Gas	Interest	Category
Ophir, Malaysia		50%	Development
Cornea, Browse Basin		18.75%	Appraisal
Ascalon, Bonaparte Basin		100%	Appraisal
WA-323-P & WA-330-P, Carnarvon Basin		25%	Exploration (carried by Santos)
WA-362-P & WA-363-P, Carnarvon Basin	 	33.33%	Exploration (carried by Eni)
WA-420-P, Bonaparte Basin	 	100%	Exploration
WA-387-P, Carnarvon Basin	 	100%	Exploration
PEP51906, Taranaki Basin		22.5%	Exploration (JV with OMV & NZOG)



ASSETS AND ACTIVITIES OVERVIEW

DEVELOPMENT ASSET

Ophir Oil Field, Malaysia, 50% Interest

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.

The Ophir oil field is being developed via a low risk development concept involving three production wells, a single wellhead platform and export via floating vessel.

The decline in oil price allowed OPSB, in consultation with PETRONAS, to take advantage of reduced costs for goods and services in the industry to enhance and confirm the commerciality of the Ophir development in a low oil price environment. OPSB's comprehensive project cost optimization work has identified significant capital and operating cost savings. The oil price decline provides opportunities for additional savings as industry participants compete for reduced work.

A revised Field Development Plan (FDP) incorporating the identified cost savings has been submitted to PETRONAS for approval.

Octanex's share of the Ophir project is fully funded via OPSB's 75% project financing and Octanex's \$17Million Share Placement and Convertible Note Agreement with Sabah International Petroleum.

APPRAISAL ASSETS

Greater Cornea Fields, Western Australia, 18.75% interest

The Greater Cornea Fields (being the Cornea (Central and South), Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field) are located in the Browse Basin, offshore from Western Australia and held via a retention lease granted for an initial 5-year term in 2014.

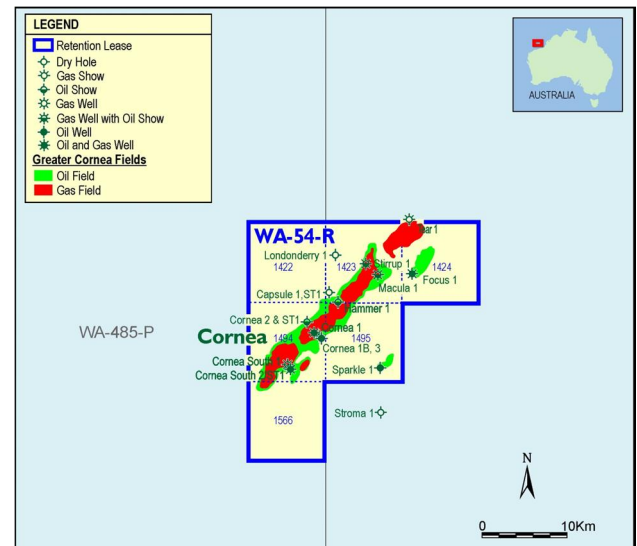


Figure 1 Greater Cornea Field Retention Lease Location Map

The oil 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. (Refer Table 1 In-place and Contingent Oil Resource estimates for the Cornea Central and South Oil Fields).

Middle Albian B & C Sands	P90	P50	P10
Oil In-place mmbbl	298.0	411.7	567.2
Recovery Factor %	2	7	25
Cont. Oil Resources (mmbbl)	7.9	28.8	101.9
Octanex 18.75% Interest (mmbbl)	1.48	5.40	19.11

Table 1 Probabilistic In-place and Contingent Oil Resources for Cornea Central and South Fields (no development risk applied)

During the quarter the Year-1 studies program was completed. Together with those to be completed in the next two years, the studies are aimed at overcoming technical challenges likely to be faced in bringing the Greater Cornea Fields into commercial production and are a lead up to the drilling of a production test well in 2018.

Ascalon Gas Discovery, Bonaparte Basin 100% interest

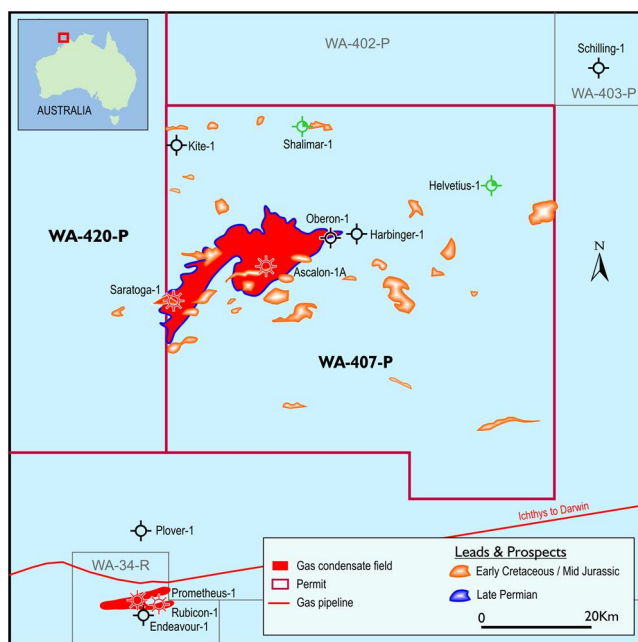


Figure 2 Ascalon Gas Accumulation Location Map

Discovered in 1995 by Mobil, the Ascalon gas accumulation is currently located within exploration permit WA-407-P. Earlier in 2015 Octanex lodged an application for Declaration of Location over the Ascalon gas accumulation and during the quarter responded to several clarification requests from the regulator. Once the Location is declared, Octanex will apply for a Retention Lease over the accumulation,

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. Mapping on modern 3D and newly reprocessed 2D seismic indicates a closure 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.

EXPLORATION ASSETS

Carnarvon Basin Exploration Interests

Octanex has various interests in five high impact permits in the Dampier sub-basin and the Exmouth Plateau of the Northern Carnarvon Basin (Refer Figure 3). Its participation in four of these permits is presently fully carried.

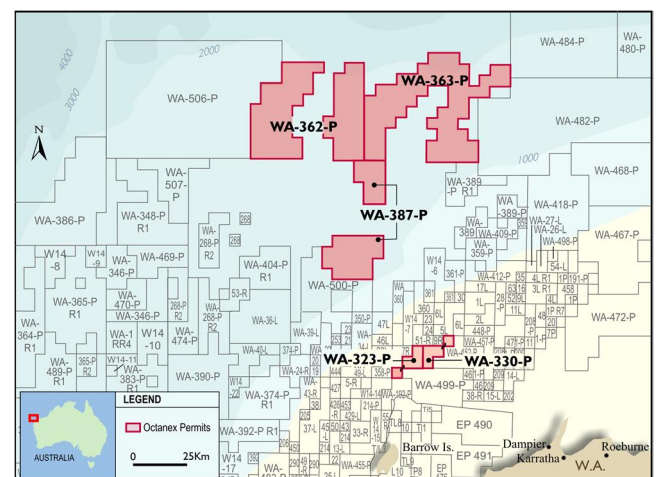


Figure 3 Octanex Carnarvon Basin Interests

Dampier Sub-Basin

WA-323-P & WA-330-P, 25% interest, Operated by Santos

WA-323-P and WA-330-P comprise a discrete project area of 640 km² on the Parker Terrace (refer Figure 4). The Winchester-1/ST1 discovery well was drilled from a location within WA-323-P during 2013 (shown in Figure 4). The estimated size of the Winchester discovery, by itself, is considered 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.

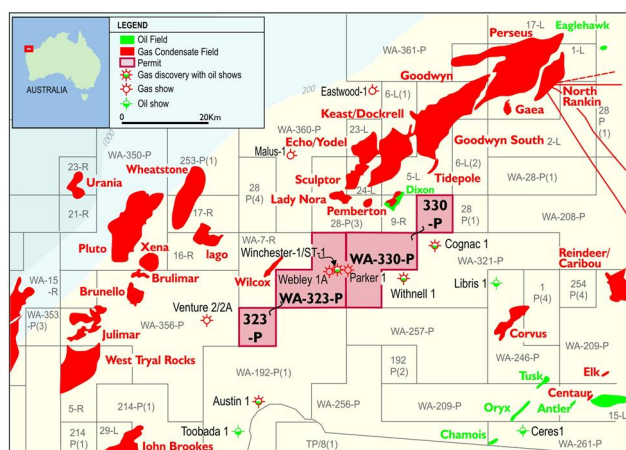


Figure 4 WA-323-P and WA-330-P and Winchester-1/ST1 Location Map

The 720 km² Winchester 3D seismic survey has been reprocessed with the purpose of obtaining better resolution and definition of Triassic and Jurassic targets within both the WA-323-P and WA-330-P permits. A large Triassic prospect remains untested below the TD of the Winchester-1/ST1 well within the

Winchester structure and AVO supported Triassic leads exist in north western WA-323-P on the Wilcox/Lady Nora/Rankin Trend. In WA-330-P there are Triassic and Jurassic targets that were poorly imaged on the original Winchester 3D. These include the structure penetrated by the Parker-1/ST1 well that contained Triassic sandstones with good gas shows over 211m gross interval and there is the potential for similar structures along the Parker Terrace towards the Dixon oil and gas discovery.

During the quarter the First phase of the Davros 3D BroadSeis™ and BroadSource™ multi-client survey was completed in the Northern Carnarvon Basin. The completed survey area includes WA-323-P and WA-330-P and the Operator has licensed the data over these permits.

Octanex is carried by Santos though all exploration activity in the current term of each permit.

Exmouth Plateau interests

Octanex has interests in three permits in the Exmouth Plateau as shown in Figure 5.

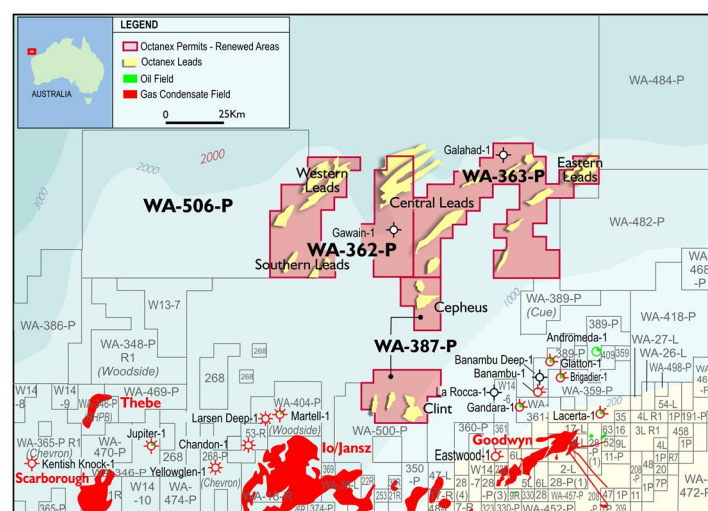


Figure 5 Exmouth Plateau Permits

WA-362-P & WA-363-P – Exmouth Plateau 33.33% interest, Operated by Eni

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.

The Operator's exploration focus in these permits has moved from focussing on a pure gas play in the Upper Mungaroo to an early—Middle Triassic oil play within the deeper Mungaroo. As a result of this changed exploration focus the Operator lodged applications during the quarter for a 12 month suspension and extension of each permit, incorporating 'above-commitment work' variations.

Octanex is 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, 100% interest

WA-387-P is considered to be 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 seeking participation of other exploration and speculative seismic companies to join with it in this work.

Bonaparte Basin Exploration Interest

WA-420-P – Bonaparte Basin, 100% interest

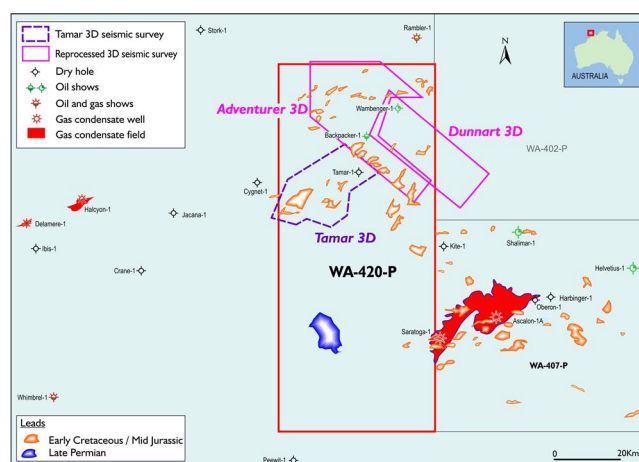
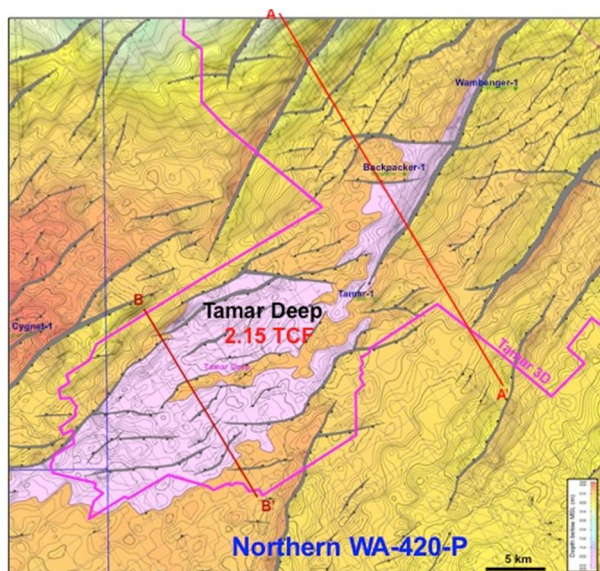


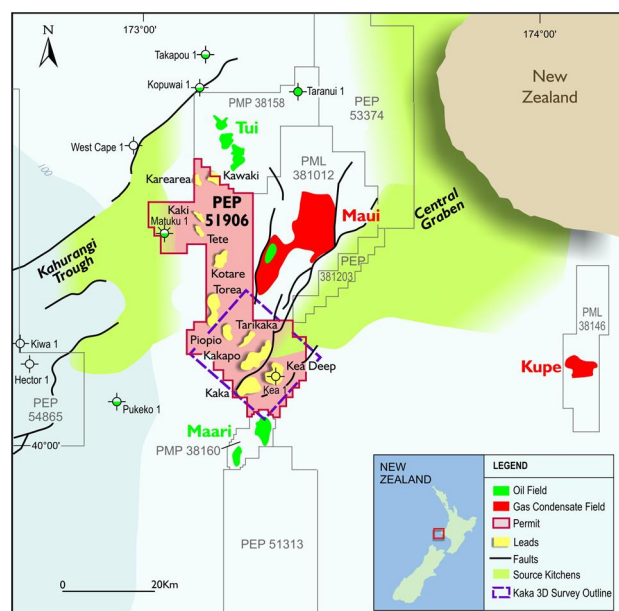
Figure 6 WA-420-P Location map

WA-420-P (Tamar) is adjacent to WA-407-P (Ascalon) and is prospective for both 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 in the northern part of the permit. Oil shows were encountered within a distal equivalent of this play in the Rambler-1 well, located 7km due north of the permit. There is also potential for stacked oil pay within sandstones of the underlying Elang/Plover Formations. The permit also contains a large structure (Tamar Deep) within the Late Permian, Hyland Bay Subgroup that is prospective for gas (see Figure 7).



Taranaki Basin New Zealand Exploration Interest

**PEP51906 - Taranaki Basin, 22.5% interest,
Operated by OMV**



The PEP 51906 permit covers an area of 1,613 km² and is adjacent to three producing fields; the Maui gas/condensate field, the Tui oil field and the Maari/Manaia fields.

The Kaka seismic survey acquired 403.8 km² of new 3D data from within and adjacent to PEP 51906 in 2014 with a further 67.4 km² of 3D tie lines acquired as part of the overall survey. The processing of the Kaka 3D data continued during the quarter and is expected to be completed in the next quarter in order for the JV to undertake interpretation and mapping of the processed dataset.

CORPORATE MATTERS

Sabah International Petroleum (SIP)

SIP, a company that is wholly owned by the Ministry of Finance of the state of Sabah in the Malaysian Federation, is a significant Octanex shareholder, holding 40 million ordinary shares.

Additionally, Octanex has a convertible note facility with SIP whereby SIP will subscribe for US\$12million in Convertible Notes in three equal tranches. During the quarter SIP and Octanex executed a Supplemental Letter extending the facility term in order to accommodate the revised production time-frames for the Ophir development.

The Notes are convertible (until 30 June 2016) into a 35% shareholding in Octanex Pte Ltd (which holds Octanex's Ophir interest), or are convertible into shares in Octanex (with conversion prices of 15, 20 and 25 cents per share for each of the tranches) or are subject to redemption on the redemption date (now 31 March 2018).

Repayment of Peak Loan

During the quarter Peak Oil & Gas Limited (Peak) made a partial loan repayment to Octanex of \$700,000 following the sale of its interest in the South Block A PSC in North Sumatra Indonesia.

Rae Clark

Executive Director
& Chief Operating Officer
30 July 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")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities

- 1.1 Receipts from product sale and related debtors
- 1.2 Payments for
 - (a) exploration and evaluation
 - (b) development
 - (c) production
 - (d) administration
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid
- 1.6 Income taxes paid
- 1.7 Other

Current quarter \$A'000	Year to date (12 months) \$A'000
(92)	(996)
(388)	(2,807)
3	14
	(35)
89	782
(388)	(3,042)

Net Operating Cash Flows

- 1.8 **Cash flows related to investing activities**
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
- 1.11 Loans repaid by other entities
- 1.12 Other

	(5,979)
260	260
260	(5,719)
(128)	(8,761)

Net investing cash flows

- 1.13 Total operating and investing cash flows (carried forward)

+ 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)	(128)	(8,761)
	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	(1,316)	(1,316)
1.18	Dividends paid		
1.19	Share issue costs		(128)
	Share buy-back		(20)
	Net financing cash flows	(1,316)	5,174
	Net decrease in cash held	(1,444)	(3,587)
1.20	Cash at beginning of quarter/year to date	7,296	8,507
1.21	Exchange rate adjustments to item 1.20	(20)	912
1.22	Cash at end of quarter	5,832	5,832

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	115
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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 \$	Amount used \$
3.1 Loan facilities – Convertible Notes	US\$12m	Nil
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	450
Total	550

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	5,832	7,296
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,832	7,296

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	225,265,561 74,278,910	225,265,561 74,278,910	- 25 cents	- 15 cents
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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 5,000,000 250,000 250,000	- - - - - -	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				
7.9	Exercised during quarter				
7.10	Cancelled during quarter	1,500,000 1,500,000	- -	20.0 cents 25.0 cents	01/02/2018* 01/02/2019*
7.11	Debentures (totals only)				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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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: 30/07/15
(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.