



OCTANEX

Quarterly Activity Report 30 September 2020

ASSETS AND ACTIVITIES OVERVIEW

Sefton Project, Eastern Goldfields Superterrane

Octanex's Sefton Project covers a net area of 2,587 km² and comprises several exploration licence applications in the largely unexplored Sefton Lineament within the Burtville Terrane of the Eastern Goldfields Superterrane in Western Australia (Figure 1).

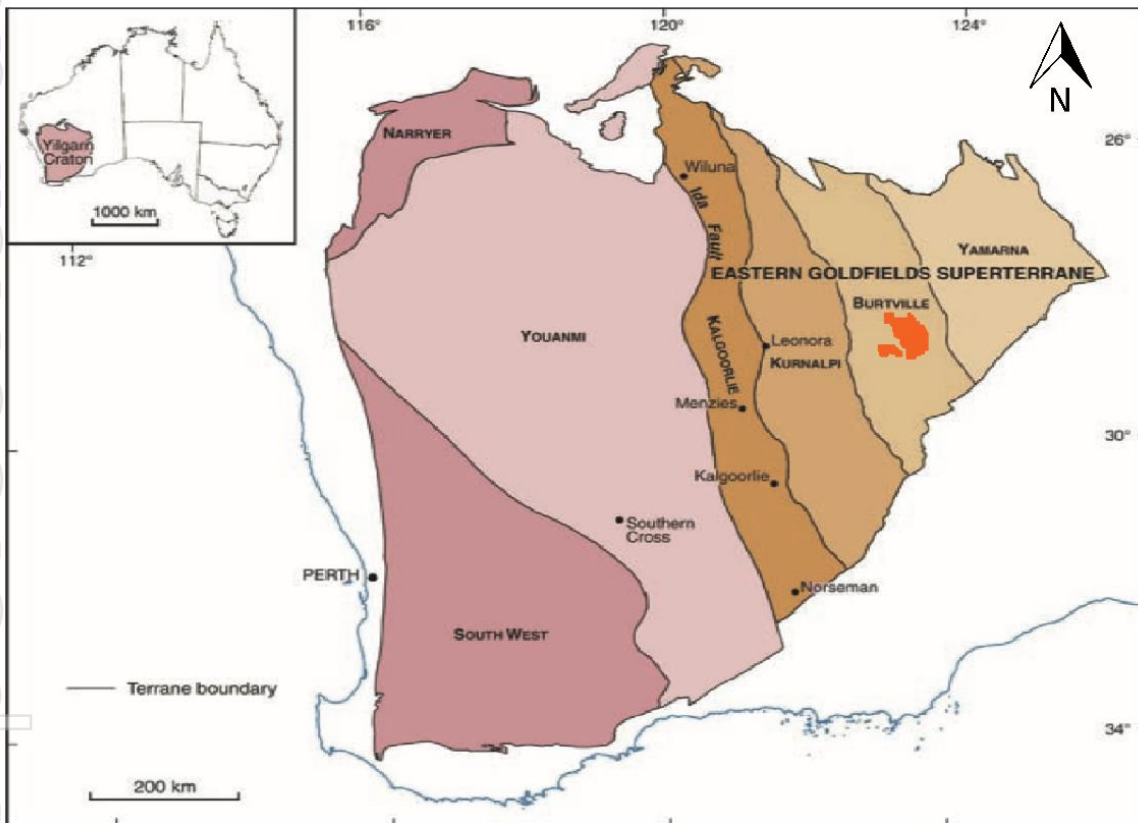


Figure 1 Sefton Project Applications (shown in orange)

Previous exploration in the application areas is limited and on-ground activity has consisted largely of part-coverage geochemical surveys, with little or no drilling. In some cases, significant soil anomalies from historical company work have not been drill tested. Significant work undertaken by the Geoscience Australia and Geological Survey of Western Australia in recent years provides Octanex with access to a large database that includes full coverage aeromagnetic data; relatively recent geological mapping; gravity, seismic and geochronology datasets and, in some cases, geochemical data.

Octanex's Sefton Project area is in an isolated and little-explored high-grade metamorphic granite and granite gneiss terrane surrounded on three sides by emerging world class gold camps (refer Figure 2).

World class gold mines and deposits in the neighbouring regions include Sunrise Dam (10 Moz Au), Wallaby (8 Moz Au) and Granny Smith (2.5 Moz Au) and a suite of other nearby deposits (with a combined resources of 25 Moz Au) are present to the west in the Laverton greenstone belt. The 6 Moz granitoid-hosted Gruyere deposit is located in the Dorothy Hills Belt (Yamarna greenstone belt) to the east, whilst the 7.5 Moz granite gneiss-hosted Tropicana deposit is located in the Albany-Fraser Province to the southeast.

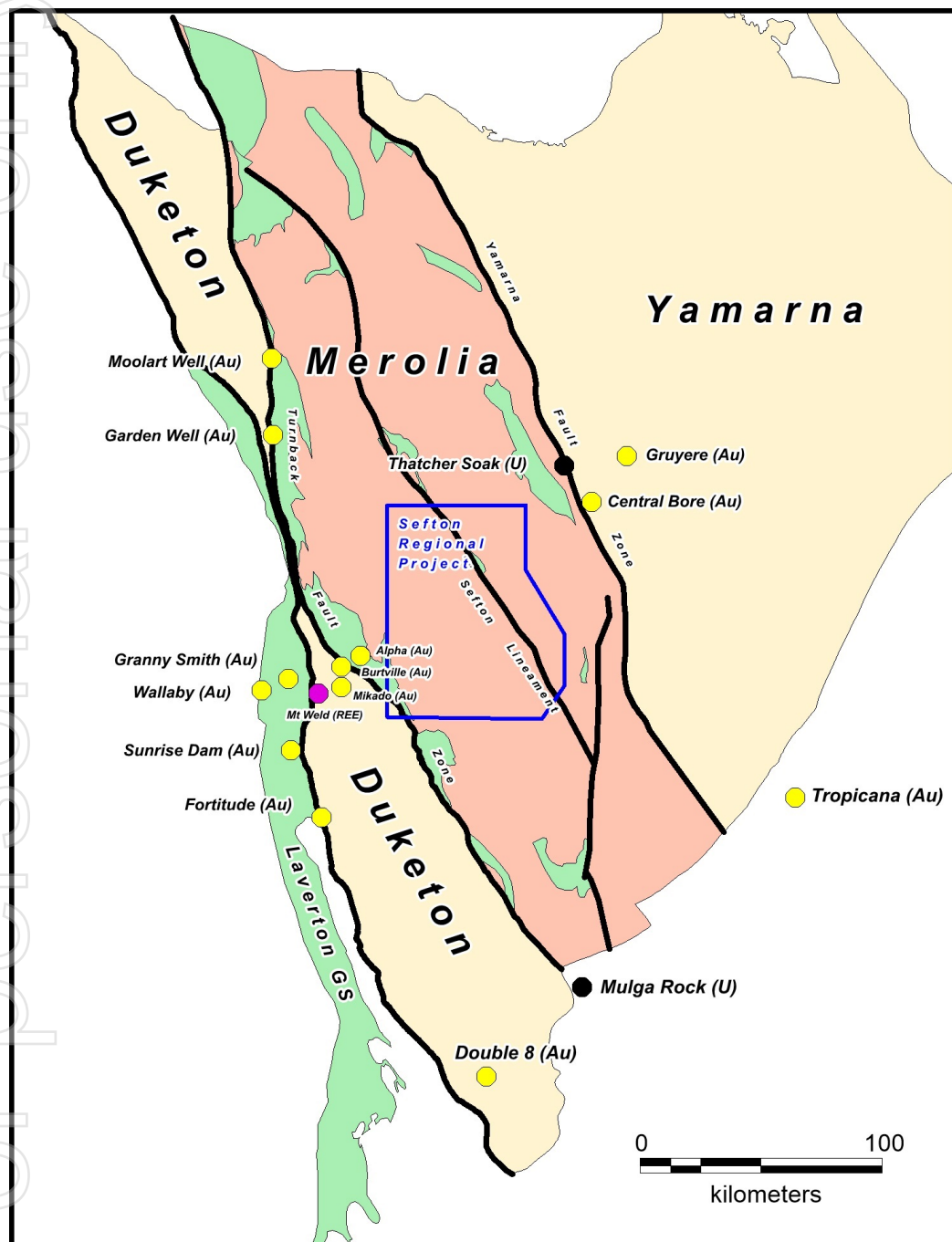


Figure 2 Regional tectonic framework of the Burtville Terrane and its major resource projects

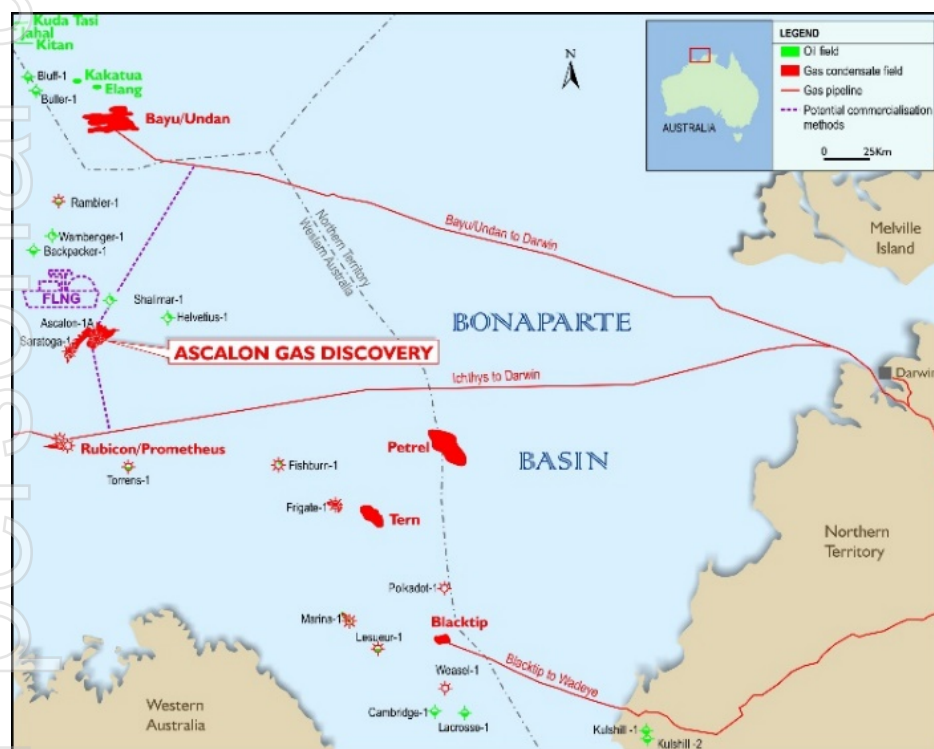
Octanex's near-term objective is to identify priority structural targets for early drill and geochemical evaluation. Although focussing principally on high calibre targets that could present opportunities for the discovery of world class gold resources quickly and cheaply, the Company's structural focus also creates opportunity to synchronously locate shear-associated intrusions that could have potential for other commodity elements, including rare earth metals, niobium and tantalum.

The regolith is dominated by a veneer of transported sands with lesser residual soils associated with silcrete-capped laterite breakaways. Silcrete capping the laterite breakaways appears to be silicified soils of Tertiary age.

Previously mapped “Permian” sediments, capping a number of laterite breakaways in the region, show evidence of being fluvial deposits younger than the underlying Tertiary saprolite and older than the overlying silcrete caprock.

Archean bedrock outcrop, largely confined to the laterite breakaways, consists mainly of deeply weathered (saprolitic) granitoid and lesser fresh granitoids, granite gneiss and schistose (sheared) granitoid. Evidence for quartz veining is widespread with vein quartz covered scree plains evident in some areas of interpreted regional faults/shears. The Sefton Lineament, one of the main targets, is under transported and residual soil cover and its geology remains unknown.

As a result of geological reconnaissance undertaken in the prior quarter, Octanex withdrew one of its exploration licence applications and made application for four new exploration licences. The four new application areas significantly overlap exploration licence applications previously made by Octanex in 2019. As well as capturing some additional prospective ground, the new applications have been designed to specifically exclude ground within Aboriginal Reserves. In order to protect our position, Octanex is presently continuing with all of its applications.



Ascalon Gas, Bonaparte Basin

The Ascalon gas accumulation is located mostly within exploration permit WA-407-P in which Octanex has a 100% interest. Ascalon has an aerial extent of 320 km², a proven source/charge, trap, seal and a high reservoir pressure (10,500 psi), which is 3,500 psi over normally pressured, but may be due to a much deeper closing contour and greater gas in place.

Proximity to existing infrastructure and gas resources

presents opportunities for the future development of Ascalon options. Located in shallow water (68 m), wells can be drilled using a jack-up rig, while unmanned wellhead platform development options indicate reduced CAPEX and OPEX potential.

Ascalon-1A, drilled in 1995 by Mobil, encountered 155m TVD¹ gross section in the same Permian formation as the Petrel and Tern Gas accumulations. However, approximately 60% of the shallower reservoir in Ascalon-1A was not flow tested due to mechanical issues.

WA-407-P is in year 6 of its initial term, which commenced in February 2020 with the work program having been amended to a program of geotechnical studies designed to inform a decision to drill an appraisal well.

¹ True Vertical Depth




Rae Clark

Director

22 October 2020

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Additional Information Required by Listing Rules 5.3.3 and 5.4.3

Mineral Tenements held/applied for at the end of the quarter and their location

Tenement	Octanex interest	Tenement status	Size Km2	Note
Offshore Western Australia (Bonaparte Basin)				
WA-407-P	100%	Granted	4,918.00	
Western Australia (Mount Margaret District)				
E 38/3416	Up to 80%	Application	541.21	1
E 38/3417	Up to 80%	Application	602.2	2
E 38/3418	Up to 80%	Application	575.52	3
E 38/3432	Up to 80%	Application	120.14	
E 38/3433	Up to 80%	Application	267.30	
E 38/3512	Up to 80%	Application	601.44	4
E 38/3513	Up to 80%	Application	351.85	4
E 38/3514	Up to 80%	Application	601.62	5
E 38/3515	Up to 80%	Application	250.23	6

Notes

1. Overlapped by E38/3512 and E38/3514
2. Overlapped by E38/3513 and E38/3515
3. Overlapped by E38/3512, E38/3514 and E38/3515
4. Overlaps E38/3416, E38/3417 and E38/3418
5. Overlaps E38/3416 and E38/3418
6. Overlaps E38/3417 and E38/3418

The total net area covered by the Octanex's Mount Margaret District tenement applications, after excluding overlap between applications, is 2,587.53 km².

Tenements acquired during the quarter and their location

Tenement	Octanex interest	Tenement status	Size Km2
Western Australia (Mount Margaret District)			
E 38/3512	Up to 80%	Application	601.44
E 38/3513	Up to 80%	Application	351.85
E 38/3514	Up to 80%	Application	601.62

E 38/3515	Up to 80%	Application	250.23
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Tenements disposed of during the quarter and their location

Tenement	Octanex interest	Tenement status
Western Australia (Mount Margaret District)		
E 38/3431	Up to 80%	Application

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter:

Octanex's Mount Margaret District tenements have been applied for pursuant to an agreement with Mr Christopher Reindler. Under the terms of the agreement Octanex has the right to a 65% interest or an 80% interest by satisfying specific exploration expenditures.

Additional Information Required by Listing Rule 5.3.5

Payments to related parties during the quarter included in Appendix 5B – Quarterly Cash Flow Report

Payments were made to directors and their associates during the quarter totalling approximately \$15,000. Payments were for salaries, superannuation and contracted services.