

20 October 2021

Dear Shareholder

A Notice of Annual General Meeting of Octanex Limited (**Octanex** or the **Company**) to be held on Friday 26th November 2021 at 3:00pm AEDT is now available at <https://www.octanex.com.au/investor-center/announcements>

Safety of our shareholders and staff is our paramount concern, and therefore we will hold the Annual General Meeting by way of live video conference. There will be no physical meeting.

The consequences of this are as follows:

1. If you wish to attend the virtual meeting, you must email admin@Octanex.com.au and you will be provided with a link to enable you to join the video conference;
2. We recommend that any questions concerning the business of the meeting are submitted to admin@octanex.com.au in advance of the meeting;
3. All resolutions will be determined by way of a poll. The poll will be conducted based on votes submitted by proxy and Shareholders who have indicated that they intend to vote at the Meeting in accordance with the instructions below.
4. Due to the virtual nature of the Meeting, shareholders who wish to vote during the Meeting must notify the Company Secretary of their intention by emailing admin@octanex.com.au by no later than 3:00pm AEDT on Wednesday 24th November 2021 and provide their registered Shareholding details and the Company Secretary will verify their Shareholding. Shareholders will be able to submit their electronic vote immediately after the Chair calls for a vote on each Resolution.

Shareholders are strongly encouraged to lodge a proxy form to vote at the Annual General Meeting at least 48 hours before the meeting.

Yours sincerely



Robert Wright
Company Secretary

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OCTANEX LIMITED

(ABN 61 005 632 315)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (**Meeting**) of the Members of Octanex Limited (Company) will be held by videoconference, at 3:00pm (AEDT) on Friday, 26th November 2021.

ORDINARY BUSINESS

Annual Financial Report

To receive and consider the Financial Statements of the Company for the year ended 30 June 2021 and the reports of the Directors and Auditor thereon.

Resolution 1: Adoption of the Remuneration Report for the year ended 30 June 2021

To consider and if thought fit, to pass the following as a non-binding and advisory resolution in accordance with section 250R of the Corporations Act:

“To adopt the Remuneration Report as included in the Directors’ Report for the year ended 30 June 2021.”

Resolution 2: To consider the re-election of J.M.D. Willis as a Director of the Company

To consider and if thought fit, to pass the following as an ordinary resolution:

“That Mr James Max Duddingston Willis, who retires as a Director pursuant to the Constitution and, being eligible, offers himself for re-election and is hereby elected as a Director of the Company.”

SPECIAL BUSINESS

Resolution 3. 10% Placement Capacity under Listing Rule 7.1A

To consider and if thought fit, to pass the following resolution as a special resolution:

“That for the purposes of Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company’s share capital, calculated in accordance with Listing Rule 7.1A and on the terms and conditions set out in the Explanatory Memorandum, is approved.”

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company’s Constitution and the Corporations Act.



NOTES

Requisite Majorities

Resolutions 1 and 2 are ordinary resolutions and will be passed only if supported by a simple majority of the votes cast by Shareholders entitled to vote on the resolutions.

Resolution 3 is a special resolution and will be passed only if supported by 75% of votes cast by members present and eligible to vote at the Meeting.

Voting Exclusion Statement

Resolution 1 - Remuneration Report

A vote may not be cast (in any capacity) on Resolution 1 by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of a member of the Key Management Personnel.

However, a person described in (a) or (b) may cast a vote on Resolution 1 if:

the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
the vote is not cast on behalf of a person described in (a) or (b).

Resolution 3 – 10% Placement Capacity

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 7.1 the Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or will obtain a material benefit as a result of, the proposed grant (except a benefit solely by reason of being a Shareholder) or any associates of those persons. However, the Company will not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.



At the date of the Notice the Company had not approached any Member or an identifiable class of Members to participate in the issue of equity securities. No Member's vote will therefore be excluded under the voting exclusion statements in the Notice.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

By order of the Board

OCTANEX LIMITED



Robert Wright
Company Secretary
20 October 2021



EXPLANATORY NOTES TO THE BUSINESS OF THE MEETING

Note 1: Annual Financial Report of the Company

The Financial Statements and related reports for the last financial year are contained in the Company's 2021 Annual Report and will be laid before the Meeting. While no Resolution is required, Members are encouraged to ask questions of the Directors and the Auditor and make comments on the Financial Statements and reports.

The Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2021, (or his representative) will attend the Meeting. The Chairman will also allow a reasonable opportunity for Members to ask the Auditor questions about the:

- a) conduct of the audit;
- b) preparation and content of the Auditor's Report;
- c) accounting policies adopted by the Company in relation to the preparation of the Consolidated Financial Statements; and
- d) independence of the Auditor in relation to the conduct of the audit.

To assist the Directors and the Auditor in responding to questions, please submit your questions by mail to Octanex Limited, Level 1, 10 Yarra Street, South Yarra Vic 3141 or by email to admin@octanex.com.au so they are received by no later than 5:00pm (AEDT) on Friday, 19 November 2021, being five (5) business days prior to the Meeting.

As required under section 250PA of the Corporations Act, at the Meeting the Company will distribute a list setting out the questions directed to the Auditor that have been received in writing from Members, being questions the Auditor considers relevant to the content of the Auditor's Report or the conduct of the audit of the Consolidated Financial Statements for the year ended 30 June 2021. The Chairman will allow reasonable opportunity for the Auditor to respond to the questions set out in this list.

Note 2: Resolution 1 - Remuneration Report

The Remuneration Report, which is included in the Directors' Report section of the Company's 2021 Annual Report, will be laid before the Meeting. While the Resolution to adopt it is not binding on the Company or the Directors, Members are encouraged to ask questions and make comments on the Remuneration Report. You should also note that the following voting restrictions apply in relation to voting on the Remuneration Report.

Voting exclusion statement

A vote may not be cast (in any capacity) on Resolution 1 by or on behalf of any of the following persons:

- a) a member of the *Key Management Personnel*, details of whose remuneration are included in the Remuneration Report; or
- b) a *Closely Related Party* of a member of the *Key Management Personnel*.

However, a person described in (a) or (b) may cast a vote on Resolution 1 if:

- c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- d) the vote is not cast on behalf of a person described in (a) or (b).

The Directors unanimously recommend eligible Members vote in favour of adopting the Remuneration Report.



Note 3: Resolution 2 Re-election of Director

The Company's Constitution requires that at every Annual General Meeting one third of the Directors (other than the Managing Director) shall, by rotation, retire from office and provides that such Director or Directors are eligible for re-election. Mr Willis retires by rotation and is seeking re-election at the Meeting. Biographical information for Mr Willis can be found in the Company's annual report and on the company's website: <https://www.octanex.com.au/>. The Directors, other than Mr Willis, unanimously recommend all Members vote in favour of the re-election of Mr Willis.

Note 4: Resolution 3 - Approval of 10% Placement Capacity under Listing Rule 7.1A

Under Resolution 3, the Company is seeking Members' approval of a Special Resolution to renew the Company's capacity to issue the maximum number of additional equity securities permitted under ASX Listing Rule 7.1A. This Listing Rule (**LR**) permits the placement of new equity securities (calculated in accordance with LR 7.1A.2) as described here:

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$(A \times D) - E$

A = The number of fully paid ordinary shares on issue at the commencement of the 12 months immediately preceding the date of issue or agreement to issue:

plus the number of fully paid ordinary securities issued in the 12 months under an exception to ASX Listing Rule 7.2 other than exception 9, 16 or 17;

plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:

- the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
- the issue of, or agreement to issue the convertible securities was approved or taken under these rules to have been approved under ASX Listing Rule 7.1 or 7.4;

plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:

- the agreement was entered into before the commencement of the relevant period; or
- the agreement or issue was approved, or taken under these rules to have been approved under ASX Listing Rule 7.1 or rule 7.4;

plus the number of any other fully paid ordinary securities that became fully paid in the relevant period

less the number of fully paid ordinary securities cancelled in the last 12 months

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D = 10%



E = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the last 12 months immediately preceding the date of issue of the shares where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under ASX Listing Rule 7.4

As Resolution 3 is a Special Resolution, it requires approval of 75% of the votes cast by Members present and eligible to vote at the Meeting.

Eligibility criteria

Under LR 7.1A an eligible entity may, subject to shareholder approval by way of special resolution, make such a 10% Placement in addition to the 15% new issue capacity available to ASX-listed entities under LR 7.1. An eligible entity for the purposes of LR 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is not included in the S&P/ASX 300 Index and has a market capitalisation of significantly less than \$300 million, so is an eligible entity.

Placement capacity under Listing Rule 7.1A

As at the date of this Notice, the Company had 258,977,686 ordinary shares on issue. Therefore, in addition to any equity securities it can issue under LR 7.1, if Resolution 3 is approved, the Company will have capacity to issue up to 25,897,769 equity securities under LR 7.1A, being up to 10% of the 258,977,686 fully paid ordinary shares presently on issue. However, the number of equity securities that may be issued under LR 7.1A may increase beyond 25,897,769, as the actual number of fully paid shares on issue may increase by the date of any issue that may be made should Resolution 3 be approved.

Minimum issue price

In accordance with LR 7.1A, equity securities issued under the 10% Placement can only be issued at a price that is equivalent to not less than 75% of the volume weighted average price (**VWAP**) of the Company's equity securities of the same class calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- the date on which the issue price of the equity securities is agreed; or
- the issue date (if the equity securities are not issued within ten trading days of the date on which the issue price is agreed).

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur to the following:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- the time and date of the Company's next annual general meeting; or
- the time and date of the approval by shareholders of ordinary securities of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Shareholder approval under LR 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or it is included in the S&P/ASX 300 Index at some time during the placement period; provided the Company meets the criteria under LR 7.1A on the date of the Meeting.



Dilution to existing shareholdings

If Resolution 3 is approved by Members and the Company issues equity securities under the 10% Placement, there is a potential risk of economic and voting dilution to existing Shareholders as a result.

Further, as the market price of the equity securities may be significantly lower on the issue date of the 10% Placement than on the date of approval at the Meeting, and because equity securities may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would if it was based on current market prices.

The economic dilution will reflect that existing Shareholders who do not participate in the 10% Placement will have their underlying economic interests in the Company's assets diluted pro rata to the dilution in their shareholdings.

Additionally, as the issue price of any equity securities issued under the 10% Placement capacity may be at a discount to the equivalent VWAP of the Company's Shares traded over the 15 trading days prior to their issue price being set or the equity securities being issued, a further economic effect of such a placement may be a reduction in the market price or value of their then existing equity holding in the capital of the Company. Whether such a reduction in market price or value occurs, and if so for how long it continues, will depend on factors not presently known, including the purpose for which the 10% Placement may be made. The converse outcomes may also occur.

It is not possible to set out further economic effects which may arise from the 10% Placement, as they are unknown in advance of such a placement being made.

Details of all issues of equity securities by Octanex during the 12 months preceding the date of the meeting as required by Listing Rule 7.3A6.

In May 2021 the Company raised \$750,000, before costs, through a placement to Professional and Sophisticated investors to advance exploration on the Company's projects, particularly its Sefton Gold Project. The Placement comprised the issue of 15,000,000 fully paid ordinary shares at \$0.05 (5 cents) per share and the grant of 7,500,000 unlisted options, exercisable at \$0.075 (7.5 cents) on or before 30 April 2023.

Of the 15,000,000 fully paid ordinary shares issued none were issued under LR7.1A. All were issued under LR7.1.

Table showing various hypothetical scenarios as required by Listing Rule 7.3A.4

As required by LR 7.3A.4, the table below shows a number of hypothetical scenarios for the 10% Placement where Variable "A" in the formula in LR 7.1A.2 (representing the Company's share capital) has increased by either 50% or 100% and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of this Notice.



DILUTION				
Variable "A" in LR 7.1A.2 is presently 258,977,686 fully paid shares		10% Placement Issue Price \$0.016 (being a 50% decrease in Issue Price below current share price)	10% Placement Issue Price \$0.032 (being the current Share Price)	10% Placement Issue Price \$0.064 (being a 100% increase in Issue Price above current share price)
Current Capital comprises 258,977,686 shares No increase in capital. Variable A remains 258,977,686 shares	Number of Shares	25,897,769	25,897,769	25,897,769
50% increase in capital to 388,466,529 shares by issue of 129,488,843 shares. Variable A increases to 388,466,529 shares	Funds raised ²	\$414,364	\$828,729	\$1,657,457
100% increase in capital to 517,955,372 shares by issue of 258,977,686 shares. Variable A increases to 517,955,372 fully paid shares	Number of Shares ³	38,846,653	38,846,653	38,846,653
	Funds raised	\$621,546	\$1,243,093	\$2,486,186
	Number of Shares ³	51,795,537	51,795,537	51,795,537
	Funds raised ²	\$828,729	\$1,657,457	\$3,314,914

¹ Rounded to nearest whole dollar

² No of Shares rounded to nearest whole Share

The table has been prepared on the following hypothetical assumptions but the Company does not represent the assumptions will necessarily occur:

- the Company issues the maximum number of Shares available under the 10% Placement.
- any increase in Variable A (being the Company's issued share capital at the time of issue under the 10% Placement) is due solely to an issue of Shares which is an exception in LR 7.2; for example a pro-rata rights issue. However, a 15% placement under LR 7.1 does not increase Variable "A" for the purposes of calculating the placement capacity under LR 7.1A.
- the table shows only the effect of issues of shares under LR 7.1A, not under the 15% placement capacity available to ASX listed entities under LR 7.1.
- the table does not show the dilution that may be caused to any particular Shareholder by reason of placements of Shares under LR 7.1A, based on that Shareholder's holding at the date of the Meeting. For instance, Shareholders will have different outcomes depending on whether or not they participate in a pro-rata issue which has the effect of increasing Variable "A"; and
- the current price for shares is assumed to be \$0.032, being the price on 12 October 2021 immediately prior to lodgement of this Notice with ASX.



Purpose of the 10% Placement

The Company may seek to issue equity securities under the 10% Placement at a cash issue price, in which case the Company would use the funds for existing projects, to fund new venture opportunities, as working capital generally or for other corporate purposes.

Allocation policy

The allottees of any equity securities to be issued under the 10% Placement capacity have not yet been determined. However, the allottees of equity securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

No priority of application will be accorded to existing shareholders and, unless the 10% Placement was made with disclosure, the allottees will be excluded offerees under section 708(8), 708(10) or 708(11) of the Corporations Act.

Subject to the above provisos, the Company will determine the allottees and the manner of their selection at the time of the issue of the 10% Placement, having regard for the following factors:

- the purpose of the issue of equity securities;
- alternative methods for raising funds available to the Company at that time including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of equity securities on the control of the Company;
- the circumstances of the Company including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisors (if applicable).

Recommendation

As at the date of the Notice containing these Explanatory Notes, the Company has no plans to raise additional capital utilising the 10% Placement authority provided by Resolution 3. However, many eligible resource companies are, as a matter of corporate prudence, seeking to obtain this form of available shareholder approval to enable capital raisings to be made, if appropriate, during the 12 months following the Meeting. Accordingly, Members' approval of Resolution 3 is considered prudent.

The Directors believe Resolution 3 will provide the Company with the flexibility to raise capital quickly if advantageous terms are available or if required for funding the Company and where doing so is in the best interests of the Company.

The Directors unanimously recommend that all Members vote in favour of Resolution 3.



Note 5: Voting Generally

- The Company has determined that, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cwth), the holders of shares of the Company who are on the Company's share register as at 3:00pm (AEDT) on Wednesday 24th November 2021 will be taken for the purposes of the Meeting to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote at the Meeting.
- A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
- A proxy duly appointed need not be a Member.
- A proxy form accompanies this Notice and to be effective, the form and any document necessary to show the validity of the form must be lodged with the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
- Directors and Officers of corporate shareholders should note that unless the corporate shareholder either:
 - a) completes and lodges with the Company a valid form of appointment of proxy in accordance with the instructions on the enclosed proxy form; or
 - b) completes and either lodges with the Company prior to the Meeting a form of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act or causes such personal representative to attend the Meeting with such form of appointment; or
 - c) has appointed an attorney,
 - d) and such proxy, personal representative or attorney attends the Meeting, then such corporate shareholder will be unable to exercise any votes at the Meeting.
- Proxy and corporate appointment of representative forms may be returned to the Company in the manner detailed at point 6 on the reverse of the proxy form.
- Corporate shareholders should comply with the execution requirements set out above and on the reverse of the proxy form and otherwise comply with the provisions of Section 127 of the Corporations Act, as detailed at point 7 on the reverse of the proxy form.
- 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.

Where a proxy form or form 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.

