

**Octanex N.L.**

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QUARTERLY ACTIVITY REPORT TO 31 MARCH 2008

HIGHLIGHTS FOR THE QUARTER:

- * ***Reacquisition of WA-322-P and WA-329-P in the Exmouth Sub-basin***
- * ***Transaction with Shell with respect to Southern Exmouth Sub-basin permits***
- * ***Development of the Winchester, Springfield and Martini Leads and Prospects in WA-323-P and WA-330-P***
- * ***Planning for 2D seismic program for both Vic/P61 and EPP34 for shooting in Q2, 2008***
- * ***Acquisition of 7,407 kms of Klimt 2D seismic in Exmouth Plateau blocks, WA-362-P and WA-363-P.***

Octanex N.L. (NSX Code: OCT) holds interests in 12 petroleum exploration permits in the offshore basins of Australia, with a concentration of these permits on the Greater North West Shelf offshore from Western Australia. These permits are located in areas of intense exploration activity. Five of these located in the offshore Exmouth Sub-basin (WA-384-P, WA-385-P, WA-394-P, WA-322-P and WA-329-P). Three permits are located in the Dampier Sub-basin (WA-321-P, WA-323-P and WA-330-P) and a further two permits are located on the Exmouth Plateau (WA-362-P and WA-363-P). The other two in the offshore Otway Basin (EPP34 and Vic/P61) in south eastern Australia.

WA-322-P, EXMOUTH SUB-BASIN (Octanex 50%)

The WA-322-P Joint Venture consists of:

Octanex N.L.	50% and Operator
Strata Resources N.L.	50% and Operator

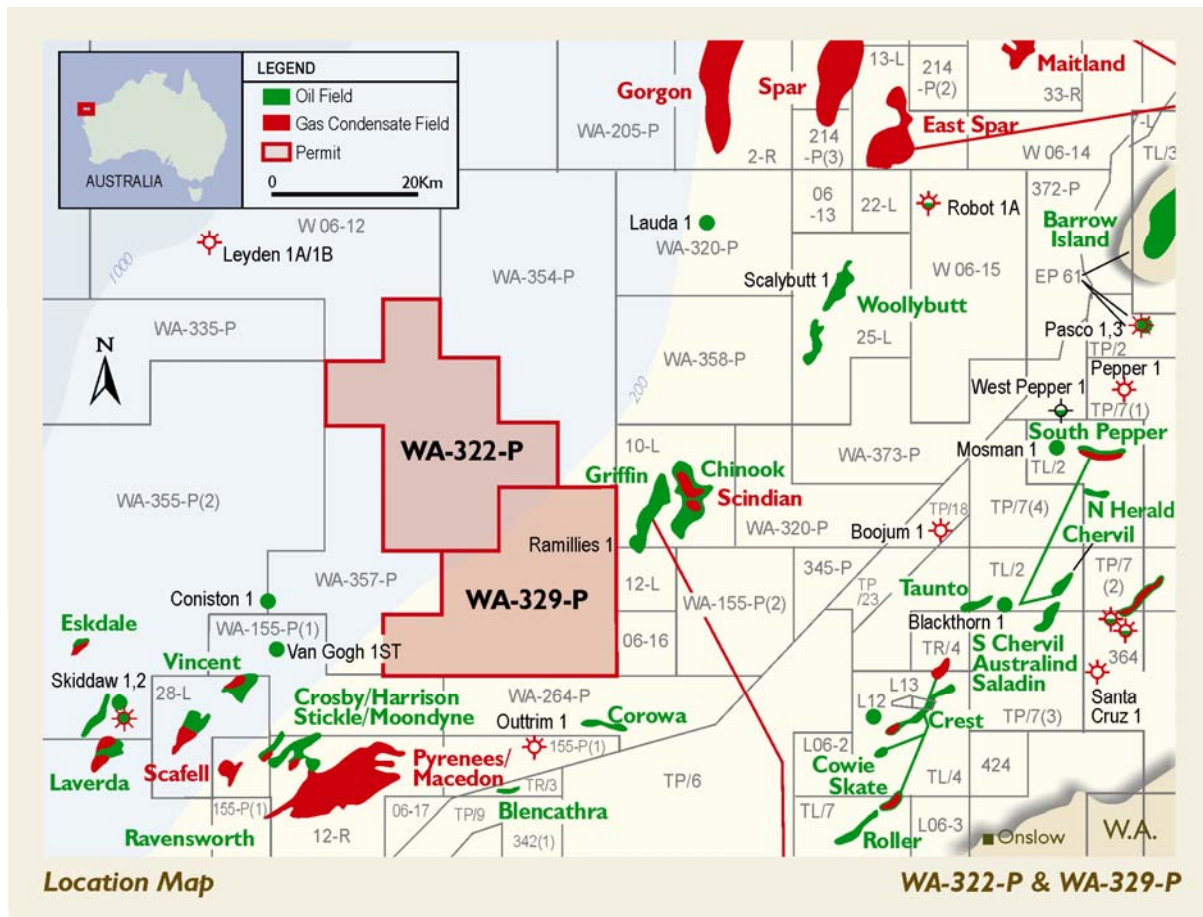
In November 2007, BHP Billiton (BHPB) and Apache Energy (Apache) made an election to offer to reconvey WA-322-P to Octanex in accordance with a previous agreement. BHP had previously completed the acquisition of 635 km² of 3D seismic in Exploration Permit WA-322-P, substantially covering the whole of the Permit.

Octanex elected to accept the reconveyance and agreed to hold a 50% interest in the Permit by way of the 50% owned custodian company, United Oil & Gas Pty Ltd (United) which acts as a bare trustee for Octanex (as to 50%).

Documentation to effect the conveyance of each Permit to United was lodged with the Designated Authority and approved at the beginning of the quarter.

Prior to entering Year-5, United sought and has recently obtained a variation of the permit terms for WA-322-P so that the future obligations are as follows:

Year-5 (ends 21/9/2008)	Data review. Purchase of existing 3D seismic data
	Acquire interpreted data from the prior permit holder
Year-6 (commences 22/9/2008)	One well



WA-329-P EXMOUTH SUB-BASIN (Octanex 50%)

The WA-329-P Joint Venture consists of:

Octanex N.L.	50% and Operator
Strata Resources N.L.	50%

In November 2007, BHP Billiton (BHPB) and Apache Energy (Apache) made an election to offer to re-convey WA-329-P to the previous titleholders. Octanex elected to accept the reconveyance and agreed to hold a 50% interest in the Permit by way of the 50% owned trustee company, United Oil & Gas Pty Ltd (United).

Documentation to effect the conveyance of each Permit to United has been lodged with the Designated Authority and approved.

United sought and obtained a variation of the permit terms for WA-329-P so that the future obligations are as follows:

Year-5 (ends 4 September 2008)	Data review. Purchase of existing 3D seismic data
	Acquire interpreted data from the prior permit holder
Year-6 (commences 5 September 2008)	One well

Technical Matters applicable to both WA-322-P and WA-329-P

Under the terms of a previous agreement with BHPB and Apache, BHPB and Apache are required to provide copies of new data in the possession of BHPB and Apache relating to the permits WA-322-P and WA-329-P. While this obligation does not extend to providing interpretation and analysis of such data, BHPB and Apache have offered to sell this interpretative data to the United (see below).

BHPB and Apache, either individually (in the case of WA-322-P) or collectively (in the case of WA-329-P), had acquired a substantial amount of 3D seismic over both permits being part of the HCA04A 3D seismic survey. This includes approximately 640 km² of 3D within WA-322-P and 107 km² in WA-329-P.

In addition, Octanex and Strata hold the reprocessed Swell-Baylis 3D dataset of some 800 km² in WA-329-P.

We have agreed to acquire BHP and Apache's information. Once the information and data has been made available, we will be in a significantly improved position to assess the exploration potential of the Permits and to make an informed decision concerning the appropriate exploration program in Year-5 and whether to enter Year-6 and to accept a well obligation.

WA-322-P has been covered by a comprehensive 3D survey – the HCA04A 3D survey and WA-329-P is mostly covered by the Swell Baylis 3D and a small part of the West Gorgon 3D.

WA-321-P, WA-323-P & WA-330-P DAMPIER SUB-BASIN (Octanex 50%)

The above joint venture consists of:

Octanex N.L.	50% and Operator
Strata Resources N.L.	50% and Operator

Octanex holds a 50% interest in the Dampier Project which now consists of two contiguous tenements, WA-323-P and WA-330-P, which comprise a discrete project area of 640 kms². Previously, the joint venture completed the shooting of the Tourmaline Survey of 1,578 line km of new 2D seismic over the Permits. This has since been processed and interpreted. WA-321-P has been the subject of a relinquishment application by the joint venture following interpretation of that seismic survey.

The Dampier Joint Venture sought a variation and suspension and extension for WA-323-P and WA-330-P in order to acquire a magnetic survey over the Webley Horst (see later) and a subsequent 500 kms 2D survey over the permits. In addition, the joint venture has sought to place the current Year-5 well commitment in each of the two permits into the sixth year.

Permit Terms and Variation Sought for WA-323-P and WA-330-P

Year-5 for each permit presently has a minimum work requirement of one well. Year-5 for each permit was due to commence on 5 March 2007 (WA-330-P) and 22 March 2007 (WA-323-P).

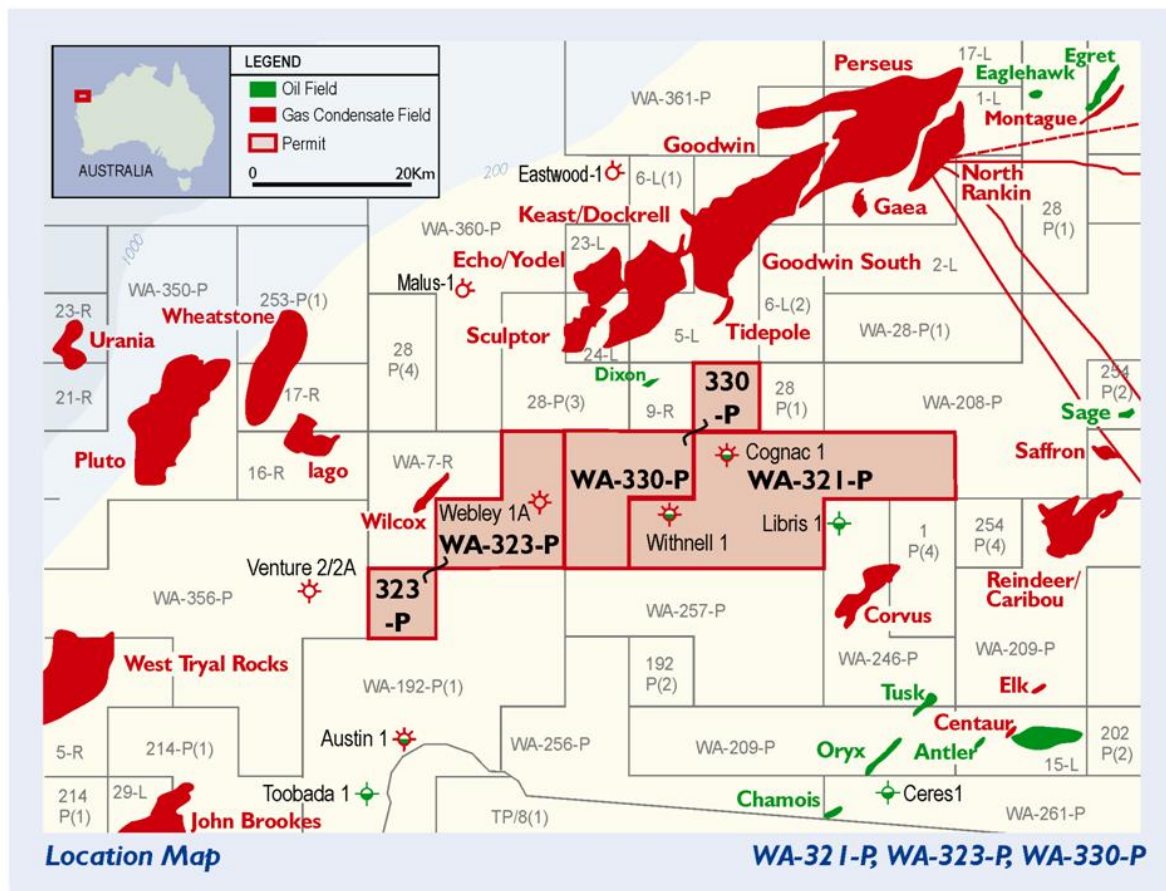
Prior to entering Year-5, the joint venture sought a variation and suspension and extension of the permit terms for WA-323-P so that the future obligations would be (subject to approval) as follows:

Year-4 (ending 31 March 2008)	Studies and magnetic impulse survey
Year-5 (ending 31 March 2009)	Acquire 400 kms 2D seismic
Year-6 (ending 31 March 2010)	One well

The joint venture has also sought a suspension and extension and variation of the permit terms for WA-330-P so that the future obligations would be (subject to approval) as follows:

Year-4 (ending 31 March 2008)	Studies and magnetic impulse survey
Year-5 (ending 31 March 2009)	Data review and acquire 100 kms of 2D seismic
Year-6 (ending 31 March 2010)	One well

In essence, the joint venture has sought to move the Year-5 well obligation for each permit to Year-6 and to acquire further 500 kms of 2D seismic in lieu of the 400 kms of seismic otherwise due to be acquired.



The Dampier project area covers parts of the Rankin Trend, Kendrew Trough, Parker Terrace (Kendrew Terrace), Madeleine Trend and part of Lewis Trough. All are proven locations for the formation and location of oil and gas. Major commercial hydrocarbon discoveries in close proximity include the giant gasfields of the North West Shelf; these being the Goodwyn, North Rankin and Perseus Gasfields, while the significant oil fields in Lambert, Wanaea and Cossack are in the same region. The undeveloped Dixon and Wilcox gas and condensate discoveries are immediately adjacent acreage. Recently, important new gas discoveries have been made at Pluto and Wheatstone, to the west.

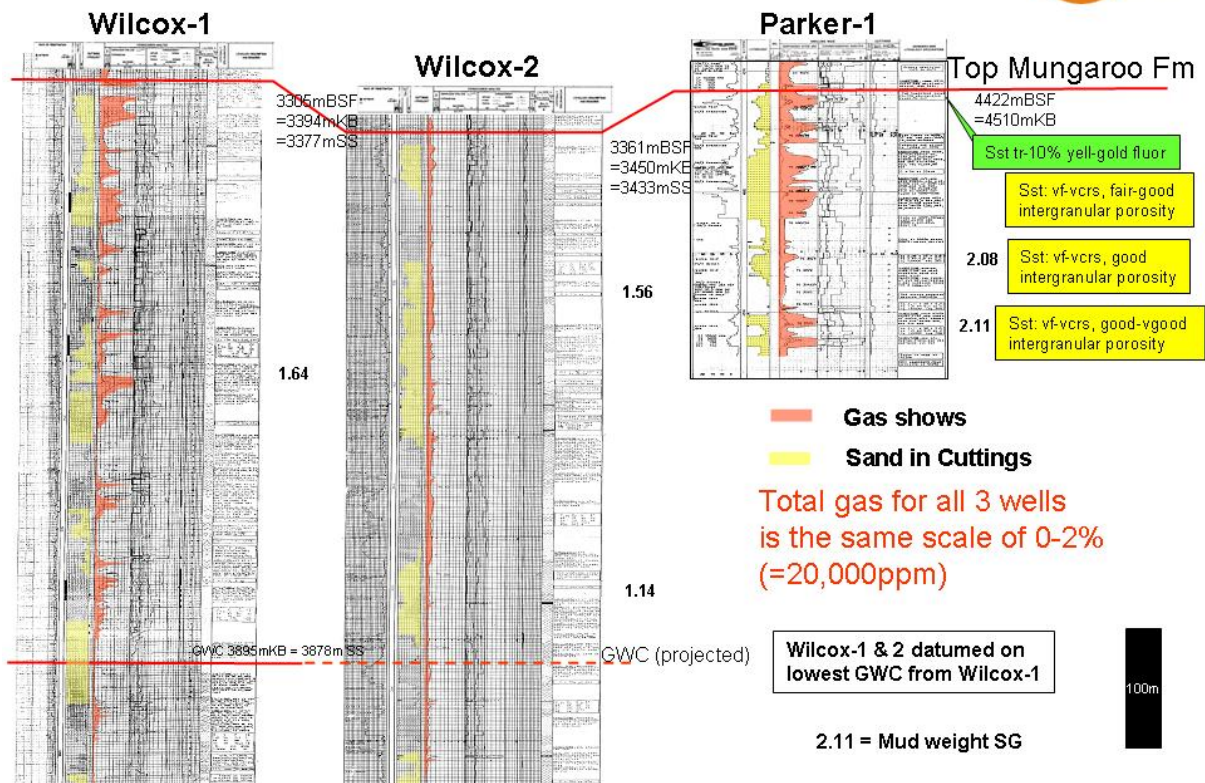
A potential drape trap over the North Webley horst structure similar to, and on trend with, the adjacent Dixon Field has been identified and named the Winchester Prospect. This is currently the main area of focus. There is seen to be potential for Triassic or Early Jurassic structural traps.

The joint venture's focus is on Winchester in order to demonstrate that there is a structure with Triassic Mungaroo reservoir and with the potential for liquid rich gas that is worth drilling. There are two well and five penetrations (Parker-1 + ST1 (1979/80) and Webley-1 + ST1 & 1A 1998/9). None of the Webley-1 well penetrations were deeper than the upper part of the Early Cretaceous regional seal. So those wells were entirely invalid as regards their Jurassic/Triassic targets.

The Parker-1 well drilled what was thought to be, prior to drilling, a broad horst, but turned out to be a narrower horst with a terrace fault block on the east side. The well penetrated Middle Jurassic shales on the terrace which were not logged before TD, in stacked sands and shales. The Parker-1 well was side tracked, but again the sands were not logged due to rig (anchor chain broke) and subsequent drilling problems. The sands in both the Parker-1 well and Parker-1 Side Track contained strong gas shows (see below), but were not logged due to drilling problems. The cuttings contained coal, which are known to occur in the Triassic Mungaroo in nearby wells. While the sands were not dated, none

of the nearby wells contain similar stacked sands, except in the Triassic Mungaroo. We are therefore confident that the Parker-1 penetrations represent a Triassic gas discovery in the Mungaroo sands.

Parker-1 Gas Discovery compared with Wilcox-1 Gas Discovery

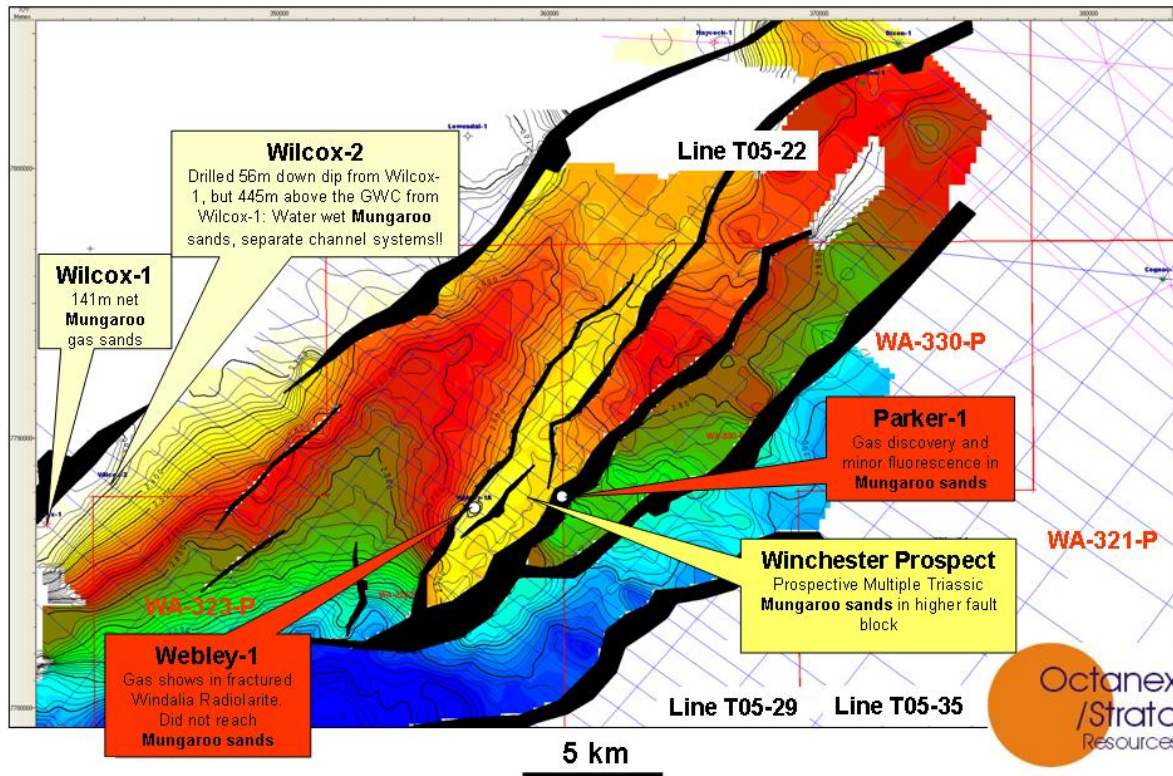


From our interpretation, it would appear that the Parker well either crossed a fault from Middle Jurassic into Late Triassic sands or penetrated the Triassic sands on the hangingwall block close to a fault. Either way, if the gas shows represent a live gas column, which we believe is the case, there is potential for a significant gas accumulation that extends updip into the Winchester horst to the west and possibly within the terrace block as well, in which event the trap would be much larger.

We are working towards demonstrating a closure of the Winchester feature, with the added possibility that stratigraphic trapping may also work in our favour.

The following diagram shows the juxtaposition of the Winchester Prospect to the Parker-1 gas discovery and the Wilcox gas discovery.

Parker/Webley Horst - Top Triassic TWT Map Winchester Prospect

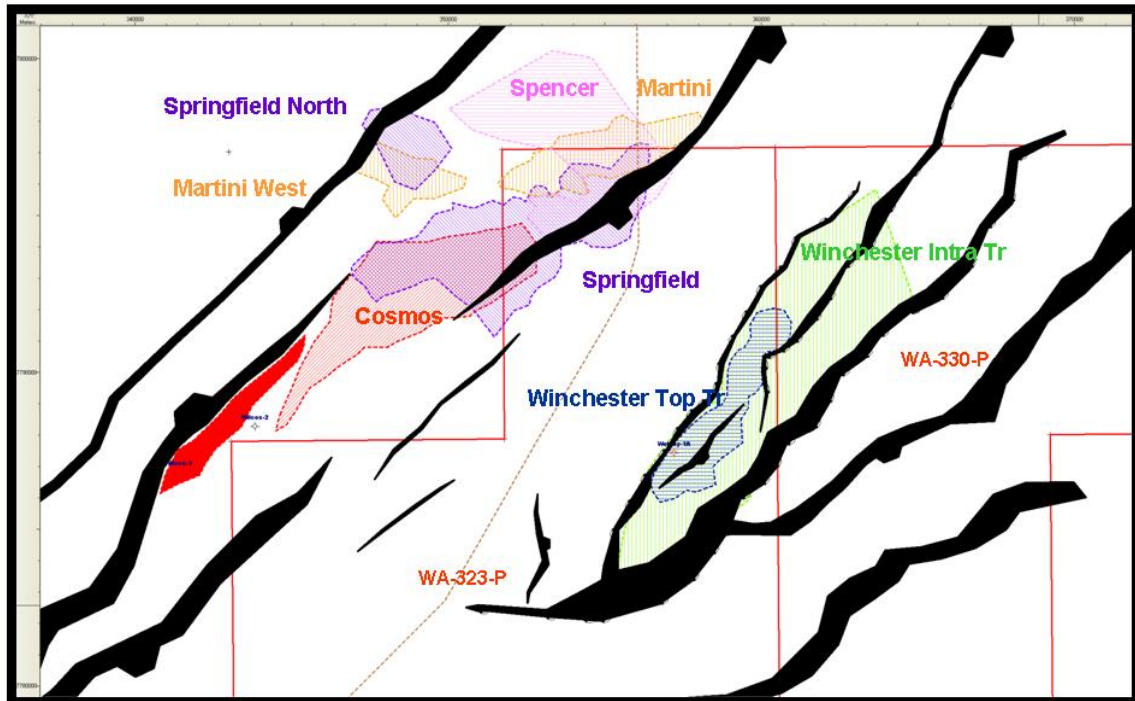


The joint venture considers that the critical elements of reservoir, hydrocarbons, structure, seal and trap are likely to be present in the Parker/Webley (Winchester) horst, but the quality of the seismic (vintage 2D & 3D) and even the new Tourmaline 2D, make definition of trap size, closure/spill point problematic. This is not just a matter of seismic quality. The existence of several important unconformities (near base Cretaceous, Tithonian, Oxfordian, Callovian and Near top Triassic) make mapping difficult, even with good seismic.

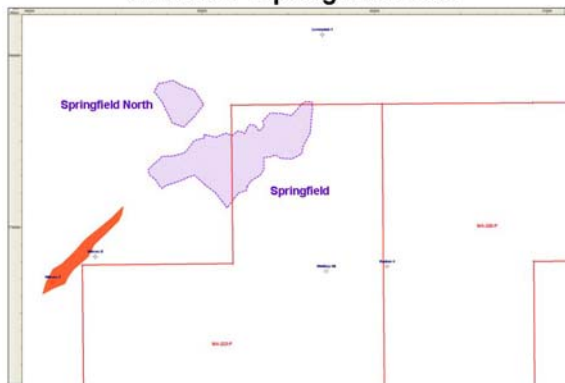
We are investigating whether a conventional 3D seismic survey or an ocean bottom cable (OBC) survey in this geology or electro-magnetic imaging would enable us to visualise the structure and stratigraphy better.

In the west of WA-323-P we are developing a series of overlapping leads and prospects (Springfield, Spencer, Martini and Cosmos) which appear to be a continuation of the Wilcox trend (see the following maps).

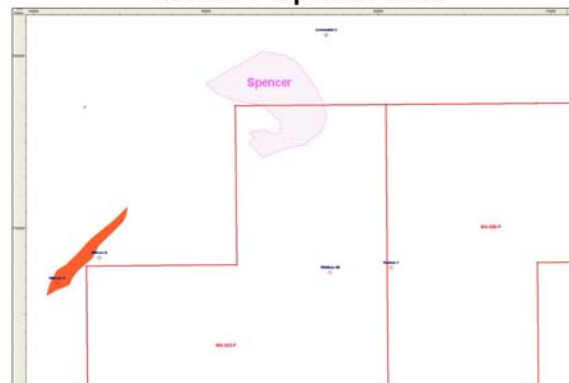
WA-323-P & WA-330-P Prospects & Leads



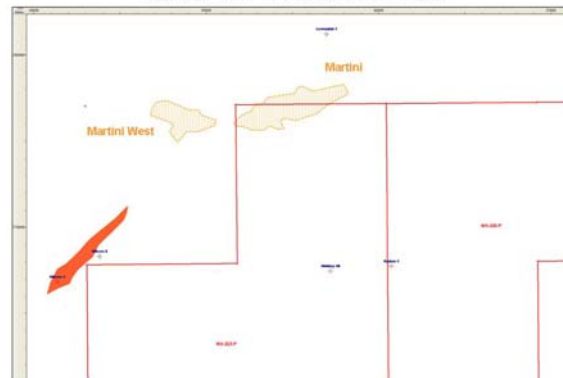
WA-323-P Springfield Lead



WA-323-P Spencer Lead

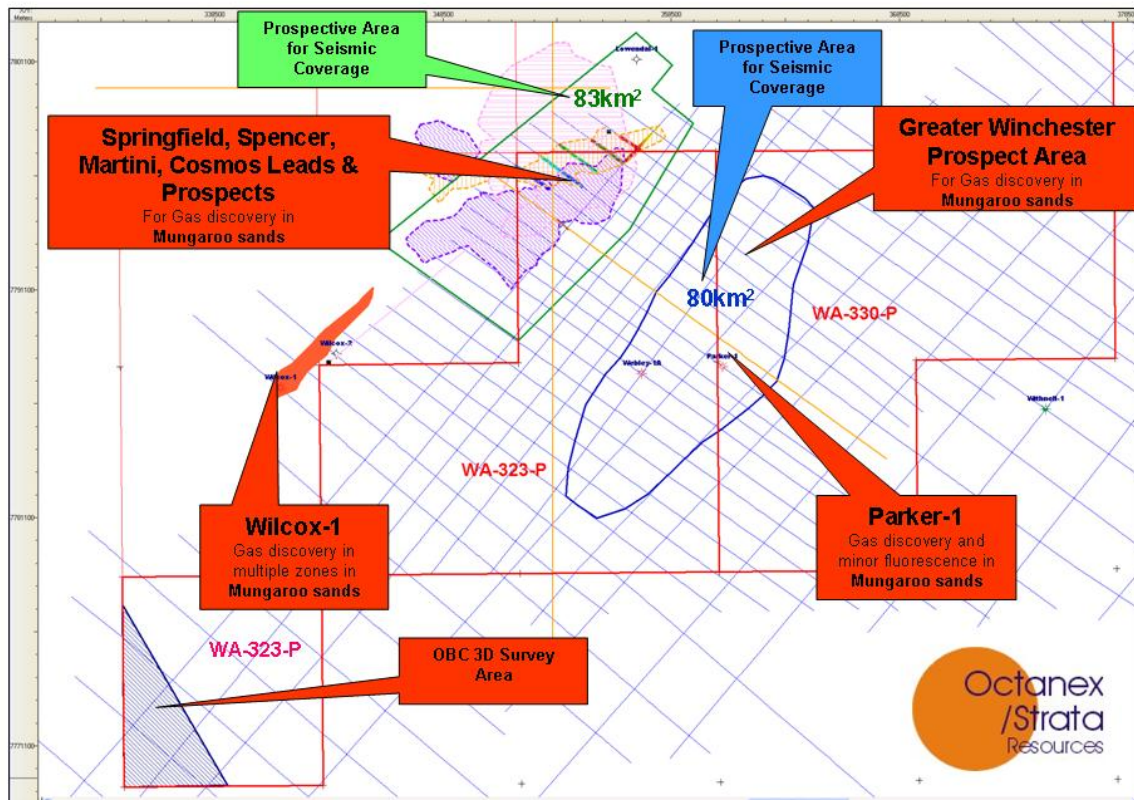


WA-323-P & Martini Lead



We are considering undertaking new seismic surveys over the greater Winchester Prospect and separately over the Springfield, Spencer, Martini and Cosmos Prospects. In the extreme south west of WA-323-P Apache are to carry out an OBC survey which extends from their adjacent acreage into WA-323-P (see map below).

WA-323-P and WA-330-P Prospects and Leads and Prospective Seismic Coverage Areas

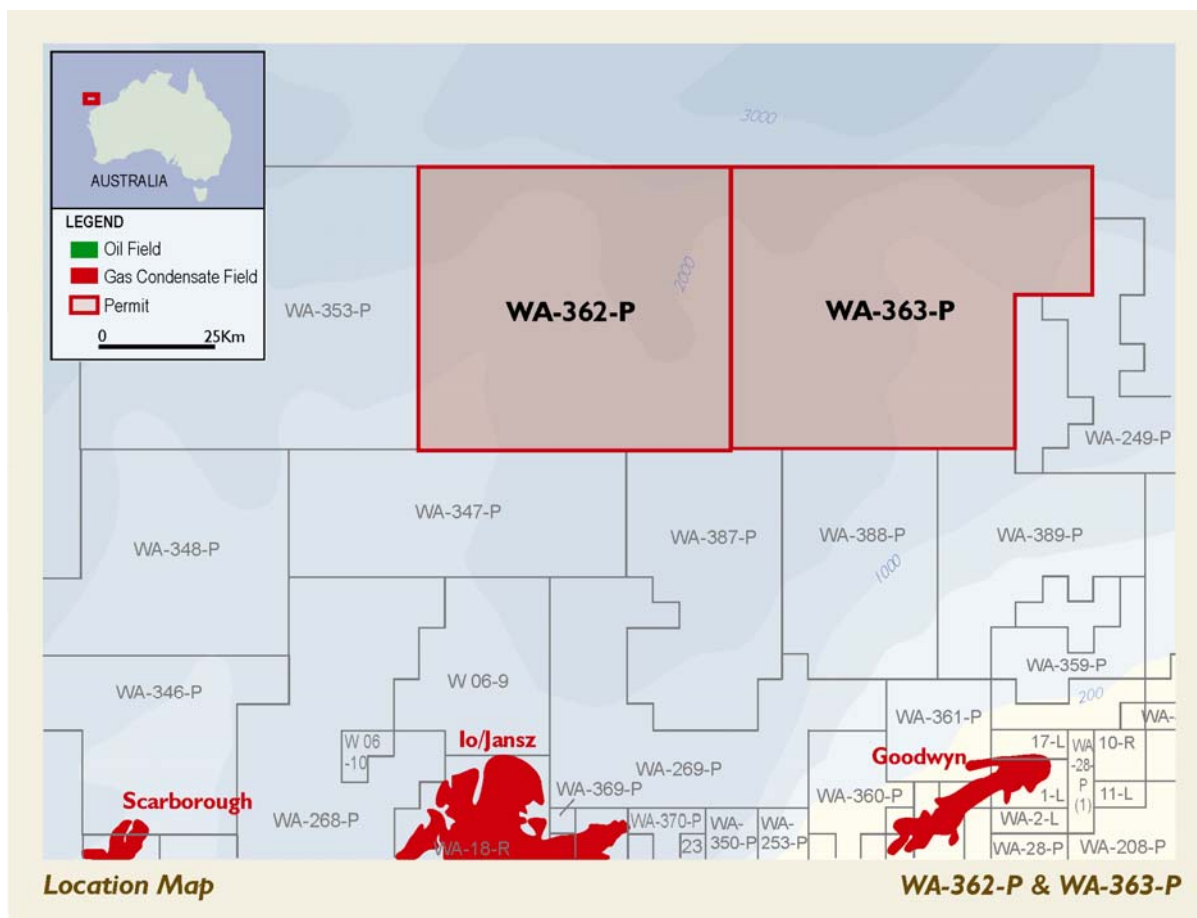


The proximity of existing infrastructure and likely future extensions, as well as new infrastructure bodes well for any discovery, whether oil or gas, in this Dampier project area. Significant future demand for gas to supply both domestic demand and the proposed Pluto LNG development is anticipated, so that any gas discovery in our permits is seen as being valuable and capable of monetisation.

WA-362-P & WA-363-P EXMOUTH PLATEAU (Octanex 14%)

OMV	30% and Operator
ENI	30%
Octanex NL	14%
Strata Resources NL	14%
Gascorp Australia Pty Ltd	12%

Octanex previously disposed of 21% of its 35% interest in each of the two Outer Exmouth Plateau exploration blocks known as WA-362-P and WA-363-P by entering into a joint venture with OMV Australia Limited ("OMV") and ENI Australia Limited ("ENI"). The permits, which cover an aggregate area of approximately 21,765 kms², are on the northern margin of the Exmouth Plateau, 300-400 kms north west of the Western Australian coastline. The Exmouth Plateau is the largely unexplored deepwater frontier of the Carnarvon Basin, Australia's largest petroleum basin which includes the giant gas resources of the North West Shelf (Rankin Trend), the Greater Gorgon region and Io/Janz. A map (below) shows the location of the two permits.



As part of the arrangements establishing the new joint venture, Octanex has agreed to assign a 21% interest in each permit for a monetary amount, retaining a 14% equity interest in each permit. OMV and ENI have in turn agreed to acquire and process 2D seismic data in each permit. This will meet all the current and future seismic work obligations for each permit. OMV and ENI also have the right under the farmin agreement to earn a further 7% interest from Octanex in each permit (leaving Octanex with a then retained 7% interest in each permit) by meeting all the costs of Octanex for the first two wells that the farminees may elect to drill in each permit.

During the quarter, the joint venture Operator, OMV, commenced the acquisition of the 7,407 Klimt 2D seismic survey, since completed.

WA-384-P, WA-385-P AND WA-394-P SOUTHERN EXMOUTH SUB-BASIN (Octanex 50%)

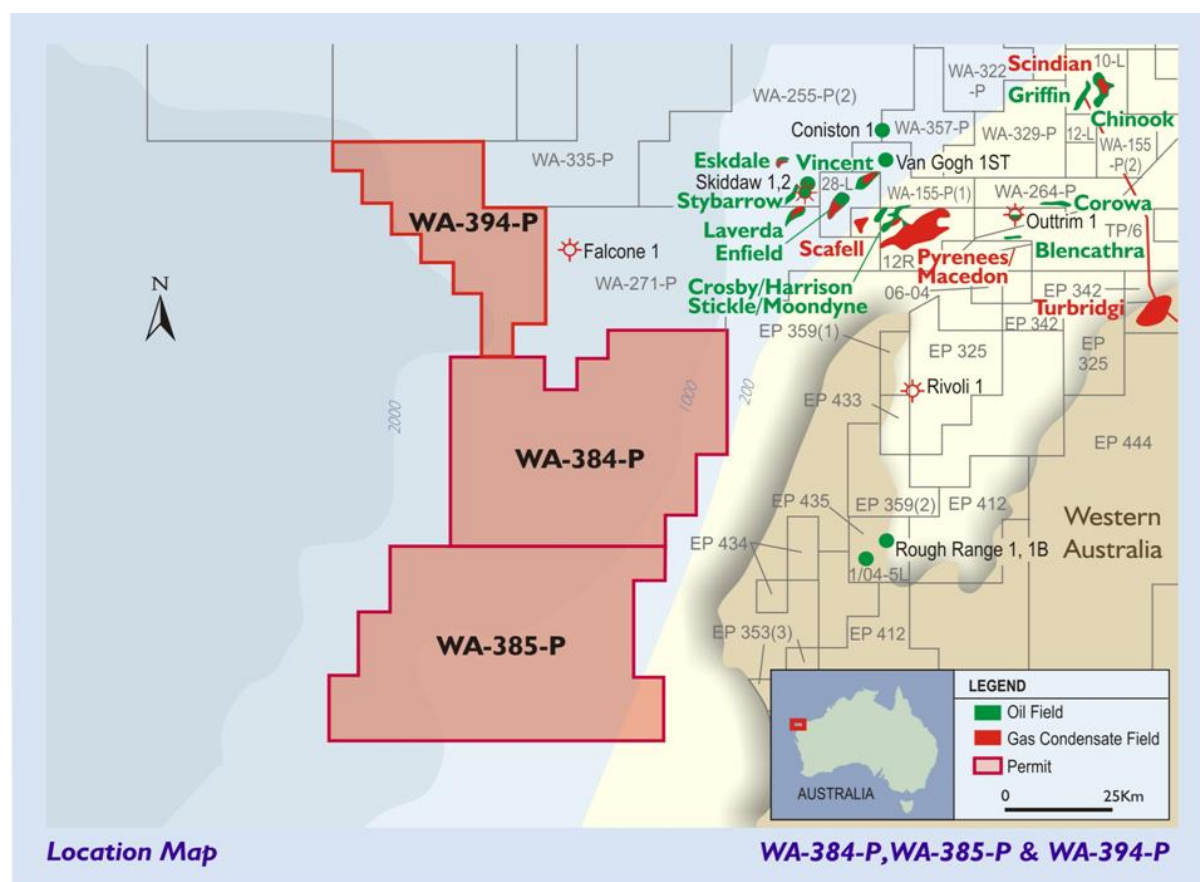
Interests in this joint venture are:

Octanex N.L.	50% and Operator
Strata Resources N.L.	50%

WA-384-P and WA-385-P, are located in the southern Exmouth Sub-basin. In late 2007 a further exploration permit, WA-394-P, adjacent to WA-384-P was also granted. A further 375 km of 2D seismic will be shot in this permit. The joint venture has committed to shoot not less than 2,175 line km of 2D seismic survey over the three permits.

On 22 February 2008, Octanex announced that it had entered into an agreement with Shell Development (Australia) Pty Ltd (Shell) for the disposition of the 50% working interest of Octanex in each of WA-384-P, WA-385-P and WA-394-P. Octanex's co-venturer in the permits, Strata Resources

NL (Strata) has also entered identically worded agreements such that Shell has agreed to acquire a 100% working interest in the permits.



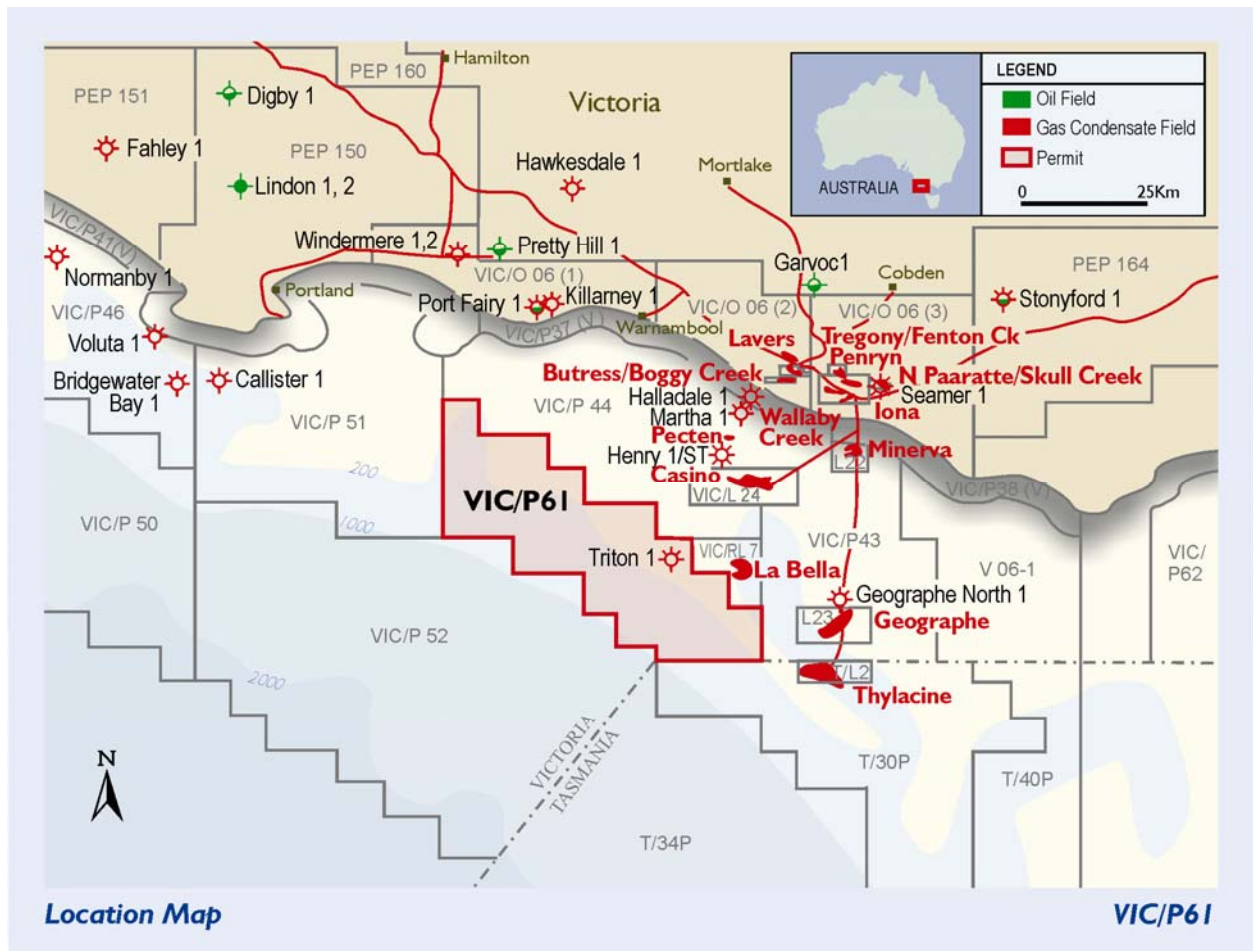
The agreements with Shell are subject to conditions precedent relating to all necessary approvals. All funds are held in escrow pending the receipt of these approvals, which remain to be satisfied.

VIC/P61. OTWAY BASIN (Octanex 20%)

The Vic/P61 Joint Venture consists of:

Exoil Limited	20% and Operator
Gascorp Australia Pty Ltd	20%
Moby Oil & Gas Limited	20% earning pursuant to farmin
Octanex N.L.	20% earning pursuant to farmin
Strata Resources N.L.	20% earning pursuant to farmin

Octanex has agreed to earn a 20% interest in Vic/P61 in return for meeting a 20% share of past costs and future ongoing costs. A 2D seismic program in Vic/P61, was planned to take place in Q2, 2009, has been delayed indefinitely pending resolution of excessive environmental conditions.



EPP 34, OTWAY BASIN (Octanex 15%)

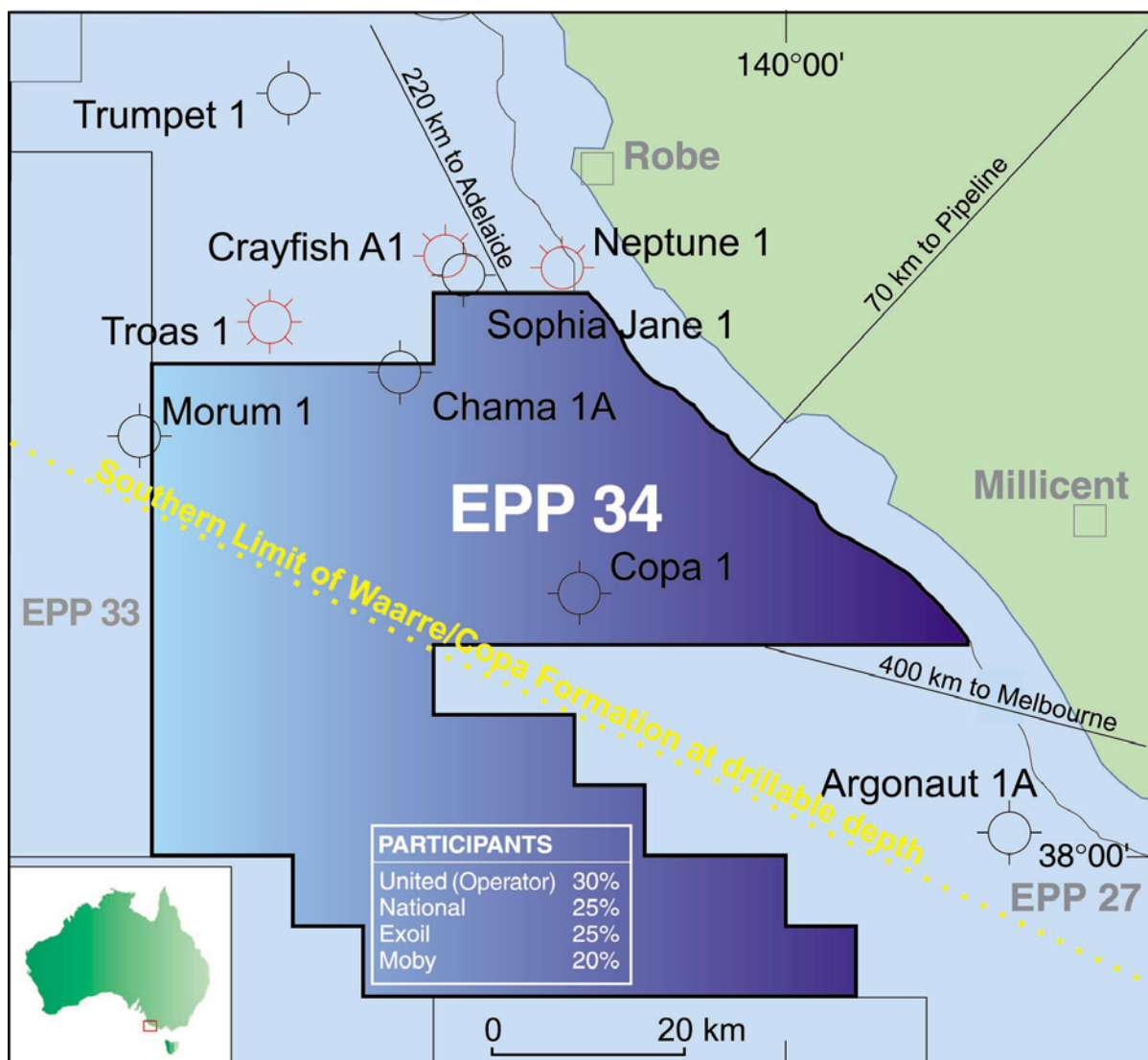
The EPP 34 Joint Venture consists of:

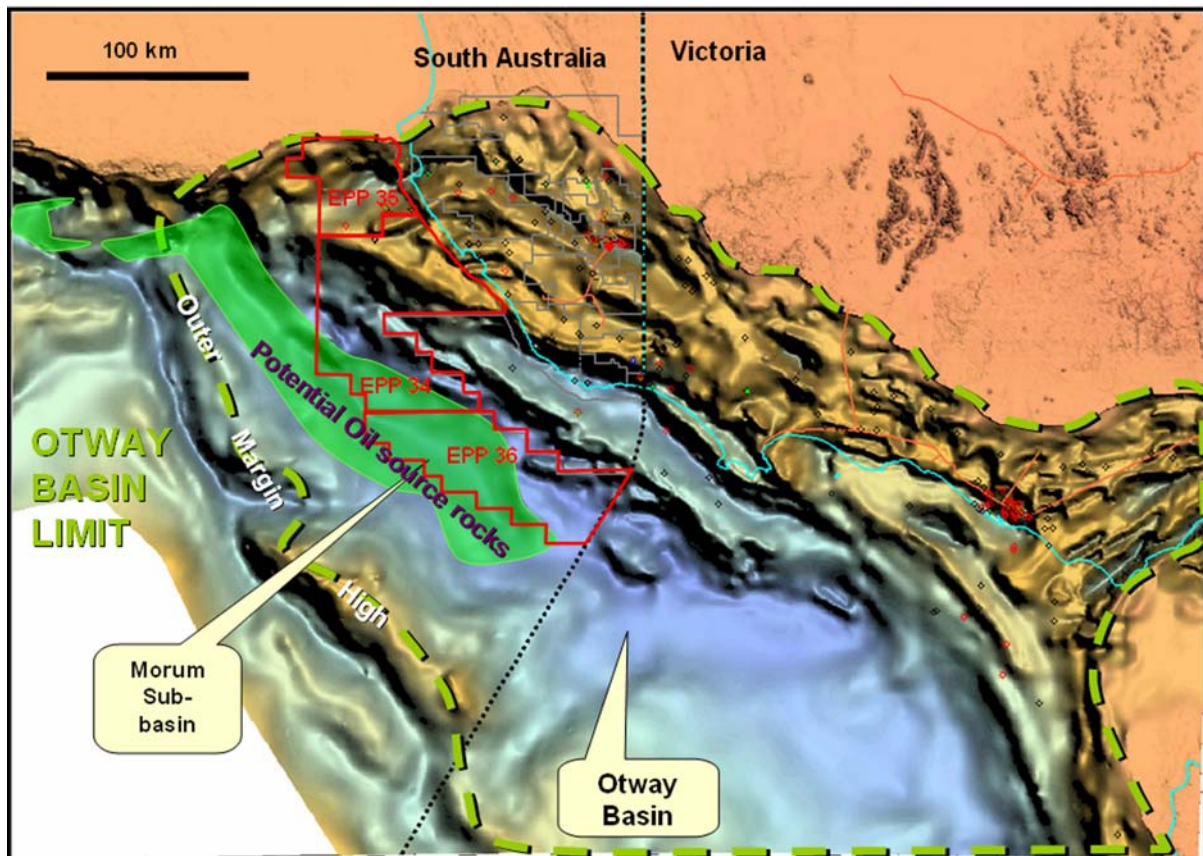
Exoil Limited	25% and Operator
Moby Oil & Gas Limited	20%
National Energy Pty Ltd	25%
United Oil & Gas Pty Ltd	30% (Octanex as to 15%)

A seismic grid of 1,100 km of new 2D data has been developed, to be shot as part of a proposed group shoot program now commencing in early May. Reprocessing of old data is also planned. Interpretation has focused on the northern shelfal section of the block, targeting the Early Cretaceous Pretty Hill Sandstone.

Parts of EPP34 are parallel to the Morum Sub-basin. It is thought to have excellent reservoir potential for stacked plays in thick Upper Cretaceous section. Because of its proximity to the Morum Sub-basin EPP34 is postulated to have scope for marine influenced source rock in deep water.

The new seismic survey will provide extensive modern 2D coverage in the northern part of the Permit and is expected to open up to joint venture to the possibility of a series of gas and oil plays.





Morum Sub-basin: Potential for oil-prone source rocks adjacent to and in EPP34

INVESTMENTS

The company's remaining listed investment comprises a shareholding in Cue Energy Resources Ltd ("Cue").

The company disposed of all of its remaining shares in MEO Australia Limited during the quarter.

The Octanex Group presently holds 36,380,140 shares of the issued capital of Cue.

Cue's main activities are in Papua New Guinea, Indonesia and New Zealand. In Papua New Guinea, Cue holds a current 3.86% economic interest in the production from the unitised SE Gobe oilfield. Cue's Indonesian project is the Sampang PSC (15%), which it holds in joint venture with Santos Ltd (45%) and others. This joint venture has made the Oyong oil and gas discovery, which is located offshore East Java, in the Madura Strait of Indonesia and has been developed for oil and gas production. In New Zealand, Cue holds a 5% interest in PEP38413 in the offshore Taranaki Basin, the permit that contains the Maari oil field, and which is also under development.

Additional information about Cue may be obtained from Cue, from documents lodged by Cue with ASX and from the Cue website www.cuenrg.com.au



Exploration Quarterly Report

Quarter ended ("current quarter")

31 MARCH 2008

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 joint venture participant		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(30)	(176)
1.3	Dividends received	(51)	(152)
1.4	Interest and other items of a similar nature received	138	362
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other - Northern Deeps JV transaction	-	7,433
Net Operating Cash Flows		57	7,467
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(250)	(250)
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		2,890
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(250)	2,640
1.13	Total operating and investing cash flows (carried forward)	(193)	10,107

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1.13	Total operating and investing cash flows (brought forward)	(193)	10,107
	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		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Share issue costs		
	Net financing cash flows		
	Net increase in cash held	(193)	10,107
1.20	Cash at beginning of quarter/year to date	12,979	2,682
1.21	Exchange rate adjustments to item 1.20		(3)
1.22	Cash at end of quarter	12,786	12,786

Payments to directors of the entity and associates of the directors

Payments to 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	1
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Project management, Corporate management, administration ,etc

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

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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	400
4.2 Development	
Total	400

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	238	872
5.2 Deposits at call	12,548	12,107
5.3 Bank overdraft	-	-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	12,786	12,979

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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Issued securities at end of current quarter

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

	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	49,653,967	49,653,967		
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)	30,244,296 750,000 750,000 750,000 750,000 750,000	30,244,296 - - - - -	Exercise price 25 cents 30 cents 40 cents 50 cents 60 cents 70 cents	Expiry date 30/06/2008 30/06/2008 30/06/2009 30/06/2010 30/06/2011 30/06/2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Exploration Quarterly Report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act .
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 9/05/2008
(Director)

Print name: E.G.ALBERS

Notes

- 1 The quarterly report provides a basis for informing shareholders how the entity's activities have been financed for the past quarter and the effect on its cash position.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period.
- 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** The Australian equivalent of International Accounting Standards have been complied with.

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