



Octanex N.L.

ABN 61 005 632 315

Level 21
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: (+61 3) 9629 6100
Fax: (+61 3) 9629 6278
Email: admin@octanex.com.au

QUARTERLY ACTIVITY REPORT TO 30 JUNE 2008

HIGHLIGHTS FOR THE QUARTER:

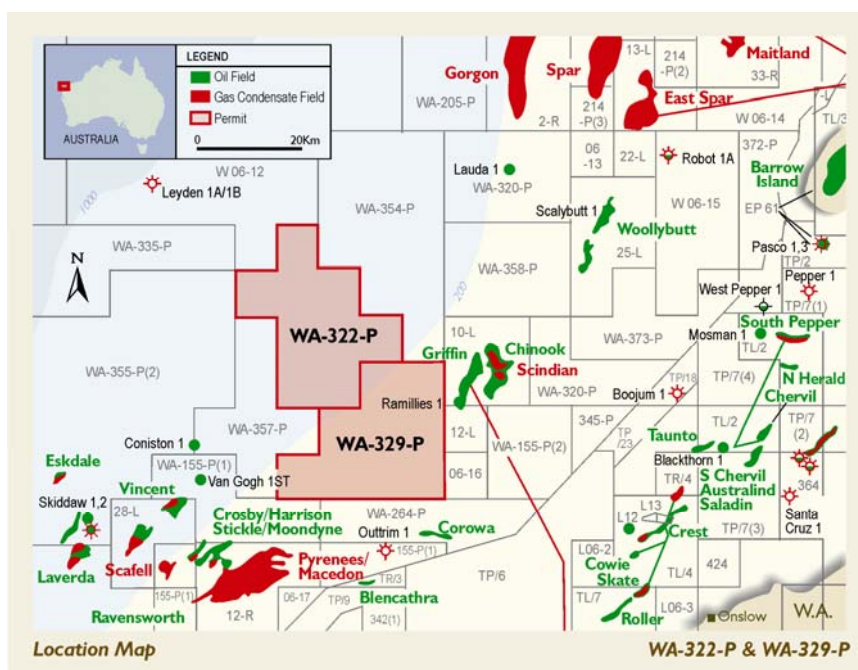
- * **Acquisition of 50% of WA-322-P and WA-329-P in the Exmouth Sub-basin**
- * **Completion of Transaction with Shell with respect to Southern Exmouth Sub-basin permits**
- * **Completion Acquisition of Trocopa 2D seismic survey in EPP34**
- * **Completion of Acquisition of 7,407 kms of Klimt 2D seismic in Exmouth Plateau blocks, WA-362-P and WA-363-P**
- * **Commencement of the 195 km² Winchester OBC 3D seismic survey over the Parker/Webley Horst in WA-323-P and WA-330-P**

Octanex N.L. (NSX Code: OCT) holds direct and indirect interests in 11 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). Two permits are located in the Dampier Sub-basin (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 AND WA-329-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



The previous permit holders 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.

The joint venture is in the process of interpreting and reassessing of permit prospectivity.

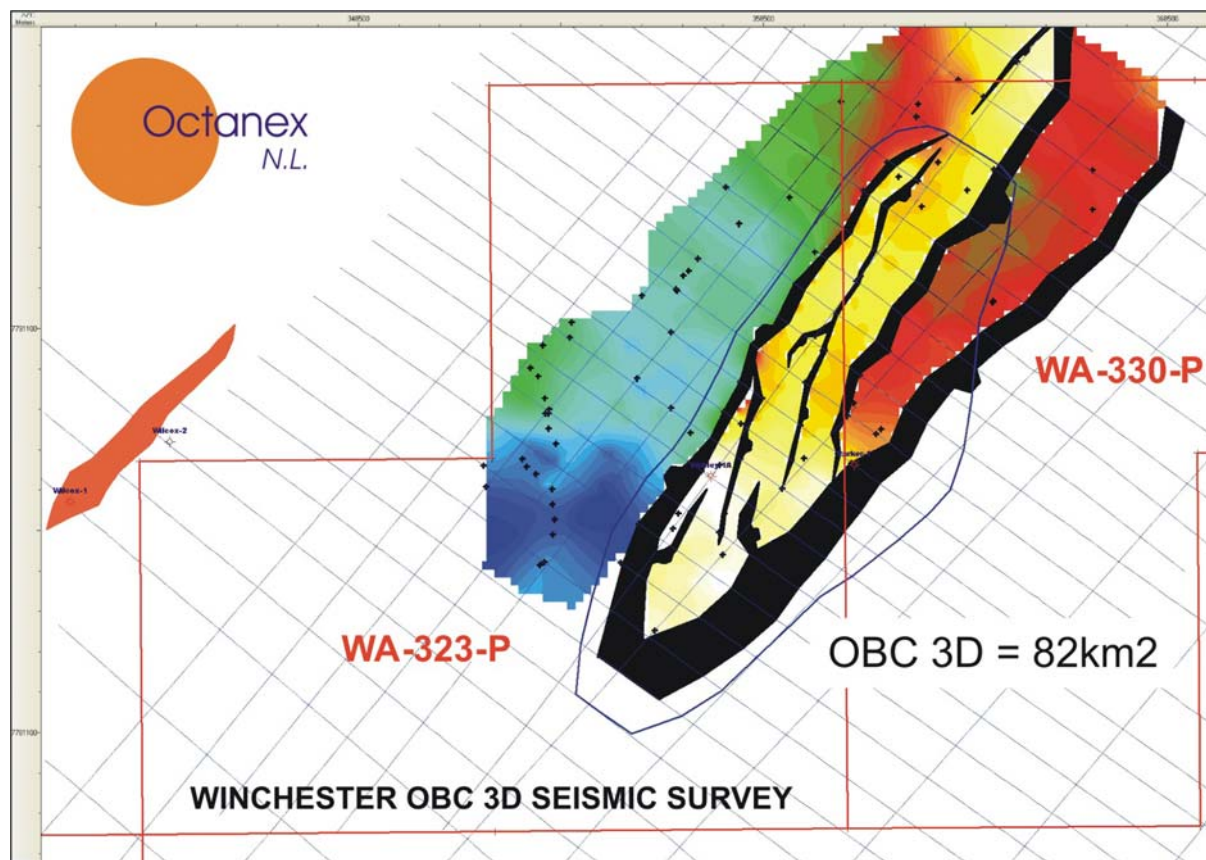
WA-323-P & WA-330-P DAMPIER SUB-BASIN (Octanex 50%)

The above joint venture consists of:

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

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 was the subject of a relinquishment during the quarter by the joint venture following interpretation of that seismic survey.

At the end of the quarter Octanex, with its co-venturer, Strata Resources NL, entered into a US\$9.75 million agreement with Geokinetics (Australasia) Pty Ltd and commenced the acquisition of an off-bottom cable (OBC) 3D seismic survey within WA-323-P and WA-330-P. The total outline area of the survey is some 195 km², of which approximately 82 km² will be the subject of high-fold data acquisition, while the remaining perimeter outside the 82 km² area will provide further, less intensive, seismic data (see below).



LEGEND

- Oil Field
- Gas Condensate Field
- Permit

0 20Km

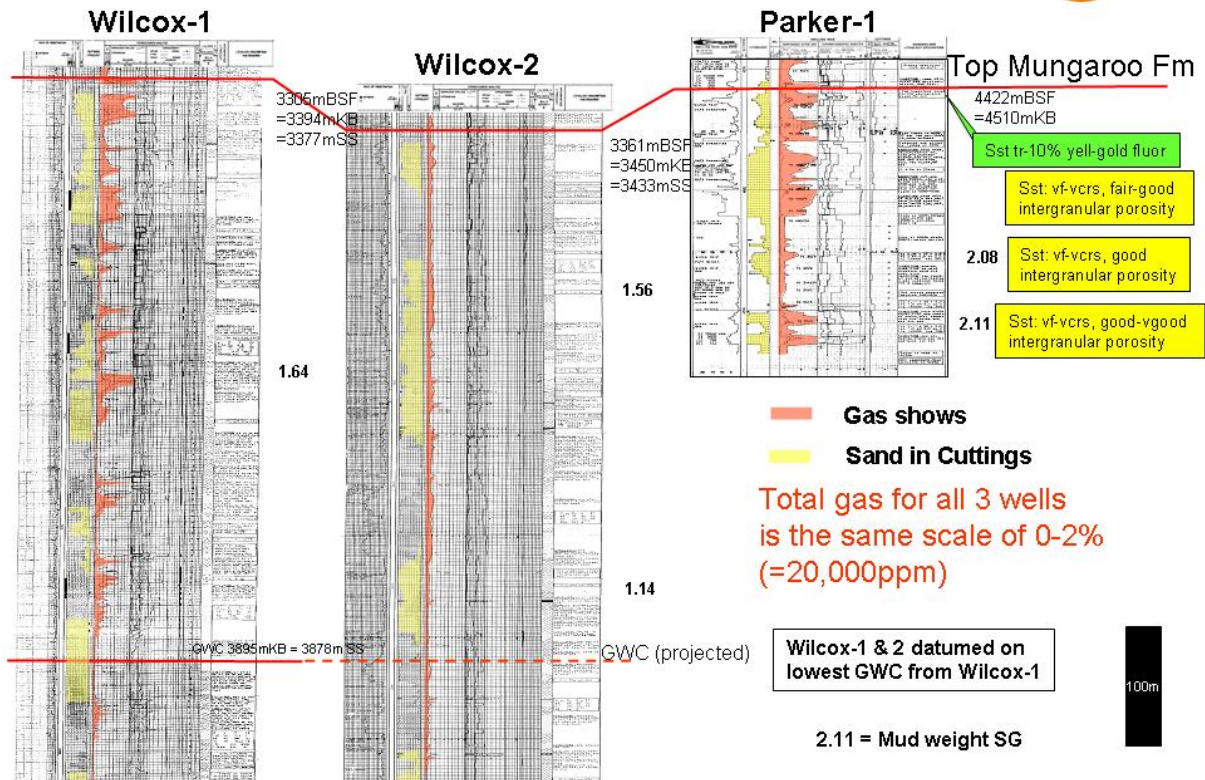
Location Map

WA-323-P, WA-330-P

The Parker-1 well penetrated Middle Jurassic shales on a terrace, but because of drilling problems was not logged before TD. The well ended in stacked sands and shales. The Parker well was then side tracked, but again the sands were not logged due to rig (anchor chain broke) and subsequent drilling problems. The sands in the Parker-1 well and Parker-1 Side Track both contained strong gas shows (see below). 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. The joint venture therefore regards the Parker-1 penetrations as a Triassic gas discovery in the Mungaroo sands.

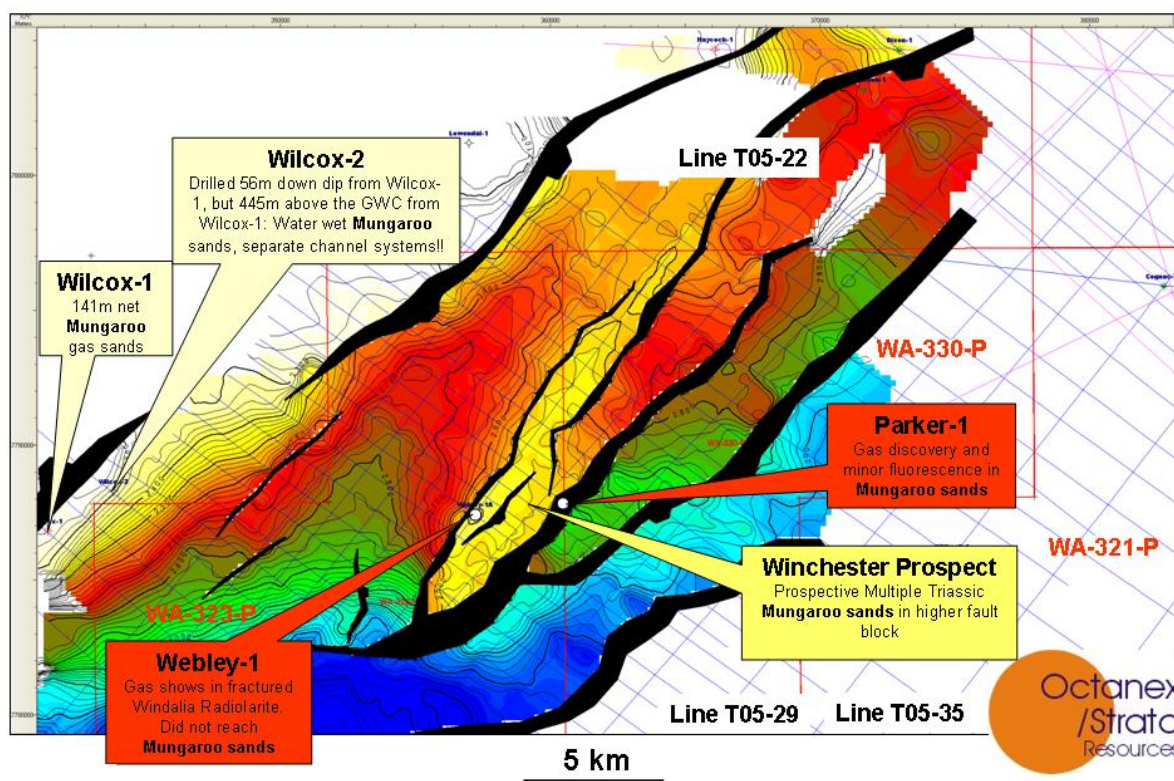
Parker-1 Gas Discovery compared with Wilcox-1 Gas Discovery



The joint venture is confident that the Parker gas shows represent 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 larger. The prime purpose of the acquisition of the Winchester OBC 3D seismic survey is aimed at providing information and insight into the horst and will demonstrate the depth and extent of a closure of the Winchester feature.

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



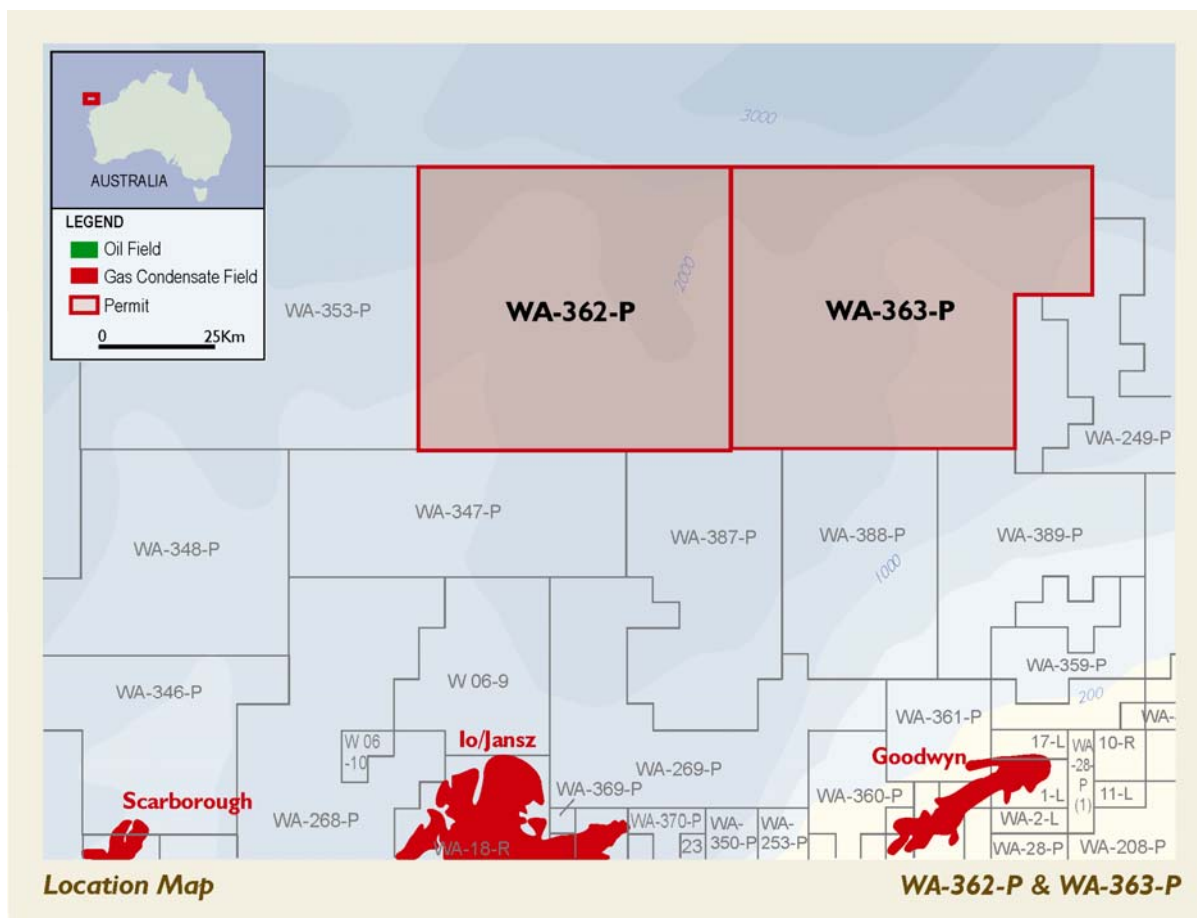
In summary, the joint venture has incurred the substantial obligation (US\$9.75 million) of the OBC 3D seismic survey in order to visualisation of the structure and stratigraphy of the feature, in the anticipation that it may be a sizeable and attractive drilling target.

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 project area. Significant future demand for gas to supply both domestic demand and the proposed Wheatstone and Pluto LNG developments are anticipated, so that any potential gas discovery made in our permits is seen as being valuable and capable of monetisation, particularly so, if such a gas discovery were to be rich in gas liquids.

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 now holds a 14% interest in each of the two Outer Exmouth Plateau exploration blocks known as WA-362-P and WA-363-P following the entering into of a joint venture and farmin agreement 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, 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 farm-in 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, completed the acquisition of the 7,407 Klimt 2D seismic survey.

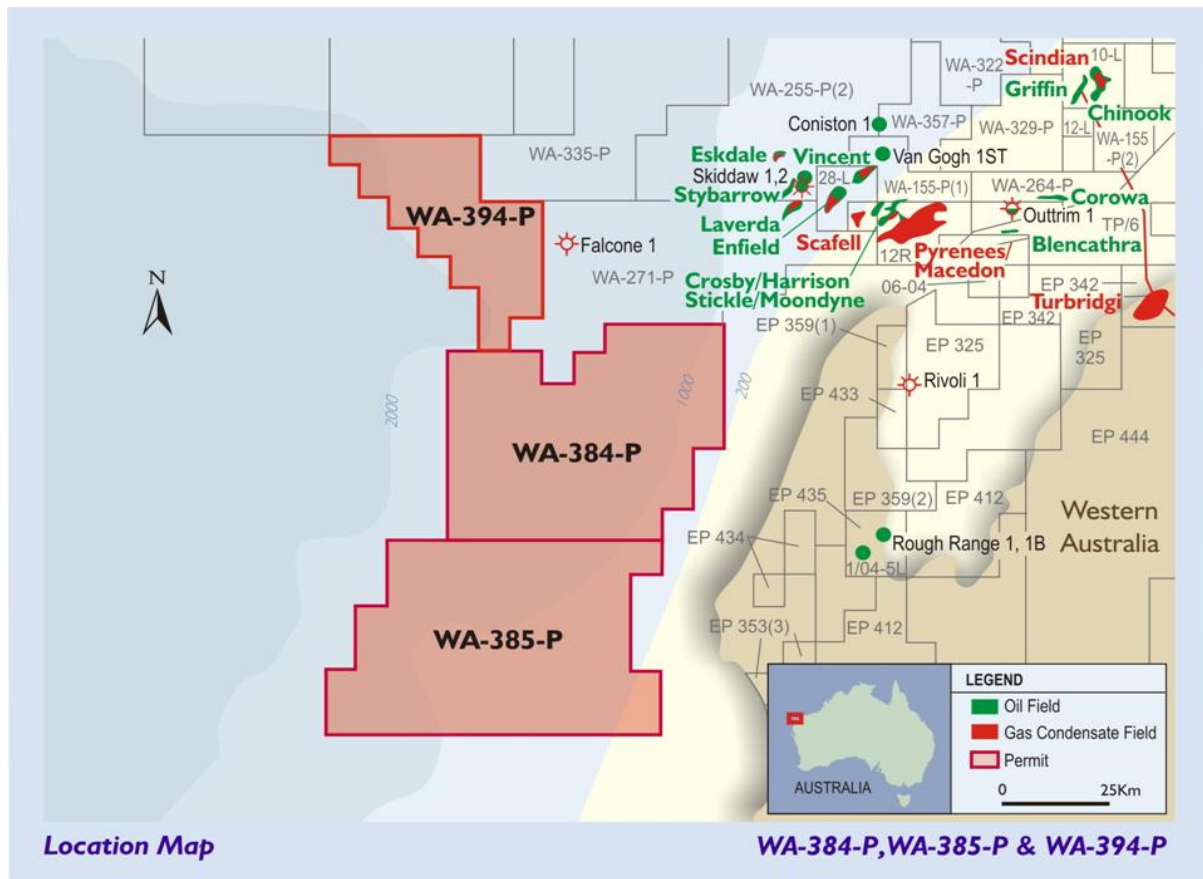
WA-384-P, WA-385-P AND WA-394-P SOUTHERN EXMOUTH SUB-BASIN (Octanex 50%)

Interests in this joint venture are:

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

WA-384-P, WA-385-P and WA-394-P are located in the southern Exmouth Sub-basin.

Octanex has now concluded 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 acquired a 100% working interest in the permits. However, Octanex/Strata hold residual rights in each of the permits in the form of discovery payments and royalty, as well as rights of reconveyance.

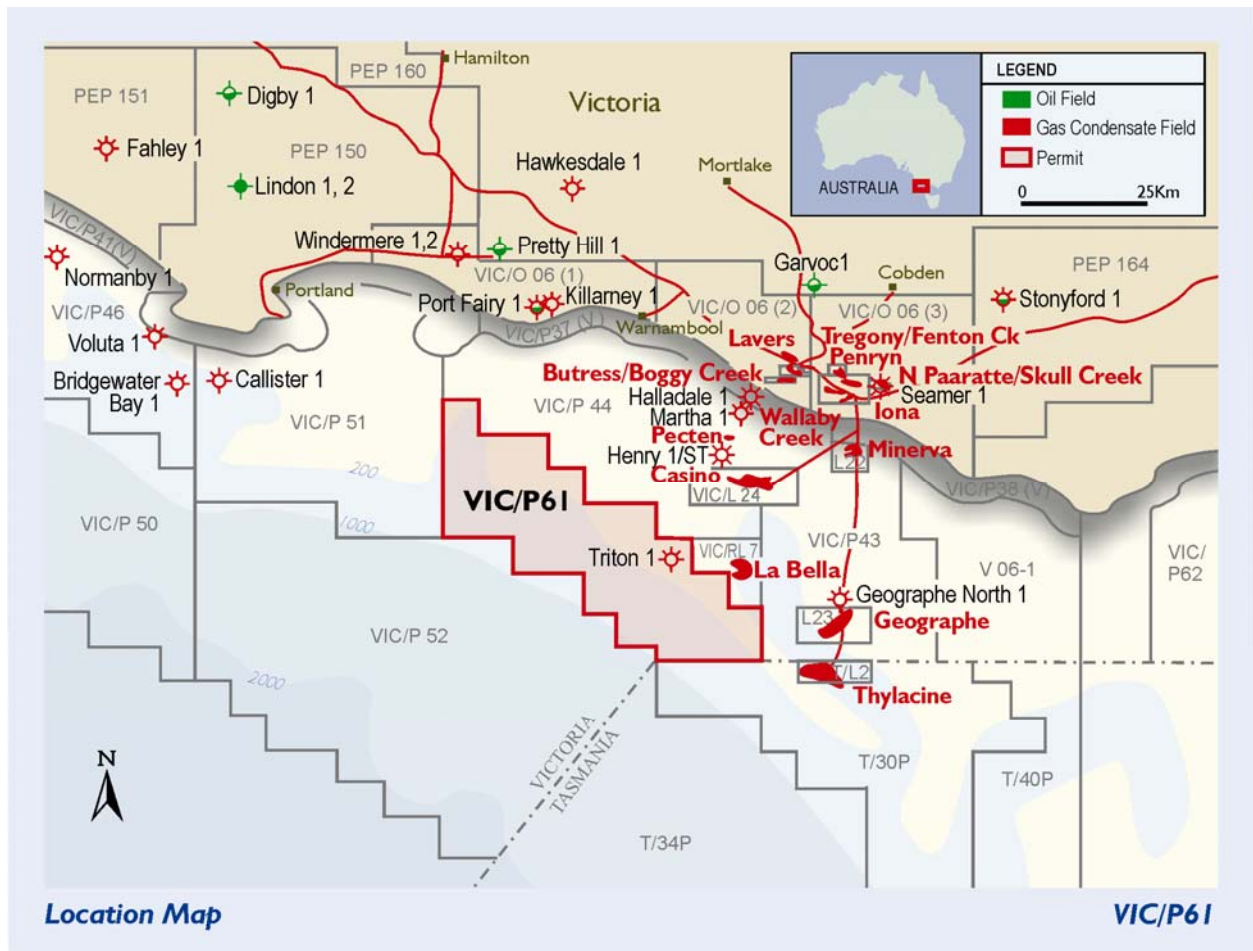


VIC/P61. OTWAY BASIN (Octanex 10% earning pursuant to farmin)

The Vic/P61 Joint Venture consists of:

Exoil Limited	30% and Operator
Gascorp Australia Pty Ltd	30%
Moby Oil & Gas Limited	20% earning pursuant to farmin
Octanex N.L.	10% earning pursuant to farmin
Strata Resources N.L.	10% earning pursuant to farmin

Octanex has agreed to earn a 10% interest (previously 20%) in Vic/P61 in return for meeting a 10% 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%)

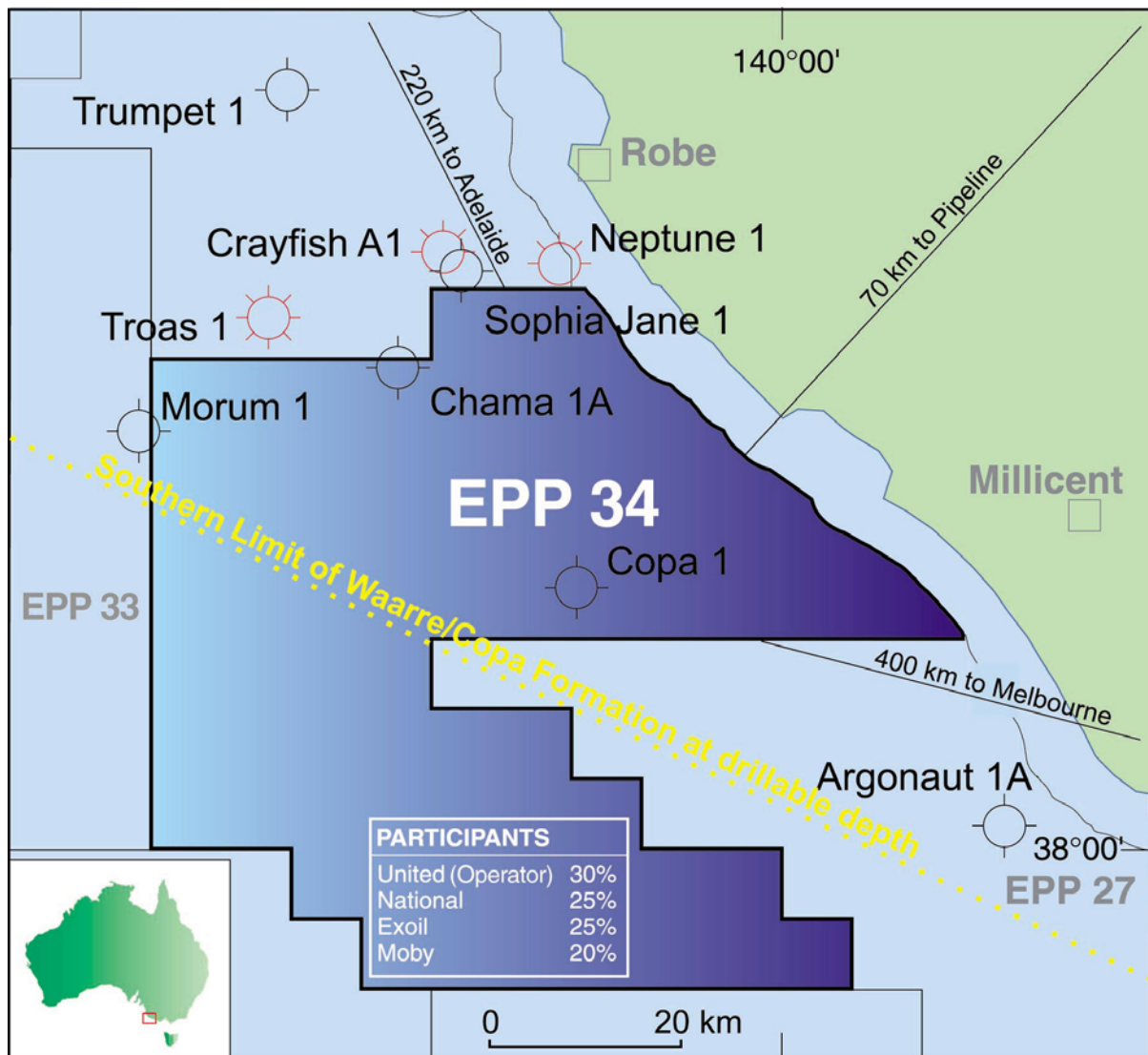
The EPP 34 Joint Venture consists of:

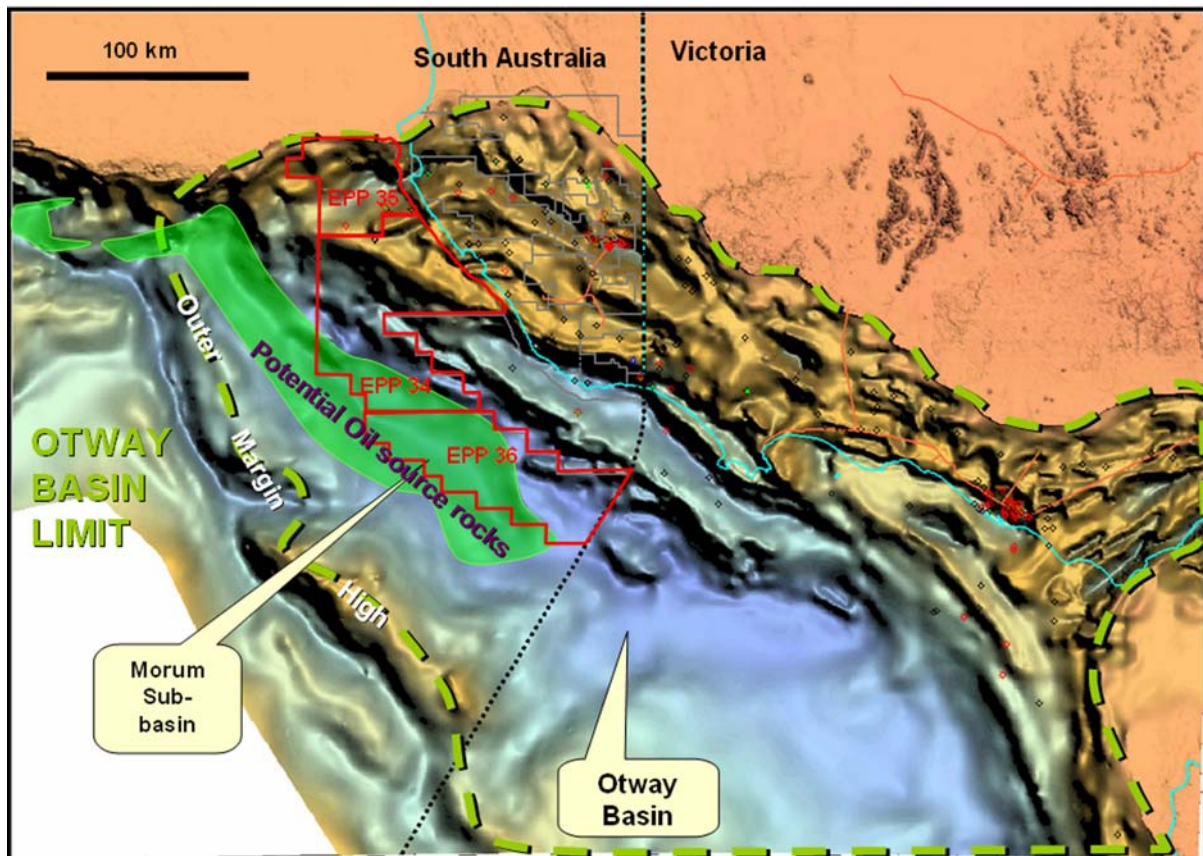
Exoil Limited	25% and Operator
Moby Oil & Gas Limited	20%
National Energy Pty Ltd	25%
United Oil & Gas Pty Ltd	30% (Octanex as to 15%)

The Trocopa seismic survey of 1,100 km of new 2D data was acquired during the quarter. 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 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

The Company acquired small shareholdings in Babcock and Brown Power and Gas2Grid Ltd during the quarter.



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Quarter ended ("current quarter")

30 JUNE 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from joint venture participant		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(1,183)	(1,359)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	379	741
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other - Northern Deeps JV transaction	-	7,433
1.7a	Other - Southern Exmouth JV transaction	15,690	15,690
Net Operating Cash Flows		14,592	22,059
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(4,625)	(4,875)
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		(4,625)	(1,985)
1.13	Total operating and investing cash flows (carried forward)	9,967	20,074

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1.13	Total operating and investing cash flows (brought forward)	9,967	20,074
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	263	263
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(8)	(8)
1.18	Dividends paid		
1.19	Share issue costs		
	Net financing cash flows	255	255
	Net increase in cash held	10,222	20,329
1.20	Cash at beginning of quarter/year to date	12,786	2,682
1.21	Exchange rate adjustments to item 1.20	(4)	(7)
1.22	Cash at end of quarter	23,004	23,004

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	114
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	750
4.2 Development	
Total	750

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	450	238
5.2 Deposits at call	22,554	12,548
5.3 Bank overdraft	-	-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	23,004	12,786

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	50,556,837	50,556,837		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	902,870	902,870		
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)	28,854,710 750,000 750,000 750,000 750,000	28,854,710 - - - -	Exercise price 25 cents 40 cents 50 cents 60 cents 70 cents	Expiry date 30/06/2009 30/06/2009 30/06/2010 30/06/2011 30/06/2012
7.8 Issued during quarter				
7.9 Exercised during quarter	152,870 750,000	152,870 -	25 cents 30 cents	
7.10 Expired during quarter	1,236,716	1,236,716	25 cents	
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: 18/07/2008
(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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