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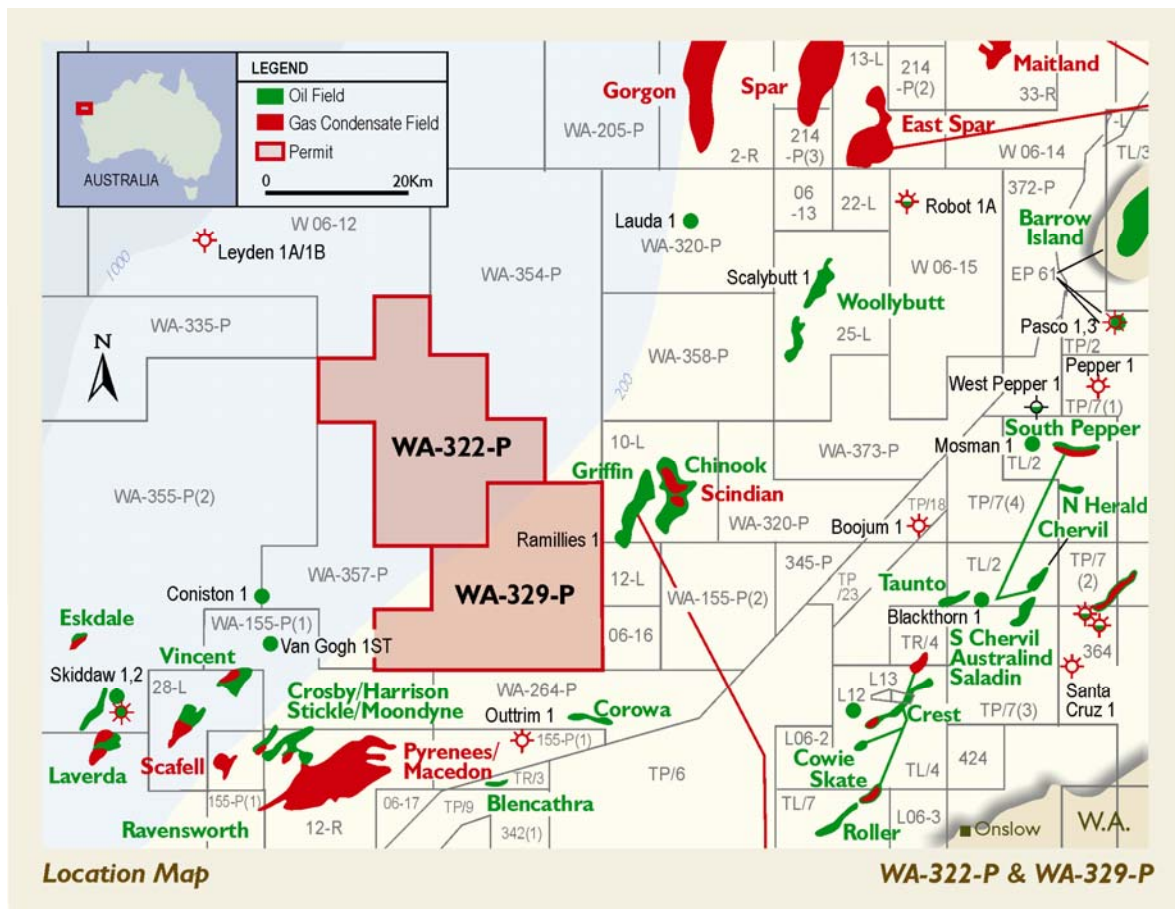
QUARTERLY ACTIVITY REPORT TO 31 DECEMBER 2008

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. Five of these are 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 are in the offshore Otway Basin (EPP34 and Vic/P61) in south eastern Australia.

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

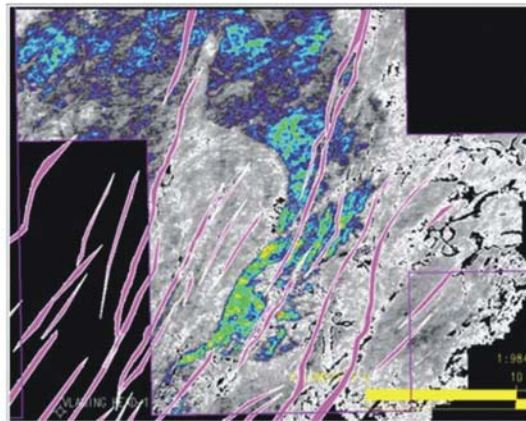
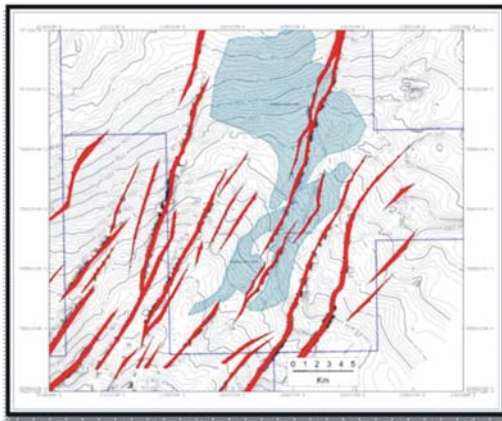
The WA-322-P Joint Venture consists of:

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

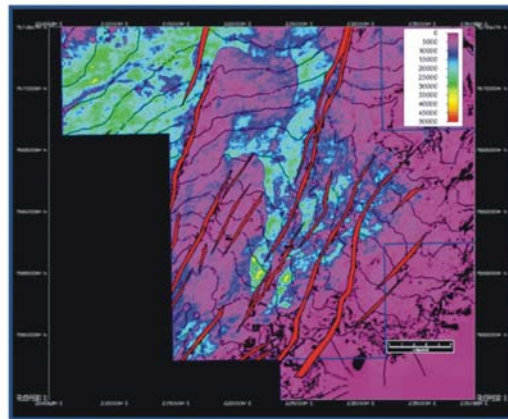
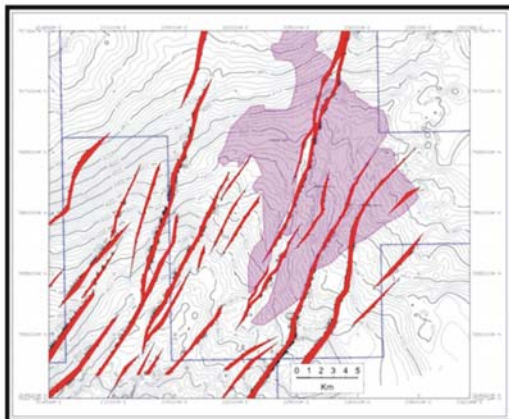


The joint venture holds a substantial amount of 3D seismic over this permit, including approximately 640 km² of 3D acquired as part of the HCA04A Survey.

The joint venture is in the process of interpreting and reassessing prospectivity in the permit, with an emphasis on the Ponsonby Prospect.



Ponsonby "600" Level - Upper Sand



Ponsonby "705" Level – Lower Sand

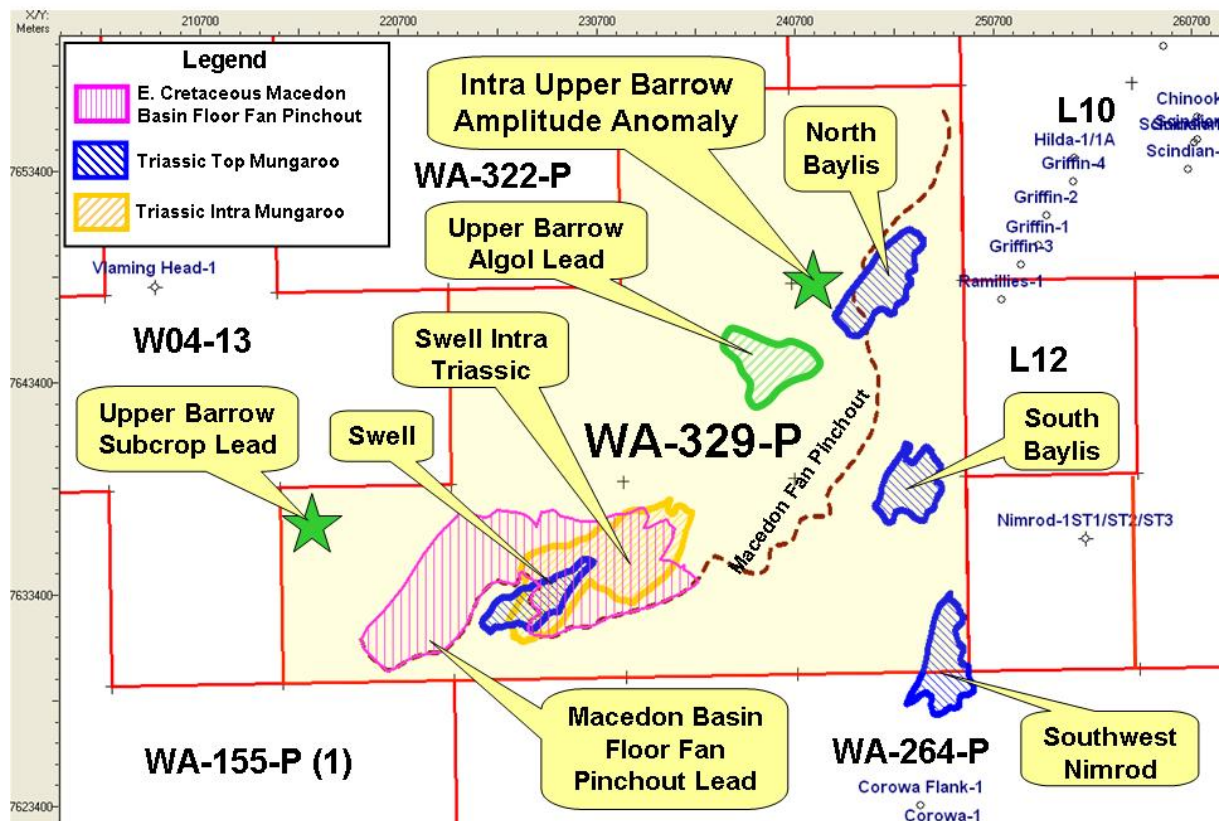
WA-329-P EXMOUTH SUB-BASIN (Octanex 50%)

The WA-329-P Joint Venture consists of:

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

The joint venture now holds a substantial amount of 3D seismic over this permit. This includes approximately 107 km² acquired as part of the HCA04A Survey. In addition, the joint venture holds the reprocessed Swell-Baylis 3D dataset of some 800 km².

The joint venture is in the process of interpreting and reassessing prospectivity in the permit, with a number of leads being followed up, including the Upper Barrow leads. All Triassic features appear, for the most part, to be at depths in excess of 4,000 metres.



Leads Map – WA-329-P

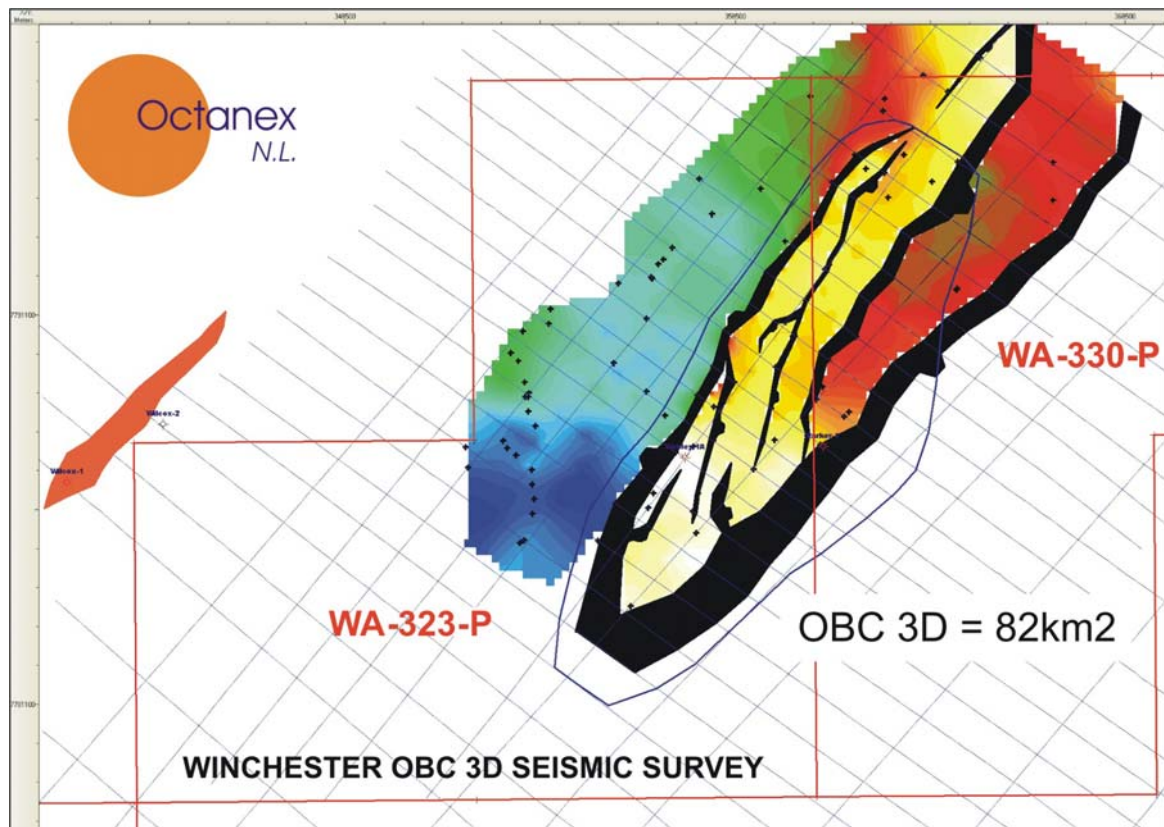
WA-323-P & WA-330-P DAMPIER SUB-BASIN (Octanex 50%)

The Joint Venture for these permits 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, and comprises a discrete project area of 640 kms².

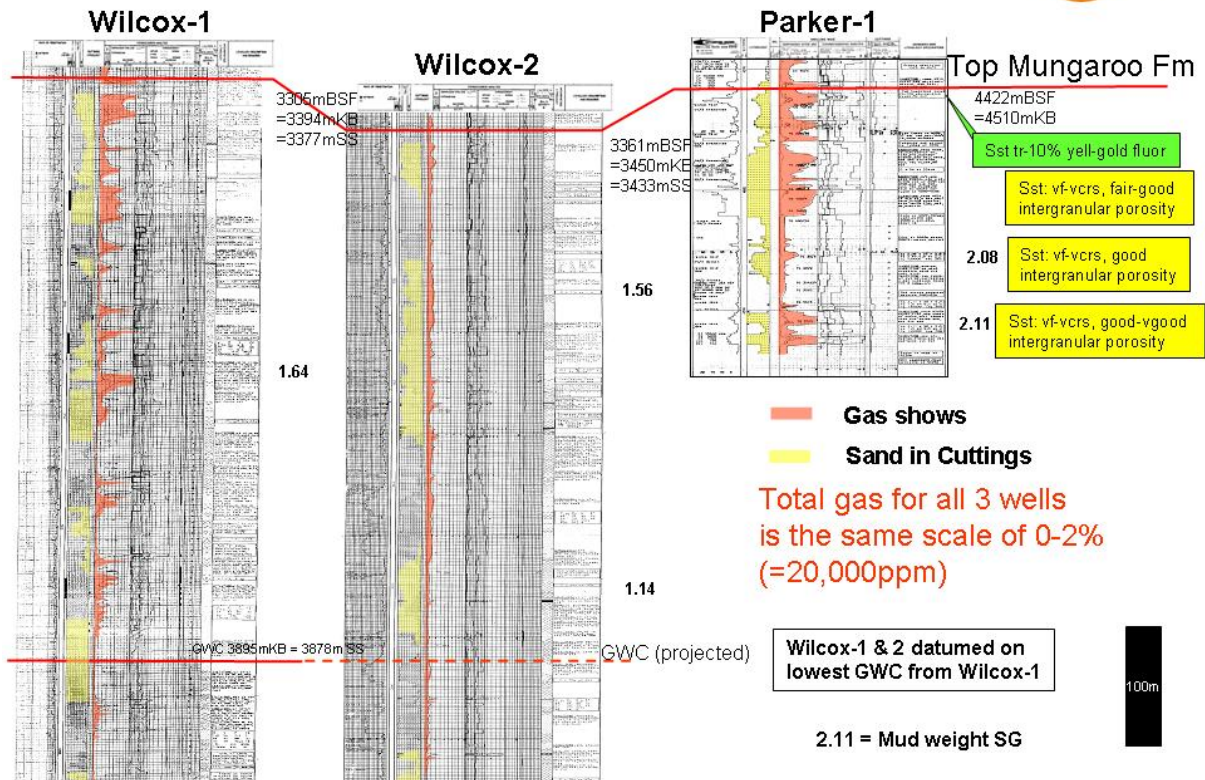
Octanex, with its co-venturer Strata Resources NL, has acquired an off-bottom cable (OBC) 3D seismic survey. The total outline area of the survey is some 195 km², of which approximately 82 km² was the subject of high-fold data acquisition, while the remaining area will provide further, less intensive, seismic data (see below).



Sophisticated processing of the Winchester 3D seismic data continued during the quarter.

The focus of the Winchester 3D seismic survey was the Winchester Prospect, which is located on the Parker/Webley horst and terrace feature and being part of the more regional Rankin Trend and Kendrew Trough. The general region is proven for the formation, location and production of both oil and natural gas. Major commercial hydrocarbon discoveries in proximity to the permits include the giant gas and condensate fields of the North West Shelf; these being Goodwyn, North Rankin and Perseus, while the significant oil fields in Lambert, Wanaea and Cossack are in the same region. Recently, sizeable new gas discoveries have been made at Julimar, Brunello, Brulimar, Xena, Pluto and Wheatstone, to the immediate west of the permits, while the Lady Nora and Pemberton discoveries have been made to the north.

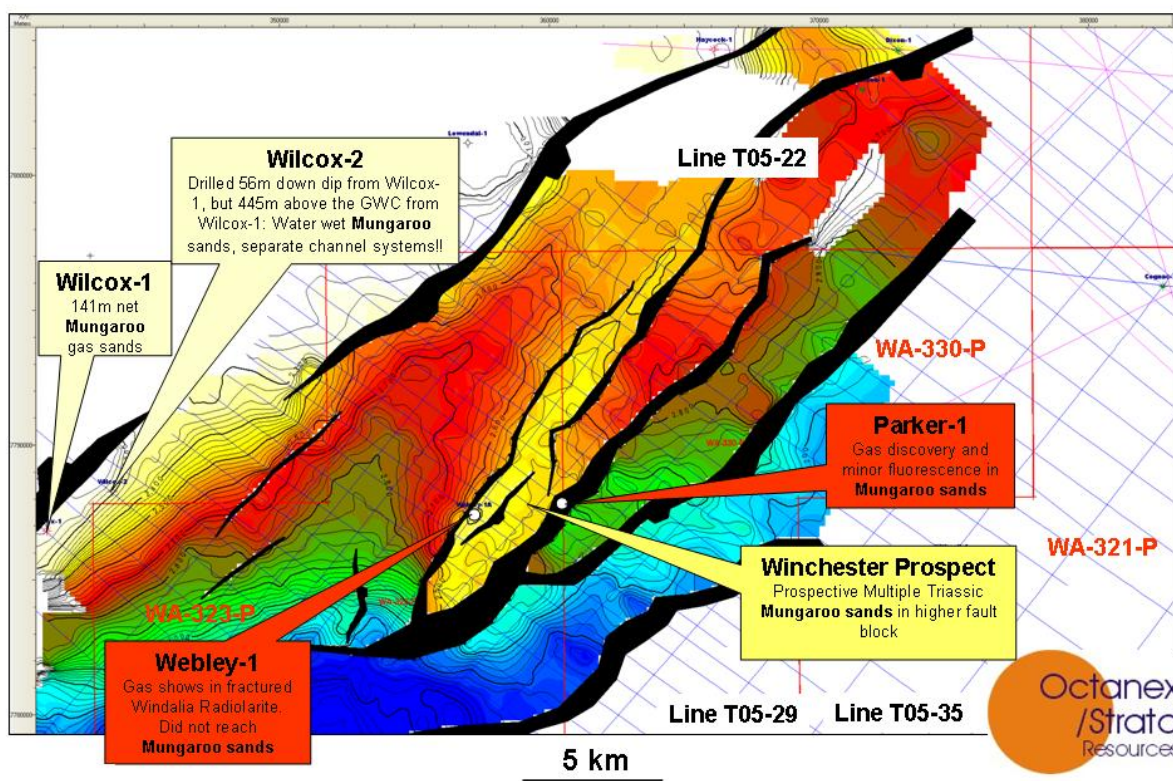
Parker-1 Gas Discovery compared with Wilcox-1 Gas Discovery



The Joint Venture believes that the Parker gas shows represent potential for a significant gas accumulation that may extend 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 was aimed at providing information and insight into the horst and to 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 in the adjacent permit (not owned by the joint venture).

Parker/Webley Horst - Top Triassic TWT Map Winchester Prospect



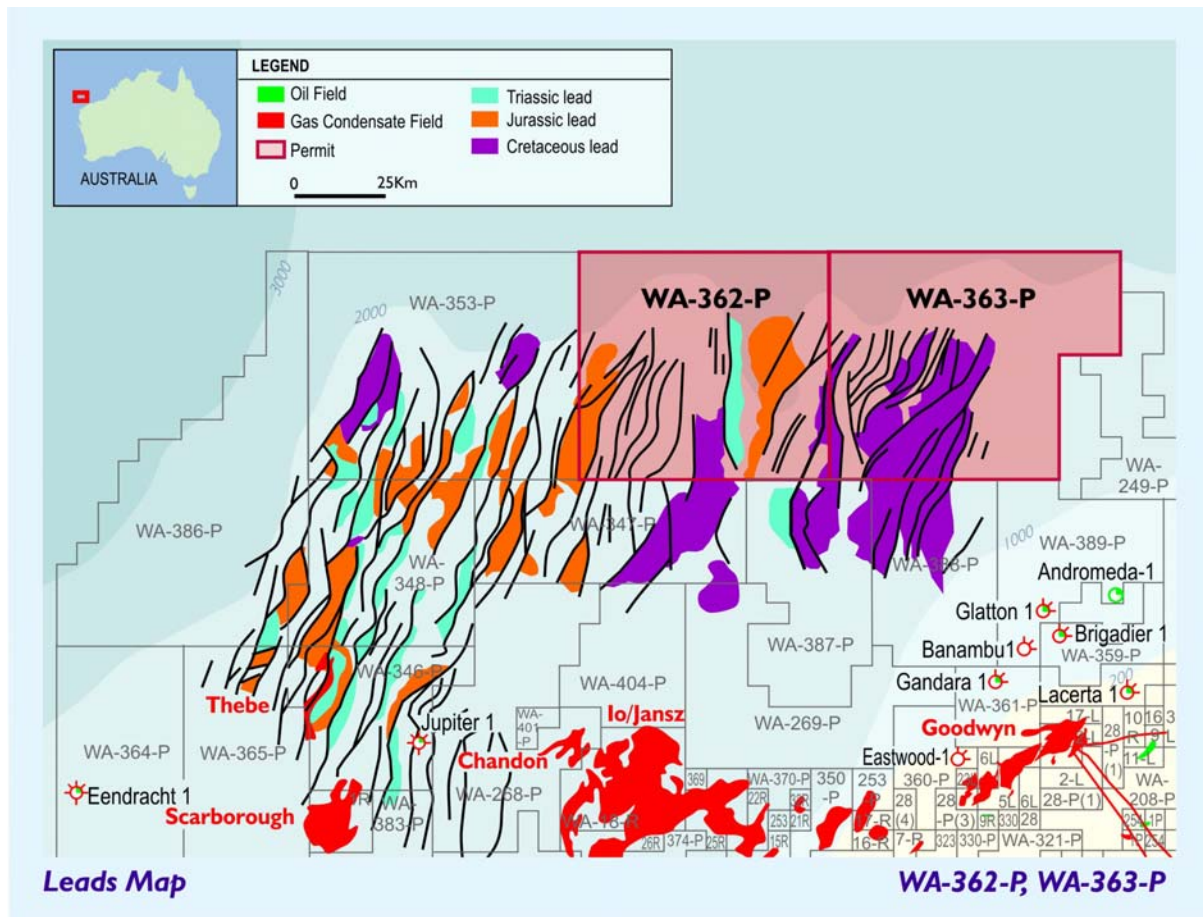
Existing infrastructure and likely future extensions, as well as new infrastructure in proximity to Winchester, bodes well for any discovery, whether oil or gas. Significant future demand for gas to supply both domestic demand and LNG developments are anticipated, so that any potential gas discovery 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%)

The Joint Venture for these permits consists of:

OMV	30% and Operator
ENI	30%
Octanex N.L.	14%
Strata Resources N.L.	14%
Exmouth Exploration Pty Ltd	12%

Octanex holds a 14% interest in each of these two outer Exmouth Plateau exploration blocks after entering into 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 and 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.



The Joint Venture Operator, OMV, continued the processing of the 7,407 km Klimt 2D seismic survey during the quarter.

WA-384-P, WA-385-P AND WA-394-P SOUTHERN EXMOUTH SUB-BASIN

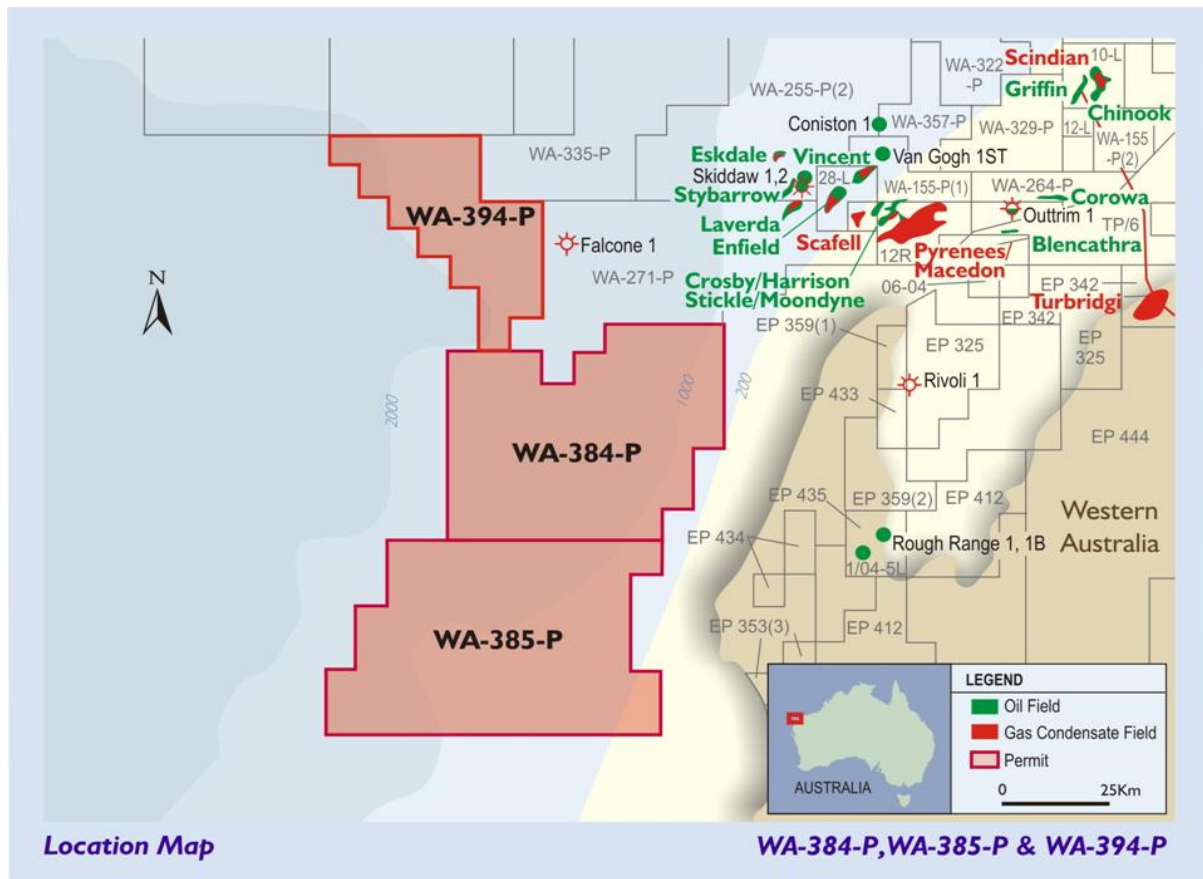
Interests in this Joint Venture (which presently consists of reversionary and residual interests) are:

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 previously 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), also entered into identically worded agreements such that Shell has acquired a 100% working interest in the permits. However, Octanex and Strata both hold residual rights in each of the permits in the form of discovery payments and royalties, as well as rights of reconveyance.

Shell has commenced seismic operations over the permits.

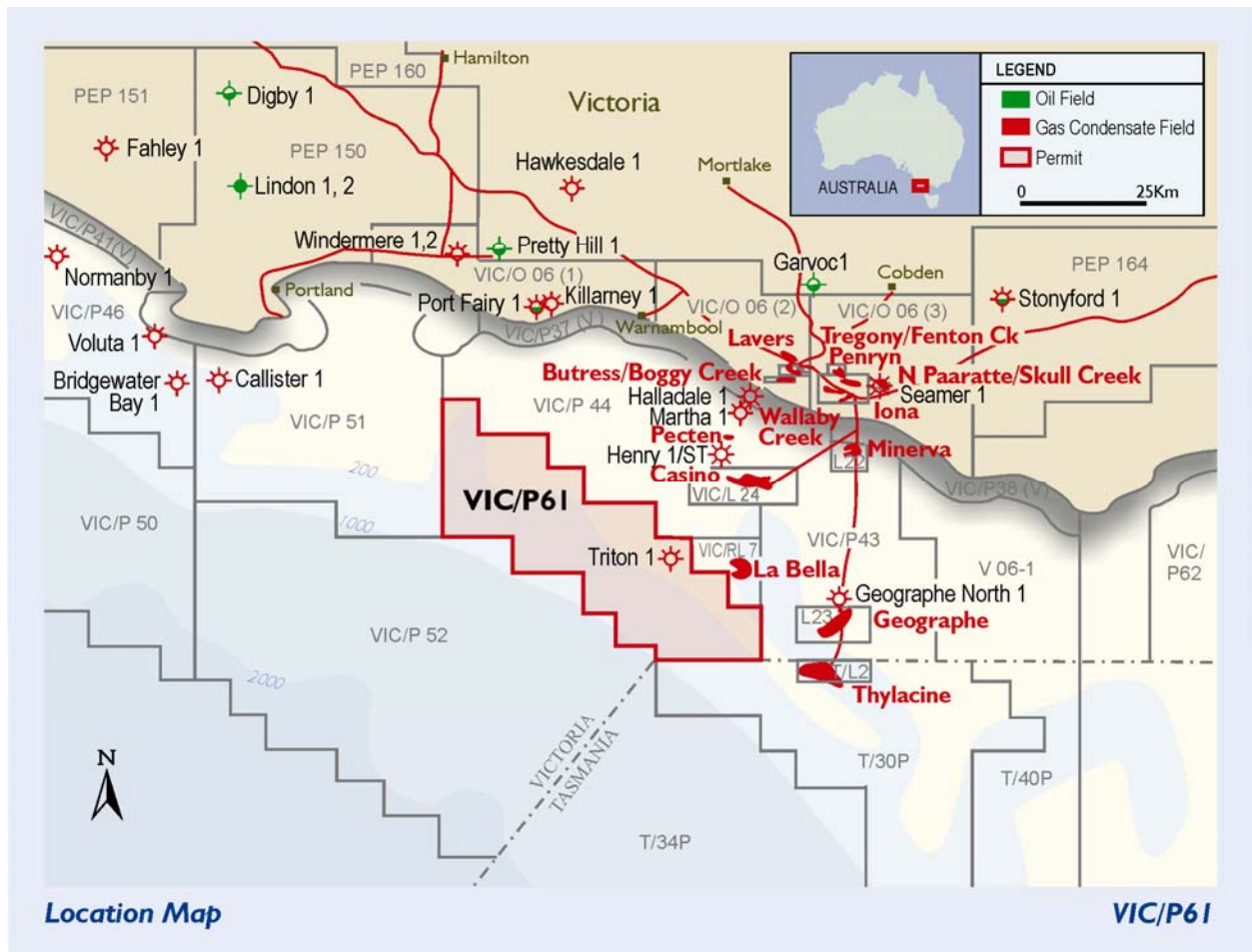


VIC/P61 OTWAY BASIN (Octanex 10% earning pursuant to farmin)

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 agreed to earn a 10% interest 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 but has been delayed indefinitely pending resolution of environmental conditions. The joint venture is undertaking critical evaluation of future operations, given the highly restrictive environmental requirements and the difficulty of reconciling good technical and acquisition practice with these requirements.



EPP 34 OTWAY BASIN (Octanex 15%)

The EPP 34 Joint Venture consists of:

Exoil Limited	15% and Operator
Moby Oil & Gas Limited	20%
National Energy Pty Ltd	15%
United Oil & Gas Pty Ltd	30% (Octanex as to 15%)
Gascorp Australia Pty Ltd	10%
National Gas Australia Pty Ltd	10%

Processing of the Trocopa seismic survey of 1,100 km of new 2D data continued during in the quarter. Reprocessing of old data is also underway. Interpretation has focused on the northern shelfal section of the block, targeting the Early Cretaceous Pretty Hill Sandstone.

The new seismic survey will provide extensive modern 2D coverage in the northern part of the permit in the expectation that it may present the possibility of a series of gas plays.



Exploration Quarterly Report

Quarter ended ("current quarter")

31 DECEMBER 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from joint venture participant		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(59)	(1,086)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	(220)	(356)
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	364	771
1.7	Other		
Net Operating Cash Flows		85	(671)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		(1,724)
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 (provide details if material)		
Net investing cash flows			(1,724)
1.13	Total operating and investing cash flows (carried forward)	85	(2,395)

Exploration Quarterly Report

1.13	Total operating and investing cash flows (brought forward)	85	(2,395)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		2
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		2
	Net increase/(decrease) in cash held	85	(2,393)
1.20	Cash at beginning of quarter/year to date	20,542	23,004
1.21	Exchange rate adjustments to item 1.20	15	31
1.22	Cash at end of quarter	20,642	20,642

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	68
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

Exploration Quarterly Report

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	200
4.2 Development	
Total	200

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	533	537
5.2 Deposits at call	20,109	20,005
5.3 Bank overdraft	-	-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	20,642	20,542

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			

Exploration Quarterly Report

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				
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)	28,914,710 750,000 750,000 750,000 750,000	28,914,710 - - - -	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				
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: 28/01/2009
(Secretary)

Print name: J.G.TUOHY

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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