

**Octanex N.L.**

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RELEASE**QUARTERLY REPORT****FOR THE PERIOD TO 31 DECEMBER 2003****HIGHLIGHTS**

- * Issue of IPO subsequently raising \$1.5 million.
- * Preparation for Listing on NSX (Newcastle Stock Exchange).
- * Increased Value of Investments.

1. EXPLORATION**1.1 Exmouth Joint Venture (Octanex 37.5 – Operator)**

The Company holds a 37.5% interest in two petroleum exploration permits, (WA-322-P and WA-329-P), located in the prospective Exmouth Sub-basin, an emerging oil province at the southern end of the Carnarvon Basin, offshore Western Australia. The permits, which are contiguous and comprise a total project area of 1,440 kms² (356,000 acres) (see Figure 1), are governed by a single Operating Agreement and are contained in one project area, the Exmouth Joint Venture.

The permits, 100kms NW of Barrow Island, a significant and long-standing oil producing area off the coast of Western Australia. They are considered prospective for the discovery of both oil and natural gas. They have been only lightly explored and no wells have been drilled in the project area. To the south, east and west, within 5 – 25kms of the Exmouth project boundaries, there are oil and gas fields and discovery wells.

To the southwest are the gas and oil fields of the Pyrenees/Macedon complex, while further to the west there are the significant new oil discoveries at Vincent, Enfield, Stybarrow, Ravensworth and Novarra, with decisions for development having been announced for Vincent and Enfield.

Recent and significant discoveries within the Exmouth Sub-basin indicate that the commercially productive hydrocarbon trends, established over the last 30 to 40 years of exploration, in the immediately adjacent northern Barrow Sub-basin, extend south-westwards from the Griffin, Ramillies, Chinook and Scindian Fields, into the Macedon

and Pyrenees Field areas and thence oceanwards to the Novara, Vincent, Laverda, Coniston, Stybarrow and Ravensworth discoveries.

There is an extensive body of existing geological data available in relation to the Permits, including a large amount of 2-D seismic and more than 800 kms² of reprocessed 3-D seismic data, which the Exmouth joint venture has acquired, together with a large range of pertinent existing reports and basic data collected by previous operators in the area. The joint venture plans to acquire and process 1500 kilometres of new 2-D seismic data in WA-322-P. The data sets will receive extensive interpretational effort.

In relation to the WA-329-P permit, the Company has collected data comprising existing 2-D seismic surveys and the recently reprocessed, combined Swell and Baylis 3-D data set. The Exmouth Joint Venture also plans to acquire and process a new 750 kilometres 2-D seismic programme as part of Year 2 work commitments.

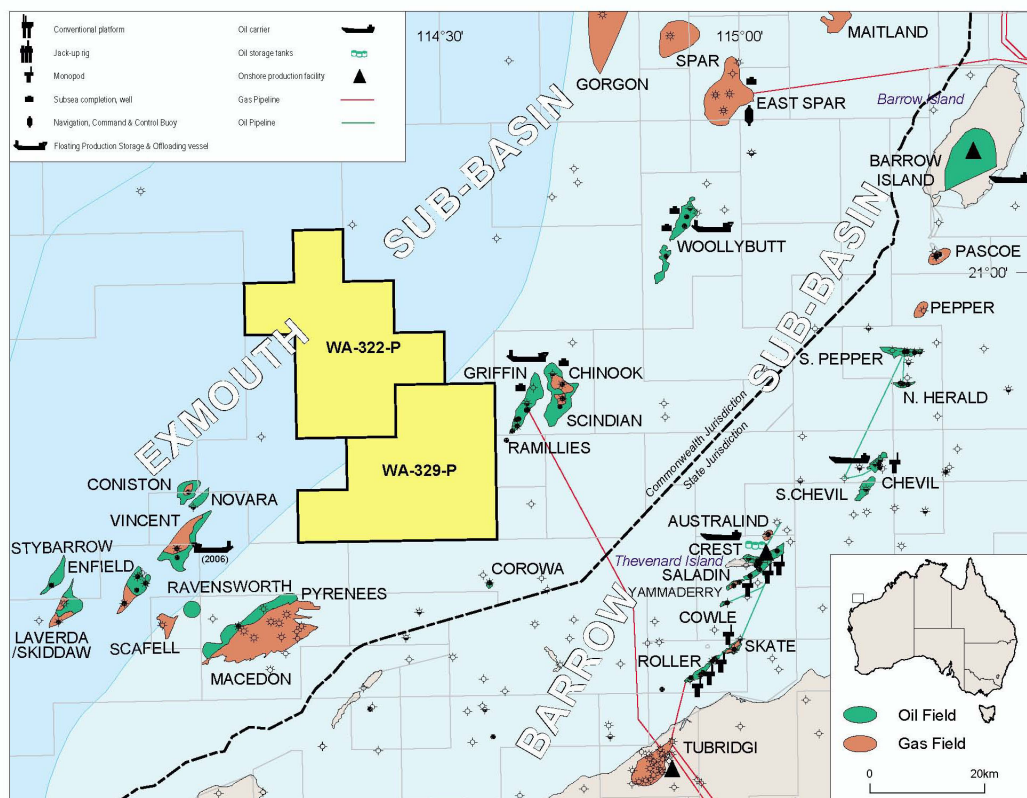
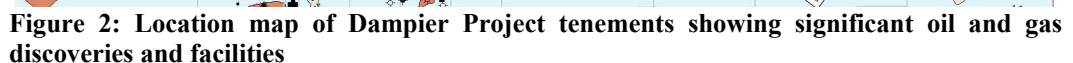


Figure 1: Location Map of Exmouth Project tenements showing significant oil and gas discoveries and facilities

1.2 Dampier Joint Venture (Octanex 50% - Operator)

Octanex holds a 50% interest in another significant project area, in the Dampier Sub-basin, where three contiguous permits (WA-321-P, WA-323-P and WA-330-P) are held, immediately south of the traditional North West Shelf gas and oil producing region (see Figure 2). There are also a number of other producing oil and gas fields in the region and a number of significant wells in and adjacent to our project area. These wells have variously established the presence of oil, gas and condensate.

Figure 2 below shows the location of these permits.



The Madeleine structural trend, which hosts the Wanaea Oil Field 60 kilometres to the northeast, traverses the WA-330-P and WA-321-P permit areas.

The Parker Terrace structural trend runs through the northwest corner of WA-330-P and bisects WA-323-P. It hosts the Dixon and Tidepole gas and condensate accumulations, which are located approximately 8 kilometres to the north of WA-330-P.

2. INVESTMENTS

2.1 Cue Energy Resources Limited (“Cue”)

The Company holds a total of 36,380,140 shares in Cue equivalent to 10.89% of its issued capital and having a market value of \$2 million as at 31 December 2003.

Additional information about Cue is available from Cue’s website: www.cuenrg.com.au.

2.2 Methanol Australia Limited (“MEO”)

The Company holds a total of 4,077,944 shares in MEO representing 4.4% of its issued capital having a market value of \$1 million as at 31 December 2003.

Additional information about MEO is available from the MEO website www.methanol.com.au.

3. CAPITAL RAISING

During the quarter the Company made a public offer (“IPO”) of ordinary shares for subscription, each with two (2) free attaching options. The Issue Price of each of the shares pursuant to the Offer was \$0.10 (10 cents) and the two associated options (see Item 4.2) were granted free of additional cost on the basis. The shares rank equally in all respects with each other and the existing issued shares.

A total of 15,075,058 shares were subscribed, raising \$1.5 million for exploration activities and increasing issued capital to 34,484,729 ordinary fully paid shares.

4. SHAREHOLDER MATTERS

4.1 Newcastle Stock Exchange Listing

Following the IPO (see 3 above) the Company’s share and option securities became quoted on the Newcastle Stock Exchange (“NSX”). The Company’s Code on the NSX is “OCT”. The two series of options are also quoted.

4.2 Capital Structure

Capital structure, following the IPO (see 3 above), is now as follows:

34,484,729 Ordinary Fully Paid Shares
15,075,058 31 March 2005 Options (exerciseable at 10¢)
15,075,058 30 June 2008 Options (exerciseable at 25¢)

4.3 Website

The Company has a website at www.octanex.com.au. Relevant Company documents, including the IPO document, are displayed on that website.

A handwritten signature in black ink, appearing to read 'E.G. Albers', with a stylized flourish at the end.

E.G. Albers
Chairman
Melbourne, Australia
9th February 2004