

**30 July 2014**

No. of Pages: 24

**ASX CODE: ORS**

Market Cap.: \$10 m (\$0.059 p/s)

Shares on issue: 169,672,726

Cash: \$2.3 m (30 June 2014)

Debt: \$0.0 m (30 June 2014)

**BOARD & MANAGEMENT**

Ian Gandel, Chairman

Anthony Gray, Managing Director

Bob Tolliday, Director

**MAJOR SHAREHOLDERS**

Abbotsleigh – 19.5%

Alliance Resources – 13.5%

Karl Sabljak – 5.5%

**PRINCIPAL OFFICE**

Octagonal Resources Limited

ABN 38 147 300 418

Suite 3, 51 – 55 City Road

Southbank VIC 3006

**T** +61 3 9697 9088

**F** +61 3 9697 9089

**E** [info@octagonalresources.com.au](mailto:info@octagonalresources.com.au)

**W** [www.octagonalresources.com.au](http://www.octagonalresources.com.au)

## **QUARTERLY REPORT - FOR THE PERIOD ENDED** **30 JUNE 2014**

### **DETAILS OF ANNOUNCEMENT**

- Quarterly Activity Report for the period ending 30 June 2014 (18 pages)
- Appendix 5B for the period ending 30 June 2014 (5 pages)

For and on behalf of the Board.

**Bob Tolliday**

**Company Secretary**  
**OCTAGONAL RESOURCES LIMITED**

Additional information relating to Octagonal and its various mining and exploration projects can be found on the Company's website:

[www.octagonalresources.com.au](http://www.octagonalresources.com.au)

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## Quarterly Report for the period ended 30 June 2014

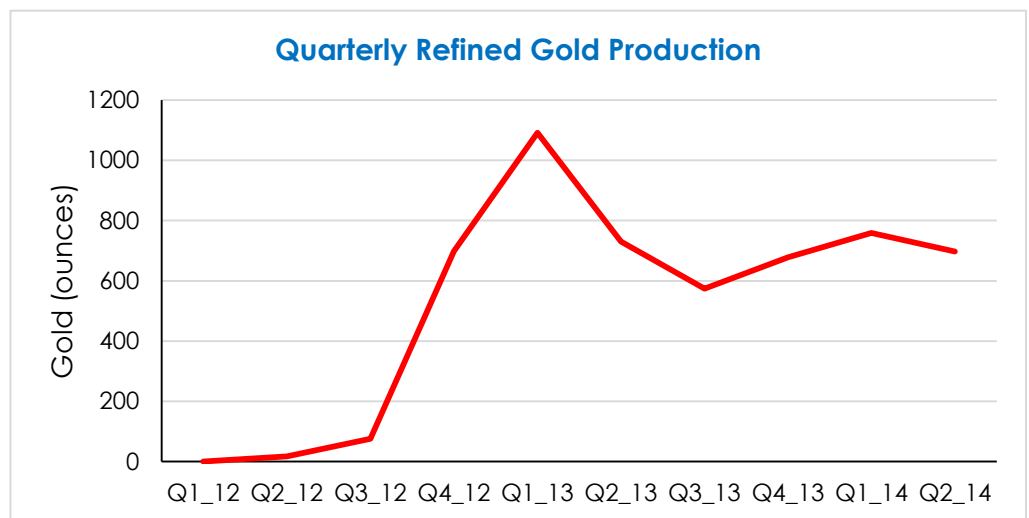
### Highlights

#### Victoria

- ▶ **High-grade Western Reef at Alliance South Deposit defined over 30 metres strike length averaging 20.2 g/t Au (uncut) over 3.2 metres width**

#### Western Australia

- ▶ **3D inversion modelling of Burns Prospect ground magnetic data defines large high-magnetic copper-gold target for diamond drill testing**



(gold production attributed to Octagonal)

## Summary

During the June quarter Octagonal's activities in Victoria focussed on mine development on the 1100 level of the Alliance South Deposit, extending the Union Hill Decline down to the 1080 level of the deposit, gold production from processing ore from the Alliance South Deposit, Union Hill open pit, and historic Porcupine Flat tailings, and RC drilling in the Pig and Whistle area of the Pearl Croydon Deposit.

10,970 dry tonnes of ore and tailings was processed to recover an average gold grade of 2.1 g/t Au. Gold sales were \$964,000 from the sale of 697 ounces of gold at an average gold price of A\$1,382/oz.

Underground mining of the Alliance South Gold Deposit, at Maldon, continued with 103 metres of development completed during the quarter.

Mining focussed on defining the high-grade Western Reef on the 1100 level and extending the Union Hill Decline down to the 1080 level of the deposit.

At the time of writing the Western Reef has been defined over 53 metres strike length, with a high grade shoot developed over 30 metres strike length averaging 20.2 g/t Au (uncut) across a 3.2 metre wide face.

A 3,920 tonne bulk sample of underground ore, estimated from underground sampling to grade 10.9 g/t Au (uncut) or 5.5 g/t Au (20 g/t upper cut), was processed and reconciled to average 3.0 g/t Au. This difference in recovered grade is largely attributed to the nuggetty style of the gold deposit. The Company has completed a thorough review of its mining and milling operations and identified several areas where it can improve grade estimation and ore quality.

Exploration work completed in Victoria consisted of RC drilling in the Pig and Whistle area of the Pearl Croydon Deposit. Significant assay results returned from this drilling program include 2 metres @ 3.0 g/t Au from 14 metres, 1 metre @ 10.8 g/t Au from 31 metres, 3 metres @ 3.7 g/t Au from 17 metres, and 5 metres @ 1.1 g/t Au from 16 metres.

Exploration work completed in Western Australia focussed on the Burns Prospect and consisted of 3D inversion modelling of ground magnetic data collected during July 2013 and commencement of a diamond drill hole to test a magnetic target defined by this work.

The Victorian Government advised that following a merit assessment of four competing exploration licence applications overlying the Clunes Goldfield the Company's application (EL 5491) was ranked second. No reason or supporting evidence was given for this decision and the Company, disputing the decision, referred its' dispute to the Mining Warden. It has become apparent however that the Ministers delegate accepted the ranking seven days prior to Octagonal being notified, thereby denying the Company the opportunity to dispute the decision as provided for by the Mineral Resources (Sustainable Development) Act 1990. The Company is considering its options in this matter.

Work planned for the September 2014 quarter includes:

- ▶ Reef development and mining on the 1100 level at the Alliance South Deposit;
- ▶ Extension of the Union Hill Decline towards the 1080 level of the Alliance South Deposit;
- ▶ Receive and interpret diamond drilling results from the Burns Prospect; and
- ▶ Ore processing of Alliance South underground ore and Union Hill open pit ore.

## **Safety & Environment**

No medically treated injuries (MTIs) or lost time injuries (LTIs) were recorded during the reporting period.

One environmental incident was reported to the Environmental Protection Authority (EPA). This incident related to elevated arsenic and base metals levels in mine water distributed to the Nuggetty Water Group (NWG - a group of local farmers who have entered into agreements with the Company to receive and re-use mine water from the Union Hill mine).

The Company immediately stopped discharging water off site and notified the EPA and NWG of the incident. An investigation revealed that pumps agitating and suspending sediment in the mines water settling tank were the cause of the elevated levels. This sediment has been removed and mine water quality has returned to normal.

In future, sediment will be removed from the water settling tank on a more regular basis and the Company has increased the frequency of mine water quality monitoring. Mine water monitoring results are reported on a quarterly basis to an Environmental Review Committee (group up of Regulators, special interest groups, and community members who review and ensure the environmental and community compliance and performance of the Maldon Gold Operation) as per the Company's Environmental Management Plan.

## **Maldon Gold Operation - Victoria (100% Octagonal)**

### ***Background***

The Company's Victorian operations are based at Maldon, the third largest historic primary gold producer in Central Victoria after Bendigo and Ballarat. It is here that Octagonal owns a 150,000 tonne per annum CIL gold processing plant and a decline that extends to the Alliance South Deposit. Octagonal is currently underground mining at the Alliance South Deposit.

### ***Operations***

#### ***Union Hill Mine, Maldon (100% Octagonal)***

During the quarter development of the Eaglehawk Reef continued on the 1100 level, in the upper area of the Alliance South Deposit (Figure 1).

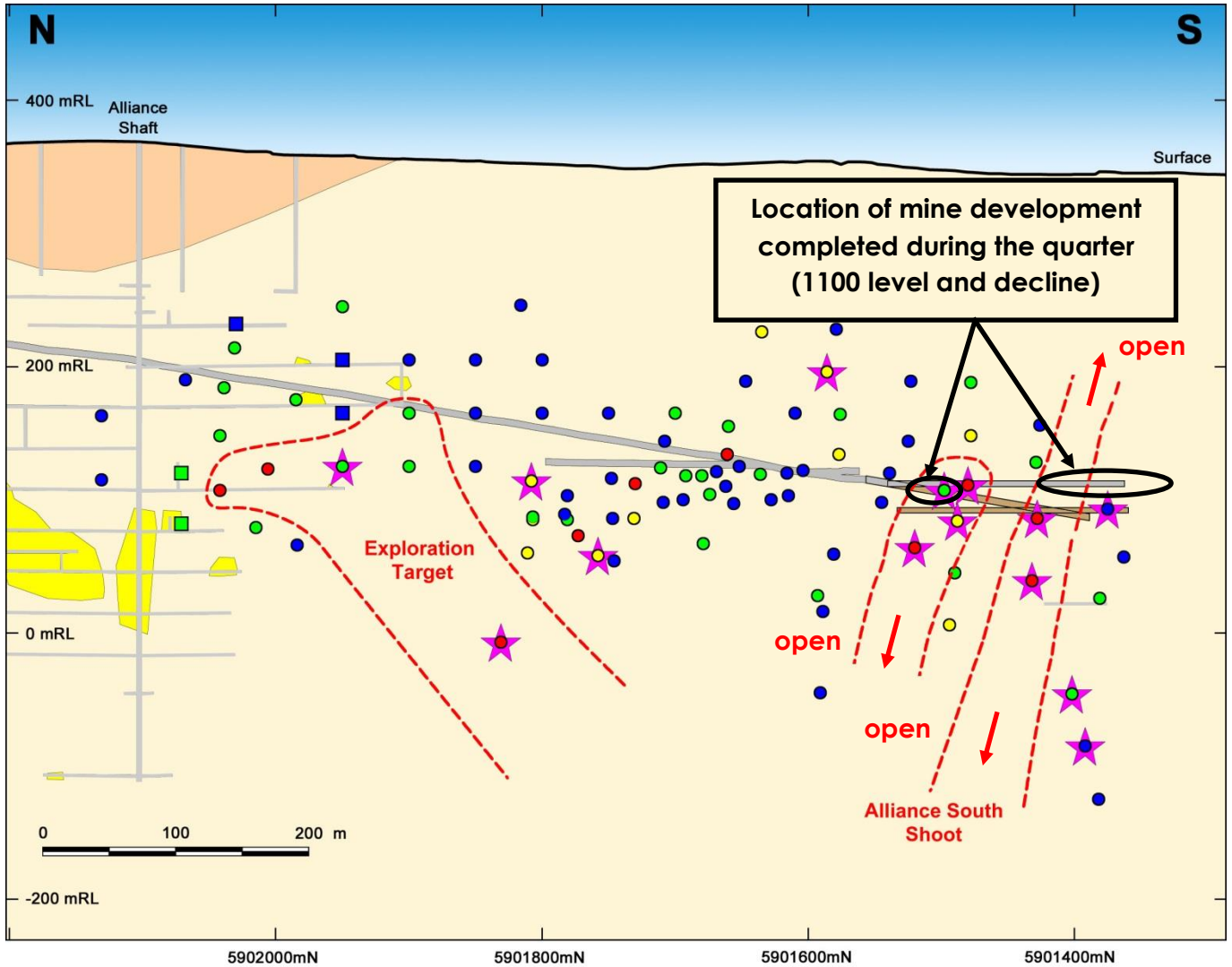
103 metres of development was achieved, with 67 metres developed on the reef and 36 metres developed in the decline.

Mining focussed on defining the high-grade Western Reef (that was discovered during the quarter) and extending the Union Hill Decline down to the 1080 level of the deposit.

The Western Reef was discovered in May when a cross-cut developed to the west of the Eaglehawk Reef to test high-grade sludge hole drilling results intersected a north-south striking and steep east dipping reef that initially returned 2.95 metres grading 40.3 g/t Au and 2.10 metres grading 30.4 g/t Au in the cross-cut (refer to ASX Announcement dated 9 May 2014).

At the time of writing this reef has been defined over 53 metres strike length, with a high grade shoot developed over 30 metres strike length averaging 20.2 g/t Au (uncut) across a 3.2 metre wide face (Figure 2).

During the Quarter the Company purchased two 40 tonne underground dump trucks (\$70,000) and employed one additional miner and one part time truck driver / fitter, with the objective of accelerating decline development to the 1080 level and de-bottle necking the removal of dirt from the mine. A lift in production has already been observed and should accelerate into the next quarter. Approximately 100 metres of capital development is currently required to access the 1080 level, with an additional 30 metres of sustaining development associated with sumps and ore stockpiles.



**LEGEND**

- Drill holes with no significant assay results
- Drill holes containing 1 – 5 g-m Au
- Drill holes containing 5 – 10 g-m Au
- Drill holes containing > 10 g-m Au
- ★ Drill holes containing visible gold intersections
- Exploration target areas
- Union Hill Decline
- Planned mining development
- Historic mine workings on the Eaglehawk Reef
- Historic stopes
- Supergene zone

Coloured squares represent holes that intersected old workings

Figure 1: Eaglehawk Reef: Longsection showing position of Union Hill decline relative to the Alliance South Shoot, planned mine development, and interpreted ore shoots

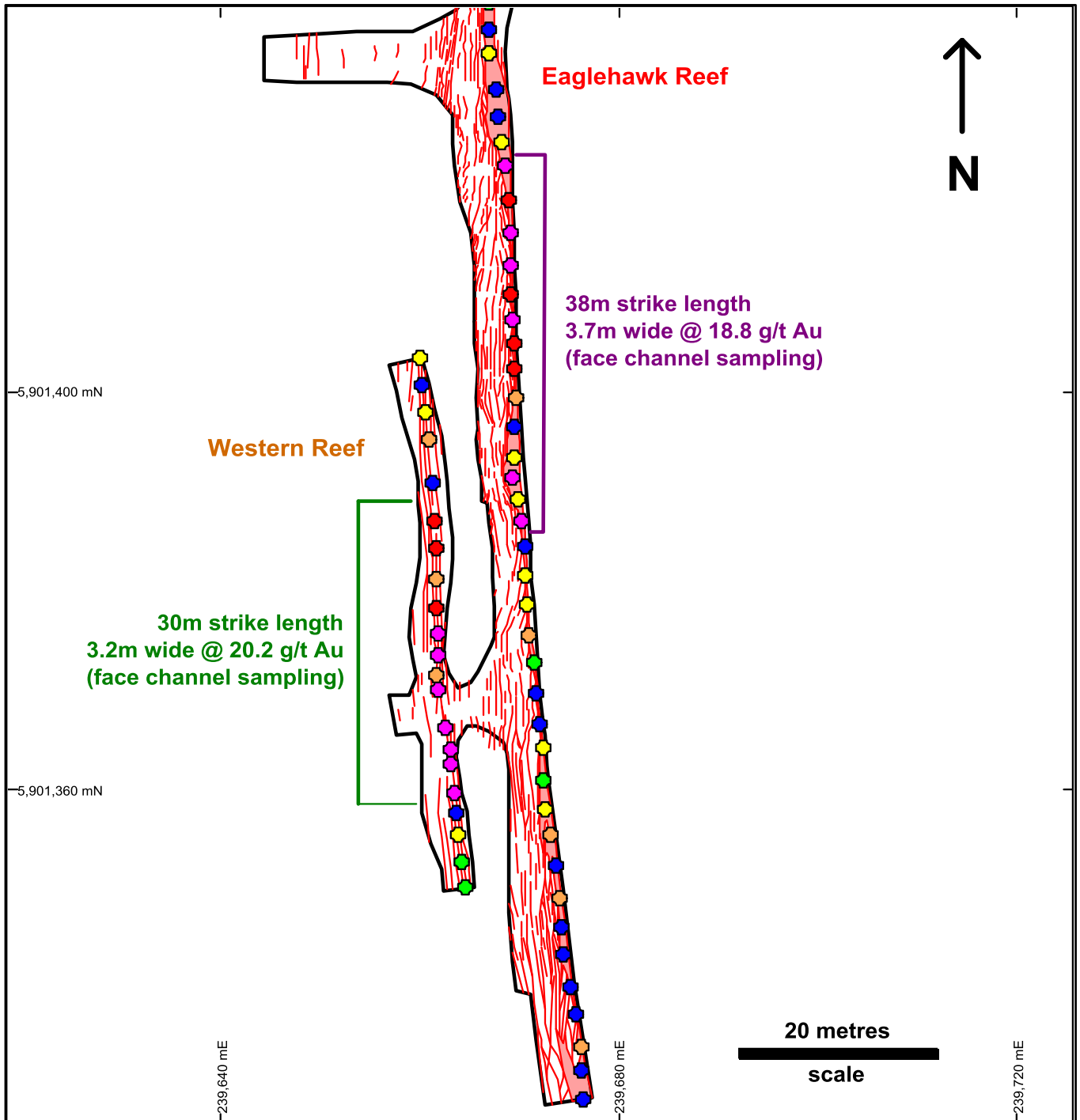


Figure 2: Plan of 1100 level reef development to 25/07/2014 with undiluted face channel sample assay results

- Legend-**  
 Dots: face channel samples  
 Horizontal lines: sludge holes  
 Blue: no significant assay result  
 Green: 1 – 5 g-m Au  
 Yellow: 5 – 10 g-m Au  
 Orange: 10 – 20 g-m Au  
 Red: 20 – 50 g-m Au  
 Purple: > 50 g-m Au  
 Red lines: quartz reef and spurry veins

### ***Porcupine Flat Gold Processing Plant, Maldon (100% Octagonal)***

Ore processed during the quarter consisted of Porcupine Flat historic tailings, underground ore from the Alliance South Deposit, and open pit ore from the Union Hill open pit.

10,970 dry tonnes of ore was processed during the quarter to recover 2.1 g/t Au.

697 ounces of refined gold was produced and sold achieving an average gold price of A\$1,382/oz.

A 3,920 tonne bulk sample of underground ore from the Alliance South Deposit was processed during the quarter to reconcile face channel sampling results against recovered gold. The bulk sample comprised mine development ore from the Eaglehawk Reef and Western Reef on the 1100 level of the deposit, with underground face channel sampling estimating the ore grade to be 10.9 g/t Au (uncut) or 5.5 g/t Au (20 g/t upper cut).

After reconciliation of ore processing this bulk sample was estimated to average 3.0 g/t Au. This overcall in underground ore grade has resulted in a short fall of approximately 380 ounces of gold less poured during the quarter than expected, or approximately \$520,000 in revenue.

A thorough review of mine and mill operational performance has identified that while underground sampling protocols are in line with industry standard practice some bias in underground sampling is likely due to the fact that the hornfels (metamorphosed sedimentary host rock) is much harder to break and sample [and breaks to a larger rock size that is difficult to collect in a representative 3 kilogram sample] than the quartz, which is believed to contain most of the gold. It is therefore likely that the grade control sampling is biased towards the higher grade gold-bearing quartz.

Recognising this issue the overcall is still statistically substantial and must be largely attributed to the nuggetty style of the gold deposit.

Octagonal's strategy to address this issue will focus in several areas of the operation and specifically;

- Mine development will be kept to a minimum width to reduce dilution and sludge hole drilling will be used to identify adjacent ore zones (mine development on the 1100 level has essentially been exploratory with mine development headings widened to better understand the structural controls and gold grade distribution);
- Face channel sampling will be compared against truck sampling to determine the best sampling technique for ore block grade estimation;
- Development of the 1120 level will be delayed to focus on development of the 1080 level that is believed to be higher grade and closer to the core of the deposit;
- Preliminary test work has indicated that by scalping and removing the oversized rock (+40mm) a 50% reduction in tonnes is possible together with a doubling in ore grade. Further scaling test work will be completed to confirm this outcome; and
- The Eaglehawk Reef and Western Reef are separated by 11 metres, with variably graded spurry veins in between. The Company will assess the economic potential of mining a larger tonnage and lower grade deposit, possibly using scalping to upgrade the ore.

Ore sources scheduled for processing during the September 2014 quarter will consist of Alliance South underground ore and Union Hill open pit ore.

### ***Pearl Croydon (100% Octagonal)***

The Pearl Croydon Gold Deposit is located on a granted mining licence 40 kilometres southwest of the Company's Porcupine Flat gold processing plant at Maldon and contains an Inferred Mineral Resource of 570,000 tonnes grading 2.9 g/t Au for 53,000 ounces of gold (refer to ASX Announcement dated 20 January 2014).

Development of the Pearl Croydon Deposit was placed on hold during the Quarter following a review of the Company's mining and exploration projects whose objective was to prioritise projects and manage cash flow such that the best and most advanced projects are brought into production soonest using the Company's existing cash reserves (refer to ASX Announcement dated 9 May 2014).

## Exploration

### Pearl Croydon (100% Octagonal)

14 RC holes, totalling 475 metres, were drilled in the Pig and Whistle area of the Pearl Croydon Deposit using a 20 metre by 20 metre spaced grid to test for near-surface gold amenable to open pit mining (Figures 3 and 4).

The Pig and Whistle area is characterised by several north-south trending and steep west-dipping quartz reefs separated by approximately 75 metres. Historic drilling completed on 40 metre spaced traverses has returned significant assay results including:

- 10 metres @ 5.5 g/t Au from 30 metres in PCRC013, and
- 3 metres @ 5.9 g/t Au from 74 metres in PCRC069.

This drilling has revealed that the main gold-bearing reef in the area is offset by several small faults, producing multiple lenses of moderate grade gold mineralisation. Significant assay results returned from this drilling program include:

- **2 metres @ 3.0 g/t Au from 14 metres in PCRC092,**
- **1 metre @ 10.8 g/t Au from 31 metres in PCRC093,**
- **3 metres @ 3.7 g/t Au from 17 metres in PCRC094, and**
- **5 metres @ 1.1 g/t Au from 16 metres in PCRC102.**

All assay results returned from this drilling program are listed in Table 1 and drill hole details are provided in Table 2.

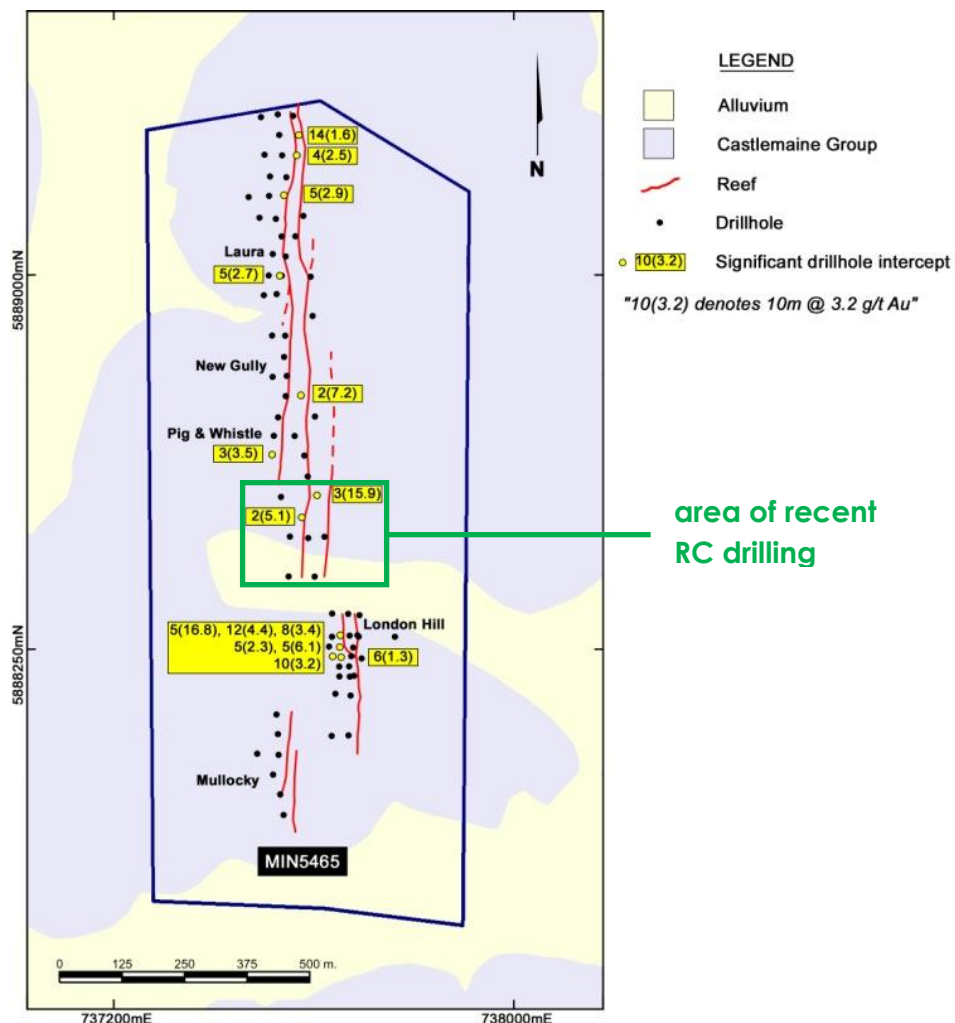


Figure 3: Pearl Croydon: Drill hole location plan with area of recent RC drilling



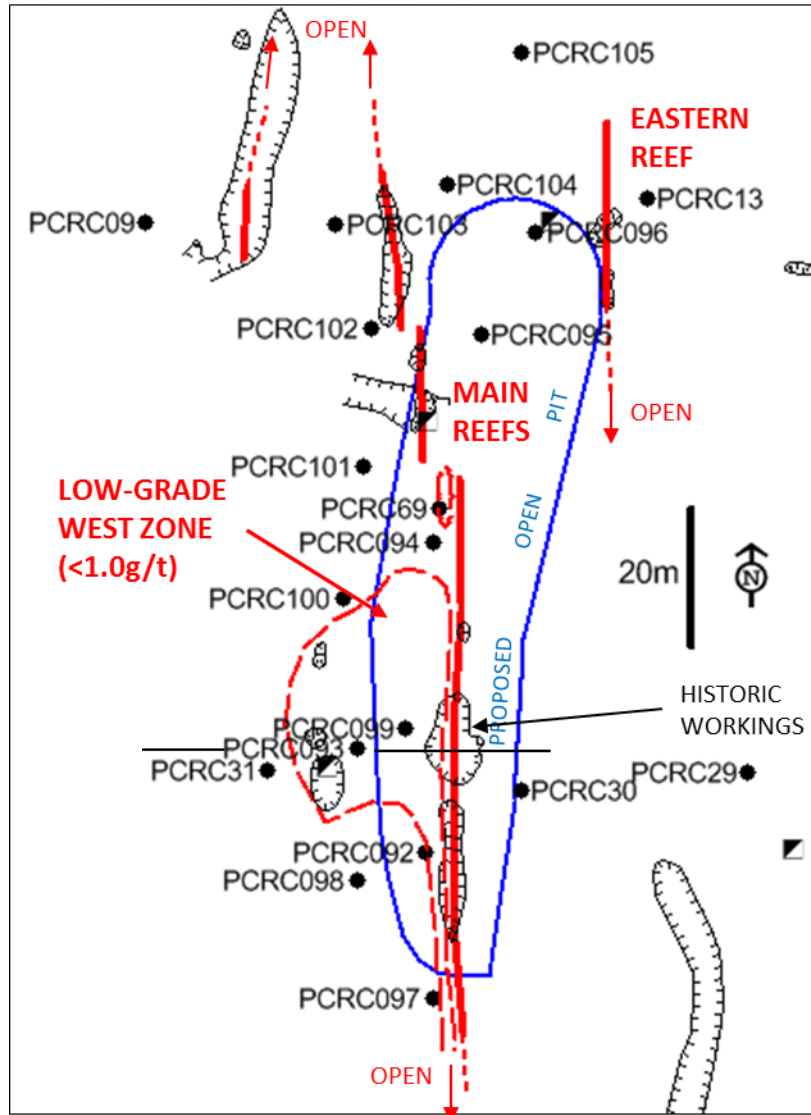


Figure 4: Pig & Whistle: Drill hole location plan

**Table 1.**  
Pig & Whistle RC Drilling: Significant Assay Results

Hole Number	From (m)	To (m)	Interval (m)	Au (g/t)	Comments
PCRC092	4	4	1	1.13	
	14	16	2	3.02	
PCRC093	31	32	1	10.80	
PCRC094	17	20	3	3.67	
PCRC095				NSA	
PCRC096				NSA	Hole abandoned in stope
PCRC097	5	6	1	2.87	
PCRC098				NSA	
PCRC099				NSA	
PCRC100	36	37	1	2.68	
PCRC101				NSA	
PCRC102	16	21	5	1.13	
PCRC103	65	70	5	1.15	
PCRC104				NSA	
PCRC105				NSA	

**Table 2.**  
**Pig & Whistle: RC Drill Hole Details**

Hole Number	Northing (MGA)	Easting (MGA)	Elevation (mRL)	Azimuth (MGA)	Dip	Depth (m)
PCRC092	5888465	737574	276.5	90	-60	21
PCRC093	5888480	737564	278.0	90	-60	36
PCRC094	5888510	737575	280.0	90	-60	27
PCRC095	5888540	737582	281.0	90	-60	27
PCRC096	5888555	737590	281.0	90	-60	12
PCRC097	5888444	737575	275.2	90	-60	18
PCRC098	5888461	737564	277.0	90	-60	42
PCRC099	5888483	737571	279.0	90	-60	39
PCRC100	5888502	737562	280.0	90	-60	48
PCRC101	5888521	737565	281.0	90	-60	36
PCRC102	5888541	737566	281.0	90	-60	30
PCRC103	5888556	737561	283.3	90	-60	72
PCRC104	5888562	737577	282.0	90	-60	40
PCRC105	5888581	737588	281.0	90	-60	27

## **Hogan's Project - Western Australia (100% Octagonal)**

### ***Background***

In Western Australia Octagonal holds 100% equity in the Hogan's Project where it is exploring for gold and copper deposits in a highly prospective but underexplored area only 70 kilometres from Kalgoorlie. The gold potential of this emerging gold producing district is demonstrated by the recent exploration and mining success achieved by Silver Lake Resources Limited at the Daisy Milano and Salt Creek mines and Lucky Bay Prospect.

### ***Exploration***

Exploration work completed during the Quarter focussed on the Burns Prospect and consisted of 3D inversion modelling of ground magnetic data collected during July 2013 and commencement of a diamond drill hole to test a magnetic target defined by this work (refer to ASX Announcements dated 23 May 2014 and 30 June 2014).

### ***Burns Prospect***

The Burns Prospect is characterised by a discrete granite intrusive with associated low magnetic and gravity signatures that intrudes a thrust package of mafic, intermediate and meta-sedimentary rocks. The granite has caused doming of the greenstone sequence, creation of dilational jogs associated with northwest trending structures, and localised lithological and structural complexity that forms ideal sites for the deposition of gold. Evidence of intense fluid flow is further supported by a high-magnetic alteration halo that surrounds the granite.

In May 2011 Octagonal discovered significant gold and copper in regolith (weathered Archaean rock) anomalism at the Burns Prospect, with aircore drilling used to define a one square kilometre area of gold anomalism and a two kilometre long copper anomaly using a 40 metre by 160 metre spaced grid (Figure 5). The gold anomalism is unconstrained by drilling where it trends beneath salt lake cover to the north and east.

During 2012 Octagonal completed 33 RC holes, on four 40 metre spaced traverses in the southeast corner of the target area. This drilling intersected broad zones of gold and copper associated with magnetite-biotite alteration and hosted in fractured high-magnesian basalt and intermediate intrusive rocks.

Significant assay results include:

- ▶ 9 metres @ 1.5 g/t Au & 1.0 % Cu from 58 metres in OBURC002 inc. 2 metres @ 1.5 g/t Au & 4.2 % Cu from 65 metres
- ▶ 6 metres @ 4.9 g/t Au & 0.4 % Cu from 23 metres in OBURC003
- ▶ 12 metres @ 0.8 g/t Au & 1.7 % Cu from 48 metres in OBURC004 inc. 3 metres @ 2.1 g/t Au & 4.8 % Cu from 53 metres
- ▶ 4 metres @ 0.7 g/t Au & 2.0 % Cu from 40 metres in OBURC005
- ▶ 1 metre @ 8.5 g/t Au & 6.7 % Cu from 123 metres in OBURC007
- ▶ 32 metres @ 1.7 g/t Au & 0.6 % Cu from 76 metres in OBURC011 inc. 6 metres @ 4.9 g/t Au & 2.1 % Cu from 83 metres
- ▶ 6 metres @ 4.9 g/t Au & 0.9 % Cu from 24 metres in OBURC012
- ▶ 50 metre @ 0.9 g/t Au & 0.5 % Cu from 24 metres in OBURC016
- ▶ 12 metres @ 1.5 g/t Au & 0.5 % Cu from 27 metres in OBURC021
- ▶ 19 metres @ 0.5 g/t Au & 1.0 % Cu from 44 metres in OBURC022
- ▶ 9 metres @ 1.0 g/t Au & 0.7 % Cu from 28 metres in OBURC025
- ▶ 3 metres @ 16.1 g/t Au & 0.5 % Cu from 35 metres in OBURC028
- ▶ 9 metres @ 1.0 g/t Au & 1.5 % Cu from 115 metres in OBURC031
- ▶ 12 metres @ 1.3 g/t Au & 0.8 % Cu from 163 metres in OBURC032

Analysis of drilling data for samples collected in fresh rock or saprock (below 100 metres down hole depth) reveals that while there is no direct correlation between copper and gold, all very magnetic samples (returning greater than  $250 \times 10^{-3}$  SI units) also contain greater than 1.5 g/t Au and 2.5 % Cu (refer to ASX Announcement dated 23 May 2014).

This correlation between magnetite alteration and copper and gold suggests that magnetism could be used as an exploration tool for targeting mineralisation and during April and May 2014 Southern Geoscience Consultants completed 3D inversion modelling of ground magnetic data collected in 2013 to better understand the geometry of the strong magnetic anomaly and its spatial relationship with the previous RC drilling.

The inversion modelling suggested that the magnetic anomaly strikes northwest, dips steeply to the west, and plunges steeply to the southeast, with the highest magnetic part of the anomaly being approximately 190 metres long and 120 metres wide using a  $90 \times 10^{-3}$  SI isosurface (Figure 6).

*It should be noted:*

1. *The inversion model uses a 20 metre by 20 metre mesh size and the actual magnetic target may be smaller and of higher magnetic intensity;*
2. *Even though the geometry of the modelled magnetic body is ovoid, the actual magnetic body could be composed of multiple and varying oriented magnetic units / structures; and*
3. *Even though the modelled magnetic body is illustrated to be constrained at depth it is actually unconstrained because ground magnetic surveys can only detect near-surface magnetism (usually up to 200 metres depth).*

These results also revealed that the highest magnetic part of the Burns magnetic anomaly has not been tested by RC drilling, with the magnetic body starting at 100 vertical metres depth and positioned to the west and below the existing drilling (Figures 6 and 8).

**The modelling suggests that the copper and gold intersected in RC drilling may be derived from the leakage of mineralisation from a larger, higher grade, and deeper source.**

During July Octagonal completed one diamond hole to intersect the centre to the modelled high-magnetic anomaly to determine the source of the magnetism and its association with copper and gold mineralisation (Figures 7 and 8). This hole was drilled to 401.5 metres depth. The drill core is currently being geologically logged, cut, and analysed. Results are expected to be announced in mid-August.

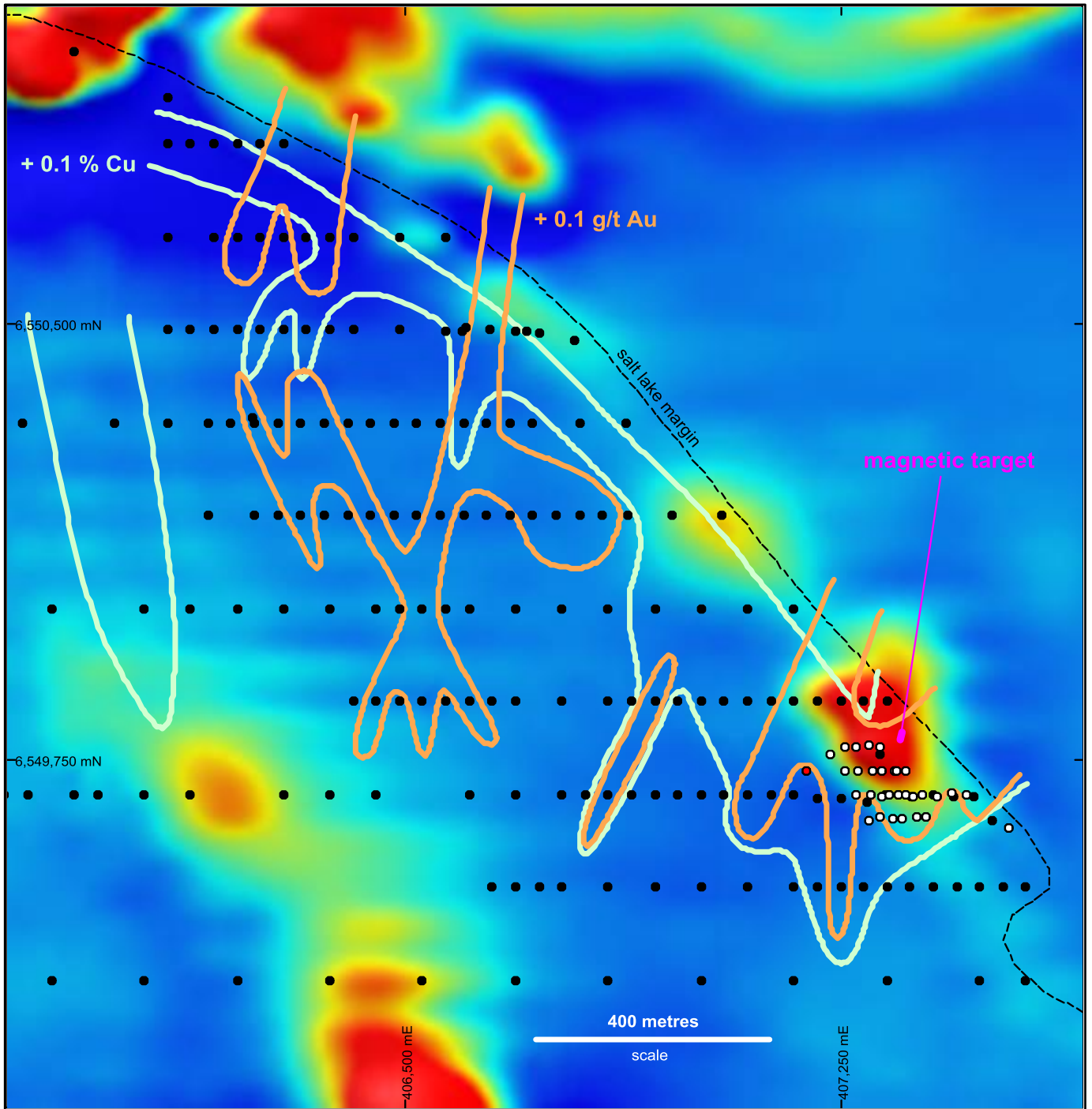


Figure 5: Burns Prospect: Gold and copper in regolith anomalism defined by aircore drilling on an aeromagnetic image

**Legend-**

Light green contour: + 0.1 % copper in regolith anomalism

Orange contour: + 0.1 g/t gold in regolith anomalism

**Drill Holes**

Black dots: aircore holes

White dots: RC holes

Red dot: planned diamond hole

Black dashed line: salt lake margin

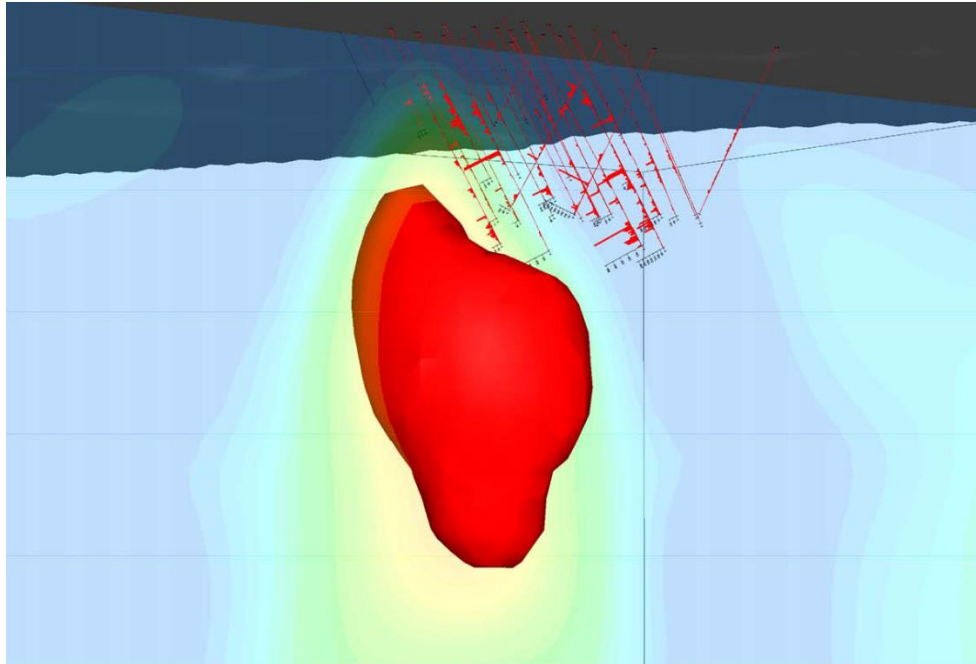


Figure 6: Burns Prospect: 3D Inversion Model of ground magnetic data (red shape:  $90 \times 10^{-3}$  SI isosurface) with RC drilling (view from below surface and to the northeast)

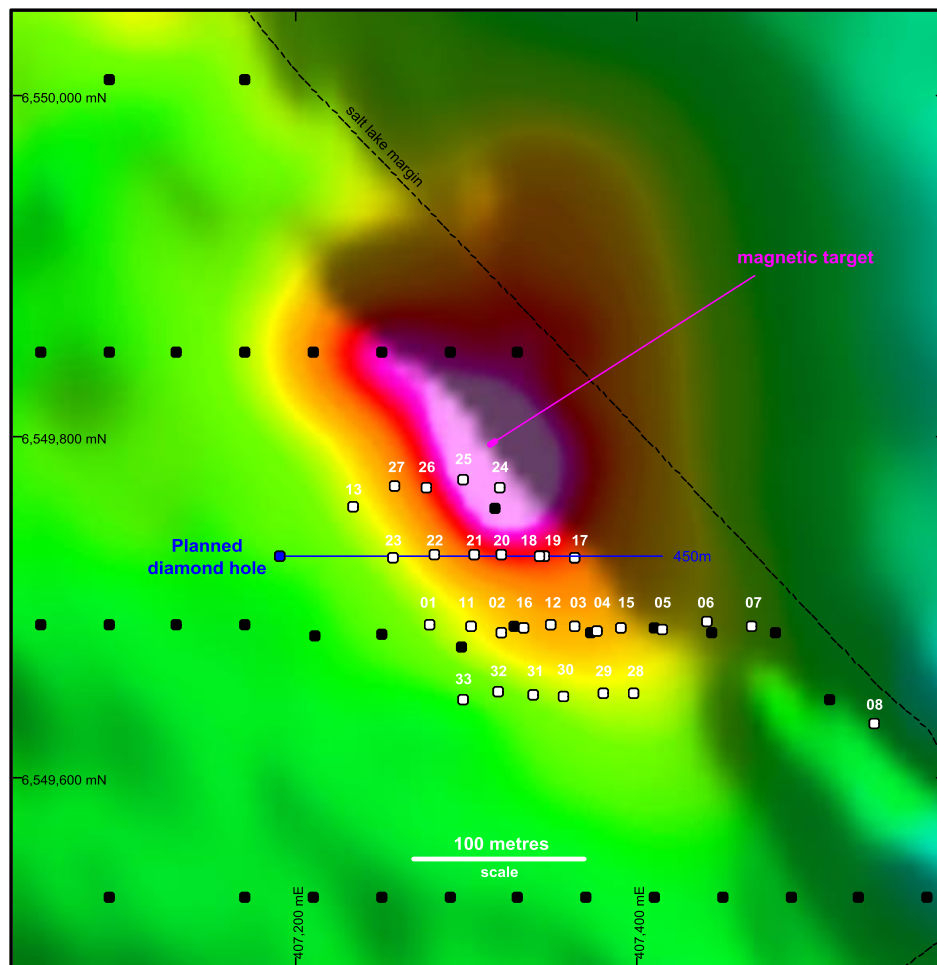


Figure 7: Burns Prospect: Planned diamond hole on a ground magnetic image with previous drilling

Legend-

Blue dot: planned diamond hole  
 Black dots: aircore holes  
 White dots: RC holes

Black dashed line: salt lake margin  
 23 denotes hole number OBURC023

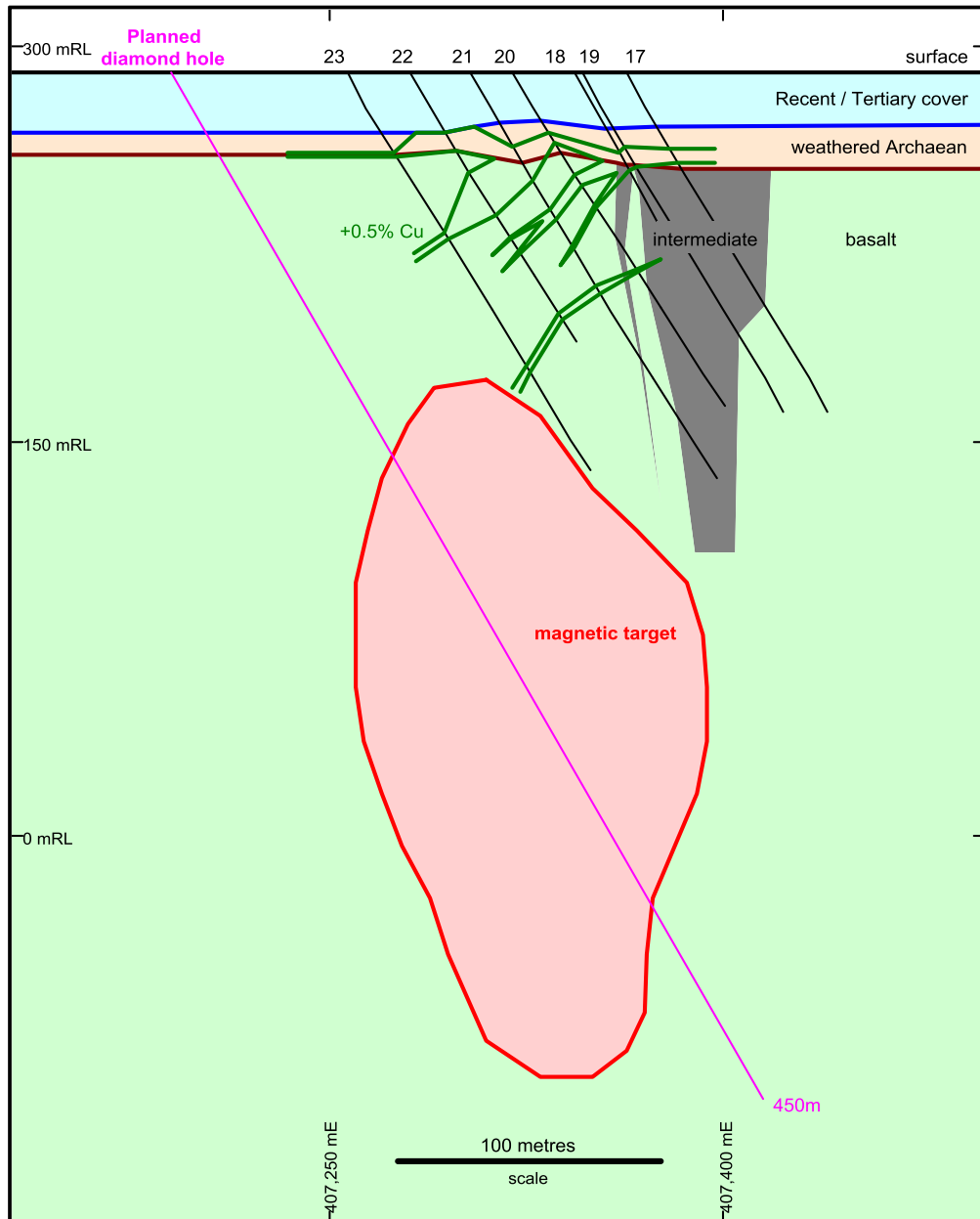


Figure 8: Burns Prospect 6549730mN Section: Location of planned diamond hole

**Legend-**

Geology

Light green: high-magnesian basalt (Archaean)  
 Grey: intermediate intrusive rocks (Archaean)  
 Orange: weathered rocks (Archaean)  
 Light blue: transported cover sediments (Recent and Tertiary)

Drill Holes

Cyan line: planned diamond hole  
 Black lines: previous RC holes

Pink polygon: high-magnetic target ( $90 \times 10^{-3}$  SI isosurface defined by 3D inversion modelling)  
 Dark green contours: +0.5% copper in RC drilling

23 denotes hole number OBURC023

## Tenements

On 27 March 2014 the Victorian Department of State Development, Business, and Innovation (“Department”) advised the Company that, following a merit assessment of four competing exploration licence applications overlying the Clunes Goldfield, it intended to recommend to the Minister’s delegate that Octagonal’s application (EL 5491) (lodged by its subsidiary, Maldon Resources Pty Ltd (Maldon)) be ranked second. No reason or supporting evidence was given for this ranking and the Company was advised by the Department that, if it disputed the decision, it could refer the matter to the Mining Warden as provided for under Section 97 of the Mineral Resources (Sustainable Development) Act 1990 (“MRSDA”).

Octagonal believes that its application is superior to the other exploration licence applications given that the Company has a greater financial capacity, an operating gold processing facility located within viable cartage distance of the exploration licence application area and the demonstrated skills and experience in exploring for and bringing narrow vein nuggetty gold deposits into production.

On 4 April 2014 the Company referred the dispute to the Mining Warden on the basis that Maldon’s application should have been ranked first.

During May and June 2014 two directions hearings were held. During the second of these hearings it was disclosed that, despite Maldon being advised that it could dispute the Department’s decision, the Minister’s delegate had already acted on it and accepted the Department’s recommendation on 20 March 2014 (seven days before a letter was sent to notify the Company of the Department’s decision to make the recommendation).

The Mining Warden therefore determined that he did not have jurisdiction to consider the dispute because the decision as to ranking had already been made by the Minister (through his delegate) and, therefore, was final and binding.

Octagonal is extremely disappointed by the Department’s decision to rank Octagonal’s application second and frustrated by the opaque nature of the decision process which, in the Company’s opinion, does not further the objectives of the MRSDA, specifically “to encourage and facilitate exploration for minerals and foster the establishment and continuation of mining operations”. The Company is also aggrieved by the actions of the Department that precluded the Company exercising its right to dispute the decision pursuant with the MRSDA and led to it incurring costs which it would not have done but for the Department acting in a manner which, at best, was misleading.

The Company is currently reviewing its options in this matter.

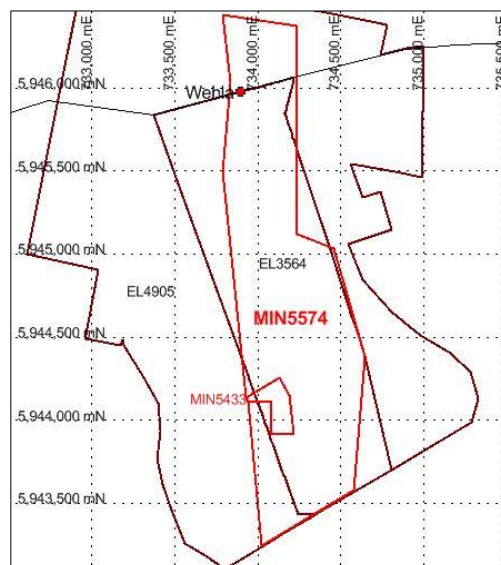


Figure 9. Area of mining licence application MIN 5574

### Mining Tenements Held at the End of the Quarter

State	Tenement	Equity	Tenement Name	Status	Area	Holder
<b>MALDON</b>						
VIC	EL 3422	100%	Maldon	Granted	5,876.9 ha	Maldon Resources Pty Ltd
VIC	EL 5177	100%	Maldon	Granted	2,259.3 ha	Maldon Resources Pty Ltd
VIC	MIN 5146	100%	Maldon	Granted	712.4 ha	Maldon Resources Pty Ltd
VIC	MIN 5528	100%	Nuggetty Reef	Granted	4.5 ha	Maldon Resources Pty Ltd
VIC	MIN 5529	100%	North of England	Granted	5.5 ha	Maldon Resources Pty Ltd
VIC	EL 5499	100%	Maldon West	Application	7,862 ha	Maldon Resources Pty Ltd
<b>WEHLA</b>						
VIC	MIN 5433	100%	Black Reef	Granted	4.8 ha	Matrix Gold Pty Ltd
VIC	MIN 5574	100%	Wehla	Granted	163.4 ha	Matrix Gold Pty Ltd
<b>CAMPBELLTOWN</b>						
VIC	EL 3377	100%	Campbelltown	Granted	1,813.5 ha	Highlake Resources Pty Ltd
VIC	EL 4831	100%	Campbelltown North	Granted	6,914.2 ha	Highlake Resources Pty Ltd
VIC	MIN 5464	100%	Bosun's Reef	Granted	119.5 ha	Highlake Resources Pty Ltd
<b>AMHERST</b>						
VIC	MIN 5465	100%	Pearl Croydon	Granted	98.5 ha	Highlake Resources Pty Ltd
VIC	EL 5146	100%	Amherst	Granted	5,482 ha	Maldon Resources Pty Ltd
<b>DUNOLLY EAST</b>						
VIC	EL 4904	100%	Dunolly East	Granted	7,398.7 ha	Highlake Resources Pty Ltd
VIC	MIN 5563	100%	Specimen Reef	Granted	260.0 ha	Highlake Resources Pty Ltd
<b>RHEOLA</b>						
VIC	EL 4905	100%	Rheola	Granted	1,332.8 ha	Highlake Resources Pty Ltd
<b>MARYBOROUGH</b>						
VIC	EL 5147	100%	Leviathan	Granted	7,893 ha	Maldon Resources Pty Ltd
<b>CLUNES</b>						
VIC	EL 5491	100%	Clunes	Application	9,284 ha	Maldon Resources Pty Ltd
<b>HOGAN'S</b>						
WA	E26/108	100%	Hogan's Gold	Granted	27 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1097	100%	Lucky Bay Sth	Granted	12 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1125	100%	Lucky Bay Sth	Granted	1 BL	Octagonal Resources (WA) Pty Ltd
WA	E26/130	100%	Velvet	Granted	15 BL	Octagonal Resources (WA) Pty Ltd
WA	E25/457	100%	West River	Granted	2 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1315	100%	St Ives East	Granted	9 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1336	100%	St Ives East	Granted	10 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1337	100%	St Ives East	Granted	3 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1414	100%	St Ives East	Application	24 BL	Octagonal Resources (WA) Pty Ltd

### Mining Tenements Acquired During the Quarter

Mining licence application MIN 5574 was applied for covering the Wehla Goldfield. This application overlies a similar area to exploration licence EL 3564 that expired during the Quarter (Figure 9).

State	Tenement	Equity	Tenement Name	Status	Area	Holder
<b>WEHLA</b>						
VIC	MIN 5574	100%	Wehla	Application	163.4 ha	Matrix Gold Pty Ltd

### Mining Tenements Disposed During the Quarter

State	Tenement	Equity	Tenement Name	Status	Area	Holder
<b>MC INTYRE</b>						
VIC	EL 5267	100%	Mc Intyre	Surrendered	2,398.3 ha	Matrix Gold Pty Ltd
<b>WEHLA</b>						
VIC	EL 3564	100%	Wehla	Expired	179.5 ha	Matrix Gold Pty Ltd
<b>HOGAN'S</b>						
WA	E15/1072	100%	Velvet	Forfeited	12 BL	Velvet Strike Pty Ltd
WA	E26/129	100%	West River	Expired	3 BL	Octagonal Resources (WA) Pty Ltd

Octagonal holds 100% equity in all of its exploration and mining licences. The Company has not entered into any farm-in or farm-out agreements.



## Corporate

Gold sales were \$964,000 during the quarter from the sale of 697 ounces of gold at an average gold price of A\$1,382/oz.

At 30 June 2014 Octagonal had cash reserves of \$2.3 million (unaudited), including \$1,259,000 in bonds to meet rehabilitation liabilities, and no debt.

Additional information relating to Octagonal and its various mining and exploration projects can be found on the Company's website: [www.octagonalresources.com.au](http://www.octagonalresources.com.au)

**For further enquiries, please contact:**

**Anthony Gray (Managing Director) +61 3 9697 9088**



*Octagonal Resources Underground Mining Team*

## Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Anthony Gray, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Gray is a full-time employee of the company. Mr Gray has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **JORC Code, 2012 Edition – Table 1 Report: Pig & Whistle Area Drilling Results**

### **Section 1 Sampling Techniques and Data**

(Criteria in this section apply to all succeeding sections.)

<b>Criteria</b>	<b>Commentary</b>
<i>Sampling techniques</i>	Drill chip samples were collected via a cyclone over one metre intervals in plastic bags. A riffle splitter was used to produce sub-samples of generally 3.0 kilograms. Wet samples not amenable to riffle splitting were spear sampled. Samples assayed for gold using 40 gram Fire Assay technique with an AAS finish.
<i>Drilling techniques</i>	Reverse circulation drilling using a face sampling hammer.
<i>Drill sample recovery</i>	Samples collected over one metres intervals in plastic bags. Drill sample recovery noted on geological logging sheets.
<i>Logging</i>	All drill holes logged visually by qualified geologists. Geological logs qualitative in nature.
<i>Sub-sampling techniques and sample preparation</i>	A riffle splitter was used to produce sub-samples of generally 3.0 kilograms. Wet samples not amenable to riffle splitting were spear sampled. Sub-samples collected in calico bags and sent to assay laboratory for analysis. QAQC protocols were as follows: 1 duplicate sample per drill hole (from a zone of quartz veining, if intersected) 1 Standard or blank sample approximately every 25th sample.
<i>Quality of assay data and laboratory tests</i>	Samples routinely analysed for gold using the 40 gram Fire Assay Digest technique with an AAS finish. Fire Assay technique is considered to be a near total digest.
<i>Verification of sampling and assaying</i>	The results have been reviewed by alternative company personnel and no errors identified. Sampling data is recorded in hard copy format and entered into a digital database. Digital assay data and hard copy data provided by the laboratory is matched against sample numbers in the digital database.
<i>Location of data points</i>	Drill hole collar location of holes were surveyed by a qualified surveying contractor and reported in GDA94, MGA Zone 54 coordinates. Down hole surveys were not completed due to the shallow depth of the drilling.
<i>Data spacing and distribution</i>	The area has been tested with 20 metre by 20 metre spaced drilling. No compositing has been applied to samples.
<i>Orientation of data in relation to geological structure</i>	The reefs in the Pig and Whistle area strike broadly north-south and dip steeply to the west at approximately -80°, although there is some localised rolling over of the reef to dip steep east. All holes drilled were oriented -60° towards 090 to intersect the steep west dipping reef. All drill holes are considered to provide unbiased sampling of structures.
<i>Sample security</i>	Reverse circulation drill samples are transported to the Maldon Gold Operation for storage.
<i>Audits or reviews</i>	There have been no audits of the sampling techniques and data.. The sampling data has been reviewed by Anthony Gray who is the Competent Person that compiled the information for this report.

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<p>The Pearl Croydon Deposit is located on mining licence MIN5465 that is owned 100% by Highlake Resources Pty Ltd, a wholly owned subsidiary of Octagonal Resources Limited. MIN5465 overlies Crown Land within the Maryborough State Forest.</p> <p>The tenement is current and in good standing.</p>
<i>Exploration done by other parties</i>	<p>Highlake Resources Pty Ltd (under previous owners) completed three phases of reverse circulation drilling at the Pearl Croydon Deposit, totalling 81 holes for 8,098 metres.</p> <p>During 1997 Highlake completed 69 reverse circulation holes (PCRC01 to PCRC69) in two phases of drilling to test the mineralized system with 40 metre spaced traverses over 1,360 metres strike length. This drilling focussed on the Laura, New Gully, and Pig and Whistle lines of reef, the London Hill workings, and the Mullocky lines of reef.</p> <p>During 2003 Highlake completed an additional 12 reverse circulation holes (PCRC70 to PCRC81) at London Hill. Drilling was completed over 120 metres strike length using a 20 metre by 20 metre grid with all holes oriented -60° towards the east.</p>
<i>Geology</i>	<p>The Pearl Croydon Gold Deposit is a narrow vein orogenic Ordovician slate belt hosted gold deposit located within the Bendigo Zone of the Western Lachlan Orogen in Central Victoria.</p> <p>The deposit is located within a 1,600 metre by 300 metre north trending corridor of fault hosted, steeply dipping, quartz reefs that have been historically worked by open pit and underground mining methods.</p> <p>The stratigraphy of the project area consists of thin turbidites dominated by siltstone and shale with lesser fine grained sandstone.</p> <p>Gold mineralisation is predominantly developed in several steep westerly dipping quartz reefs that are developed along reverse faults.</p> <p>Surface geological mapping has defined seven quartz reefs exposed in historic workings and referred to as; Pearl Croydon North West, Pearl Croydon North Central, Pearl Croydon North East, London Hill, London Hill Hangingwall, Mullocky West, and Mullocky East.</p> <p>Continuity of the quartz reefs has been demonstrated by mapping and drilling both along strike and down dip, however gold mineralisation is variable along the strike of any individual reef. Drill cross sections at London Hill indicate high grade mineralisation to have a southerly plunge. This is also supported by the southerly plunge of a stope observed in the London Hill open pit. The thickness of individual reefs is also variable along strike and ranges between 2 and 5 metre width.</p>
<i>Drill hole Information</i>	See Table 2.
<i>Data aggregation methods</i>	<p>All reported grades have been length weighted.</p> <p>Samples returning greater than 1.0 g/t Au have been composited for reporting (internal dilution of samples containing less than 1.0 g/t Au are included within mineralised zones).</p> <p>Metal equivalents have not been used for reporting exploration results.</p>
<i>Relationship between mineralisation widths and intercept lengths</i>	Down hole lengths are reported as the true width is not known.
<i>Diagrams</i>	See Figures 3 and 4.
<i>Balanced reporting</i>	Significant assay results are provided in Table 1 for all drill holes completed.
<i>Other substantive exploration data</i>	No other substantive exploration data.
<i>Further work</i>	Additional infill and extensional RC drilling is required to better define the extent of near-surface gold. Mineralisation is open along strike to the north and south. See Figure 4.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97,1/7/98,30/9/2001.

Name of entity

**OCTAGONAL RESOURCES LIMITED**

ABN

**38 147 300 418**

Quarter ended ("current quarter")

**30 June 2014**

### Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	953	3,473
1.2	Payments for (a) exploration and evaluation	(136)	(692)
	(b) development	(343)	(1,720)
	(c) production <sup>(i)</sup>	(758)	(2,818)
	(d) administration	(395)	(1,445)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	14	50
1.5	Interest and other costs of finance paid	(3)	(7)
1.6	Income taxes paid	-	-
1.7	Other (GST paid/recouped)	104	263
<b>Net Operating Cash Flows</b>		<b>(564)</b>	<b>(2,896)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(79)	(79)
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 (Refund of security deposit)	-	-
<b>Net investing cash flows</b>		<b>0</b>	<b>0</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(643)</b>	<b>(2,975)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

<b>1.13 Total operating and investing cash flows (brought forward)</b>		<b>(643)</b>	<b>(2,975)</b>
<b>Cash flows related to financing activities</b>			
1.14 Proceeds from issues of shares, options, etc.		-	3,181
1.15 Proceeds from sale of forfeited shares		-	-
1.16 Proceeds from borrowings		-	1,100
1.17 Repayment of borrowings		-	(1,100)
1.18 Dividends paid		-	-
1.19 Other (Cost of Capital Raising/Prospectus)		(23)	(117)
<b>Net financing cash flows</b>		<b>(23)</b>	<b>3,064</b>
<b>Net (decrease) increase in cash held</b>		<b>(666)</b>	<b>89</b>
1.20 Cash at beginning of quarter/year to date		<b>2,989</b>	<b>2,234</b>
1.21 Exchange rate adjustments to item 1.20		-	-
<b>1.22 Cash at end of quarter</b>		<b>2,323</b>	<b>2,323</b>

**Notes:**

- i. Includes payments for the Maldon Processing Plant and general site expenditure.

**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	202
1.24 Aggregate amount of loans to the parties included in item 1.10	NIL

- 1.25 Explanation necessary for an understanding of the transactions

*All transactions involving Directors and associates were on commercial terms. These payments represent Director fees, Director consulting fees, re-imburements of expenses and payments in terms of a management service agreement with a Director related entity.*

**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

NIL

- 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

NIL

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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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	NIL	NIL
3.2 Credit standby arrangements <sup>(ii)</sup>	NIL	NIL

**Notes:** <sup>(i)</sup>On 21 March 2014 the unsecured Standby Credit Facility with Gandel Metals Pty Ltd totalling \$1.1m was repaid in full.

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	484
4.2 Development	117
4.3 Production	705
4.4 Administration	285
<b>Total</b>	<b>1,591</b>

**Notes:**

**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	1,069	1,735
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Term Deposit	1,254	1,254
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,323</b>	<b>2,989</b>

**Notes:**

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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Changes in interests in mining tenements**

	<b>Tenement reference</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL5267	Licence Surrendered	100%	0%
	EL3564	Licence Expired	100%	0%
	E15/1072	Licence Forfeited	100%	0%
	E26/129	Licence Expired	100%	0%
6.2 Interests in mining tenements acquired or increased	MIN5574	New Licence Application	0%	100%

**Notes:**

**Issued and quoted securities at end of current quarter**

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

	<b>Total number</b>	<b>Number quoted</b>	<b>Issue price per security (see note 3) (cents)</b>	<b>Amount paid up per security (see note 3) (cents)</b>
7.1 <b>Preference +securities</b> <i>(description)</i>	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	169,672,726	169,672,726		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options/ Performance Rights</b> <i>(description and conversion factor)</i>	<i>(Unlisted Performance Rights)</i>	<b>Number Quoted</b>	<b>Exercise price A\$</b>	<b>Expiry date</b>
		1,733,440	Nil	Nil	17 December 2014
7.8	Issued during quarter	N/A			
7.9	Exercised during quarter	N/A			
7.10	Expired during quarter	N/A			
7.11	<b>Debentures</b> <i>(totals only)</i>	N/A			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	N/A			

**Compliance statement**

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not\*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:



Date: 30 July 2014

**Company Secretary**

Print name:

**BOB TOLLIDAY**

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 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. If the entity is involved in a joint venture agreement and there are conditions precedents, which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 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** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.