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Company Profile

Octagonal Resources Limited (“Octagonal” or “the Company”) is a junior Australian gold focused mining and exploration company with projects located in underexplored areas of two of Australia’s most significant gold producing regions; the Central Victorian Goldfields and the Eastern Goldfields of Western Australia.

The Company’s Victorian operations are based at Maldon, which is the third largest historic primary gold producer in Central Victoria after Bendigo and Ballarat. In this area Octagonal is developing underground and open pit resources for processing at its 150,000 tpa Porcupine Flat CIL gold processing plant. The Company is currently underground mining at the Alliance South Gold Deposit located beneath the Maldon town site.

In Western Australia Octagonal has a significant landholding located 70 kilometres southeast of Kalgoorlie and surrounded by the +13 million ounce St Ives Goldfield, +800,000 ounce Daisy Milano Mine, and +400,000 ounce Salt Creek Mine. Exploration is focussed on the Burns Prospect area where drilling has intersected broad zones of potentially economic gold and copper.

Octagonal’s corporate strategy is to develop a long term sustainable mining operation in Central Victoria to fund the Company’s organic growth through the discovery and development of major gold deposits.





Chairman's Letter to Shareholders

On behalf of the Board of Directors, it is my pleasure to present to you the fourth Annual Report for Octagonal Resources Limited ("Octagonal").

During the year your Company continued to focus on its primary objective of establishing a sustainable gold producing operation in Central Victoria, with key achievements including the discovery of two high-grade gold-bearing shoots on the 1100 level of the Alliance South Deposit and regulatory approval to commence open pit mining at the Pearl Croydon Deposit.

Underground mining at the Alliance South Deposit in Maldon focused on reef development on the 1100 level where the Company worked to understand the gold grade and the structural controls on the distribution of this gold. 351 metres of development was achieved with a single mining team.

Mining initially focused on the Eaglehawk Reef, which was historically the main gold producing reef in Maldon, where we discovered a 38 metre long gold shoot that averaged 18.8 g/t Au over 3.7 metre width in face channel sampling results. Buoyed by this discovery, our belief in the economic potential of the Alliance South Deposit was further supported when sludge hole drilling led to the discovery of a second reef, positioned 11 metres to the west of the Eaglehawk Reef, that averaged 20.2 g/t Au over 3.2 metres width and 30 metres strike length.

During May and June 2014 a 3,920 tonne bulk sample of underground ore was processed to reconcile face channel sampling results against recovered gold. While the underground sampling estimating the ore to grade 10.9 g/t Au (uncut) or 5.5 g/t Au (20 g/t upper cut), the mill reconciliation following processing returned a disappointing average feed grade of 3.0 g/t Au.

This outcome was not expected and significantly impacted the Company's cash position, with over 380 ounces of forecast gold not produced.

A thorough review of mine and mill operational performance, including a detailed assessment of underground face channel sampling procedures and data and an independent audit of the gold processing facility metallurgical processes and accounting, failed to identify any issues that could explain the statistically significant variation between estimated mine grades and reconciled mill data.

Our strategy to address this issue is outlined in the Review of Operations section in this report. This strategy will be implemented over the next three to six months and will provide for a better assessment of the economic potential of the Alliance South Deposit.

During the year your Company also sought regulatory approval to commence open pit mining at the Pearl Croydon Deposit near Amherst. Following an extensive community engagement process all required approvals were received in January 2014, however the commencement of mining was postponed, following the discovery of the western reef at Alliance South, to focus short term capital on the development of this deposit.

Exploration completed during the year was limited to focus expenditure on the operational requirements of the business. A channel sampling program completed along the southeast wall of the Union Hill open pit at Maldon indicated the potential for an extension to the open pit, while RC drilling completed in the Pig and Whistle area of the Pearl Croydon Deposit identified structural complexity displacing the gold-bearing reefs.

In Western Australia, we continued to focus on assessing the potential of the Burns Prospect to host a major copper-gold deposit. 3D inversion modelling of ground magnetic data identified a priority magnetic target that was tested with one diamond hole. This drill hole effectively tested the target zone and confirmed that not only is copper and gold mineralisation associated with magnetite alteration, but it is derived from a "feeder" structure that now provides a planar feature for further drill testing.

Looking to the year ahead, our operational focus will remain on developing and assessing the economic potential of the Alliance South Deposit with a view to establishing a profitable gold mining business. In the current financial climate, with soft gold price and poor equity market conditions, we will remain focused on operational efficiencies and cost reduction and will continue to limit exploration and non-essential expenditure to allow us to achieve this primary goal.

I look forward to your continued support as a shareholder while we work to establish Octagonal as a profitable junior gold producing business.

Yours sincerely,

Ian Gandel
Chairman



Health, Safety, Environment, & the Community

Octagonal recognizes that the success of its operations is intrinsically linked with the aspirations and concerns of the people affected by them. Our activities are not only regulated by local, state, and federal authorities, but also the broader community within which we operate. Our social licence to operate comes from establishing and maintaining positive relationships with our employees, business partners, government authorities, suppliers, shareholders, and neighbors.

Health and Safety

Throughout the year Octagonal worked with all people directly involved in or affected by its operations to develop and practice a healthy and transparent safety culture.

Identification and control of hazards forms the foundation of our Safety Management System. Hazards are identified, risks assessed, and critical controls implemented and audited. This System is further supported by well-developed systems, procedures, supervision, instruction, and training.

No Lost Time injuries or Medically Treated Injuries occurred during the year at the Company's Victorian and Western Australian operations.

Environment

The Company's Maldon Environmental Management Plan is designed to demonstrate regulatory compliance in the areas of environment and community such as water, dust, noise, and vibration. Monitoring of these features is reported quarterly to an Environmental Review Committee (ERC). The ERC is made up of Regulators (EPA, DEPI, DSE, etc.), special interest groups and community members who review and ensure the environmental and community compliance and performance of the Maldon operation. The ERC also provides an effective way to communicate and maintain contact with the local community.

One reportable environmental incident occurred at the Company's Victorian operation during the year. This incident related to elevated arsenic and base metal 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. The incident was investigated, controls implemented, and additional monitoring commenced.

Land Management

Octagonal's exploration and mining activity is designed to minimize ground disturbance and to prevent the destruction of flora, fauna, and sites of Aboriginal and European cultural heritage. Where possible the Company locates drill sites on disturbed ground or less vegetated areas.

During the year the Company continued rehabilitation work and monitoring at the Eaglehawk open pit site near Maldon. Rehabilitation work included tree planting, erosion management, and weed control.

Water Management

Water from the Union Hill Decline at Maldon is provided to a group of local farmers referred to as the Nuggetty Water Group and to periodically top up the South German Dam in Maldon. The quality of the water pumped from the decline is monitored on a regular basis and reported to both the ERC and NWG.

Community

Octagonal seeks to provide economic return to the local communities within which we operate. Where possible we recruit employees locally, or employ residential staff, and use local contractors and suppliers. This ensures that most of the money that we spend on employment and goods and services flows directly into the local economy.

The Company engages with the Maldon community through the quarterly ERC meetings and also holds an annual open day at the Porcupine Flat Gold Processing Plant where it invites the community to visit and inspect the Company's gold processing operations and provides information about current and planned mining activity.

Sponsorship

Octagonal is in support of creating a strong local economy at Maldon for the benefit of the broader community and recognises that the local tourist industry is important in both attracting business to town and creating employment.

During the year the Company continued to provide support to a number of community events and sporting clubs in the Maldon area including:

- » Maldon Market
- » Maldon Australia Day Celebrations
- » Maldon Puppet Carnival
- » Maldon In Winter Festival
- » Maldon Art Show
- » Maldon Folk Festival
- » Maldon and Baringhup Agricultural Show
- » Maldon Football and Netball Club
- » Maldon Bowling Club



Review of Operations

Maldon Gold Operations

Octagonal's corporate strategy in Central Victoria is to develop a profitable and sustainable gold mining operation centred around the Porcupine Flat CIL gold processing plant at Maldon.

This year's operational focus was on developing a better understanding of the average gold grade, and structural controls on the distribution of gold on the 1100 level of the Alliance South Deposit in Maldon, while at the same time seeking regulatory approval to undertake open pit mining operations at the Pearl Croydon Deposit near Amherst.

Maldon Project

The Maldon Project is located 140 kilometres northwest of Melbourne. Octagonal has Mining Licences MIN5146, MIN5528, and MIN5529 and Exploration Licences EL3422, EL5177, and EL5499 that collectively include all of the Maldon Goldfield.

The Maldon Goldfield was historically a large primary gold producer in Central Victoria (with recorded production of more than 1.7 million ounces of primary gold at an average grade of 28 g/t). Ninety percent of this production was derived from five reefs located within the Central Maldon Shear Zone; the Nuggetty, Eaglehawk, Beehive, Derby and German reefs (Figure 1).

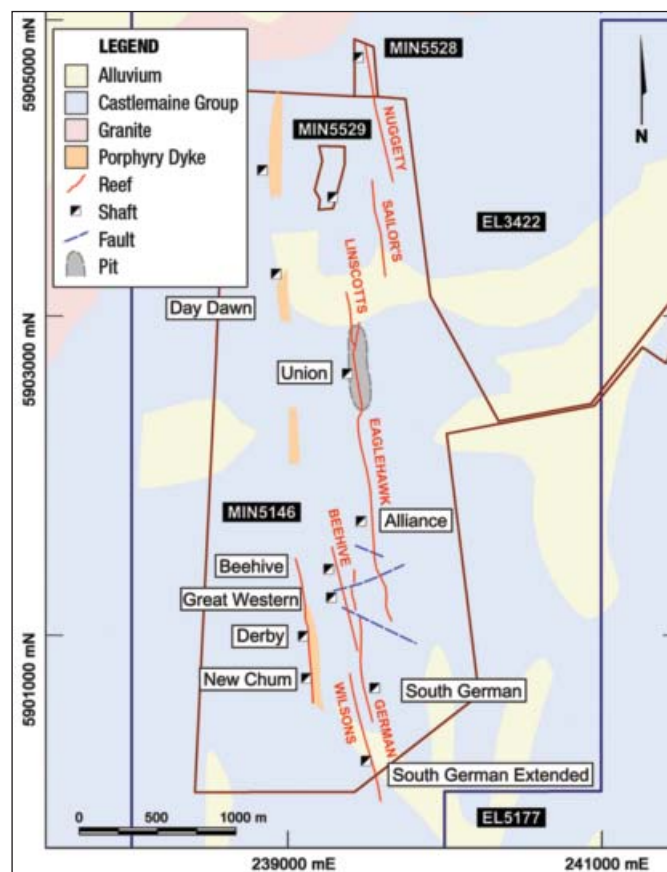


Figure 1 Reefs of the Central Maldon Shear Zone

Development

Underground development of 351 metres was completed at the Alliance South Deposit and comprised 269 metres of reef development on the 1100 level and 82 metres of waste development (1100 level cross-cut, 1100 level stockpile, and decline).

Reef development on the 1100 level identified two high-grade gold shoots (Figure 3). Face channel sampling defined a 38 metre long by 3.7 metre wide shoot grading 18.8 g/t Au on the Eaglehawk Reef (refer to ASX Announcement dated 17 February 2014) and a 30 metre long by 3.2 metre wide shoot grading 20.2 g/t Au on a parallel reef positioned 11 metres to the west of the Eaglehawk Reef and referred to as the Western Reef (refer to ASX Announcement dated 30 July 2014).

Development of the 1100 level was complete during July 2014 and mining focused on decline development to access the 1080 level of the deposit.

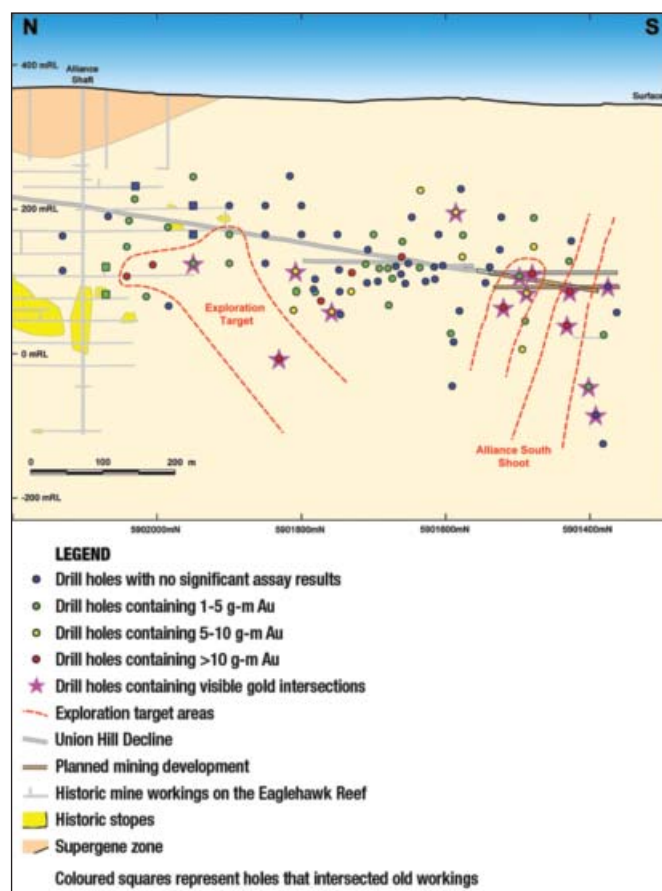


Figure 2 Eaglehawk Reef: Longsection showing position of Union Hill Decline relative to the Alliance South Shoot and planned mine development



Review of Operations

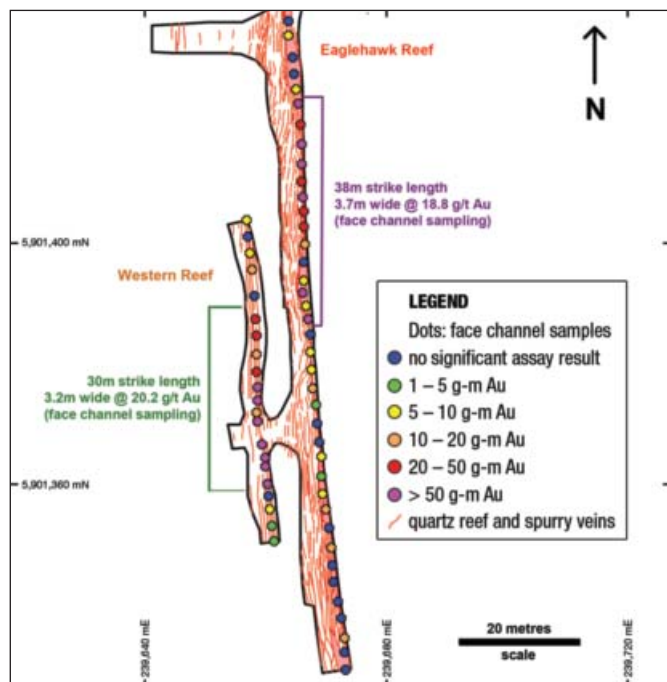


Figure 3 Plan of 1100 level reef development with undiluted face channel sample assay results

Ore Processing

The processing plant operated on a 12 hour, 4 day per week basis with scheduled maintenance on Fridays. 47,510 dry tonnes of ore was processed to recover 1.8 g/t Au and produce 2,708 ounces of gold that was sold to achieve an average gold price of A\$1,412/oz.

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

During the June 2014 quarter a 3,920 tonne bulk sample of underground ore from the Alliance South Deposit was processed 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 results estimating the ore to grade 10.9 g/t Au (uncut) or 5.5 g/t Au (20 g/t upper cut).

After reconciling the ore processing results this bulk sample was estimated to average 3.0 g/t Au.

A thorough review of mine and mill operational performance 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, however the overall between mine and mill data is still statistically substantial and must be largely attributed to the nuggetty style of the gold deposit.

Octagonal's strategy to address this issue is focused 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,
- » Face channel sampling will be compared against truck sampling to determine the best sampling technique for ore block grade estimation,
- » Mining will focus on 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 scalping test work will be completed to confirm this outcome, and
- » The Company will assess the relative economic potential of mining a larger tonnage and lower grade deposit vs a lower tonnage and higher grade deposit.

Exploration

Union Hill Open Pit Wall Sampling

The Union Hill open pit was mined by Triad Minerals NL between 1988 and 1992 and produced 55,000 ounces of gold from 1,000,000 tonnes of ore averaging 1.7 g/t Au.

The open pit is currently used to access the portal of the Union Hill Decline in the north end of the pit.

During February and March 2014 43 channel samples were collected from the southeast wall of the Union Hill open pit to determine if the gold-bearing ore zone previously mined extends into the pit wall (refer to ASX Announcement dated 28 March 2014) (Figures 4 and 5).

Two channels of samples were collected from the wall of the open pit, labelled Channel A-B and Channel C-D. Channel A-B returned 11.5 metres (true width) grading 2.1 g/t Au, including 6.5 metres (true width) grading 3.2 g/t Au, while Channel C-D returned 18.0 metres (true width) grading 1.3 g/t Au, including 9.5 metres (true width) grading 1.6 g/t Au. The combined results from these two channels returned 29.5 metres (true width) grading 1.6 g/t Au.

These results confirm that the previously mined ore zone does extend into the southeast wall of the pit and a cut back of the open pit may be commercially viable, if supported by positive step-out reverse circulation (RC) drilling results.



Review of Operations

As the Union Hill open pit is located near the north end of the Maldon town site and close to existing infrastructure, the potential impact of a cut-back on key stakeholders needs to be addressed.

The Company has an initial Exploration Target of between 48,000 and 103,000 tonnes of ore to 30 vertical metres depth at similar grades to those previously mined in the Union Hill open pit. This target is supported by the recent and historic exploration and mining results discussed in the ASX Announcement dated 28 March 2014 and is based on an 80 to 100 metre long ore zone averaging between 10 and 15 metres width, and an assumed specific gravity of between 2.0 and 2.3 to calculate tonnage. The quantity and grade of this Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

RC drilling is required to test the Exploration Target and define a Mineral Resource.

An Exploration Target of this size could provide six to twelve months feed to the Porcupine Flat gold processing plant (depending on processing rate and other ore sources).

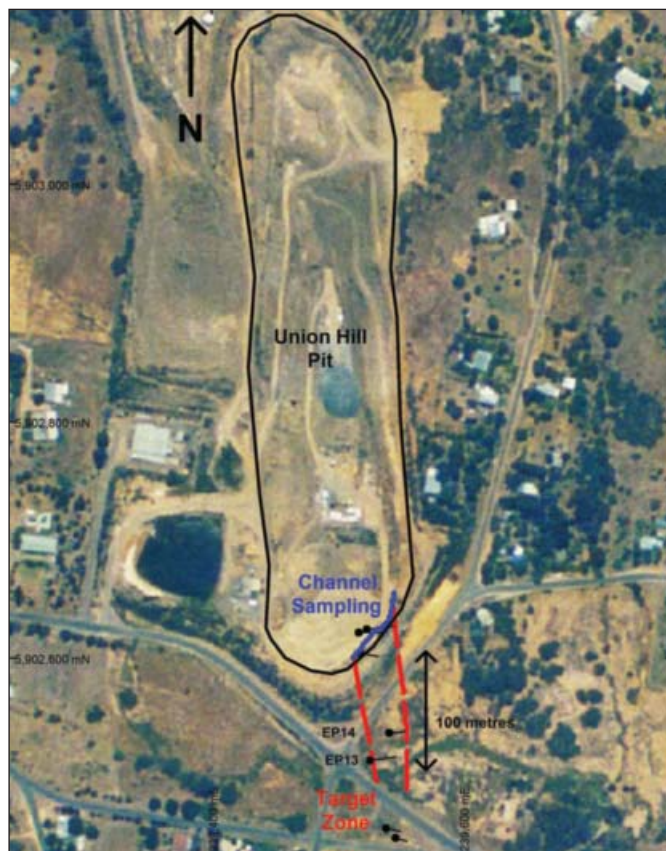


Figure 4 Union Hill open pit with location of pit wall sampling, historic drilling, and exploration target zone

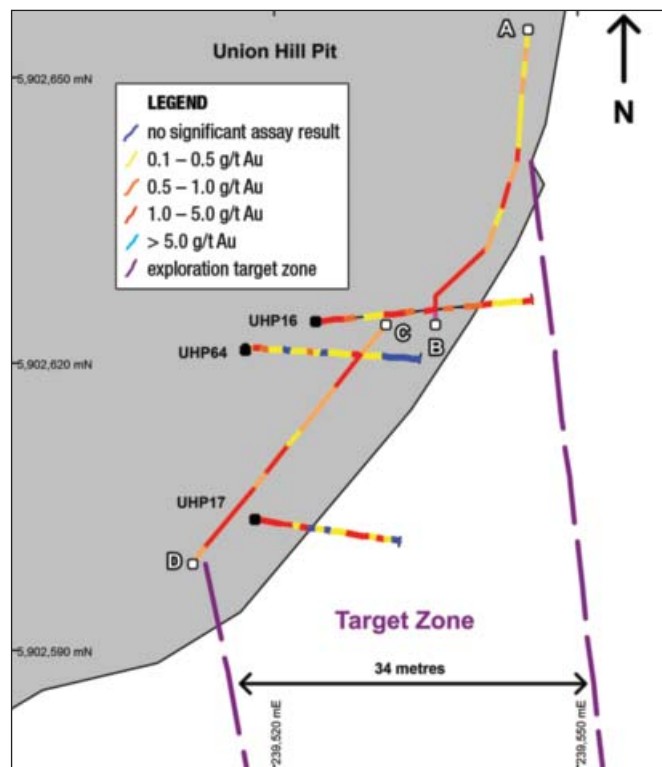


Figure 5 Union Hill open pit: Pit wall channel sampling results with historic drilling results and exploration target zone

Wehla Project

The Wehla Project is located 60 kilometres northwest of Maldon. Octagonal has Mining Licence MIN5433 centred on the Black Reef and Exploration Licences EL3564 and EL4905 that collectively include most of the Wehla Goldfield.

Exploration Licence EL3564 expired on 29 June 2014 and was replaced by Mining Licence Application MIN5574.

The main gold workings consist of a north trending line of reefs; Adelaide, Prince of Wales, Frenchman's, Petticoat, Black, Bismark and Little Nell (Figure 6). Recorded production from the Wehla Goldfield is approximately 100,000 ounces of gold.

The Prince of Wales Mine is the largest in the field and produced more than 60,000 ounces of gold from a series of drives following a large mineralised quartz channel. Quartz spurs project into strata on the footwall and the highest gold concentrations were at the intersection of the quartz spurs and 'indicator' shales.

Seventy holes have been previously drilled in the Wehla Goldfield to an average depth of 50 metres. This drilling has intersected sporadic high-grade gold including 5m @ 35.4 g/t Au from 23m in B3, 4m @ 25.0 g/t Au from 16m in MD103, and 5m @ 14.9 g/t Au from 25m in W13, that is interspersed with broad zones of lower



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grade mineralisation including 5m @ 2.5 g/t Au from 15m in W5, 13.75m @ 1.2 g/t Au from surface in W34, 2m @ 4.0 g/t Au from 28m in W37, and 32m @ 1.1 g/t Au from surface in W38.

These results indicate the potential for significant near-surface gold that may be amenable to open pit mining, however the structural controls and “nugget effect” on the distribution of this gold are not well understood.

During the previous reporting period Octagonal mined a trial open pit to 15 metres depth at Black Reef, to help improve the structural understanding of the controls on the distribution of gold in the Wehla Goldfield, and drilled 22 RC holes at Frenchman's Reef, located 1,100 metres to the north of Black Reef.

The Frenchman's Reef drilling intersected wide zones of quartz reef with nuggetty and high-grade gold surrounded by lower-grade mineralization, with significant assay results including:

- » 2 metres @ 4.1 g/t Au from 33 metres in FRRC02,
- » 6 metres @ 1.2 g/t Au from 30 metres in FRRC04,
- » 6 metres @ 24.3 g/t Au from 18 metres in FRRC19, inc. 1 metre @ 138.8 g/t Au from 20 metres, and
- » 1 metre @ 20.0 g/t Au from 44 metres in FRRC22.

Despite Octagonal seeking regulatory approval to complete additional infill and extensional RC drilling at Frenchman's Reef in January 2014 the Drilling Work Plan was not approved prior to the expiry of the exploration licence in June 2014. Mining Licence Application MIN5574 was applied for to retain tenure over the Wehla Goldfield.

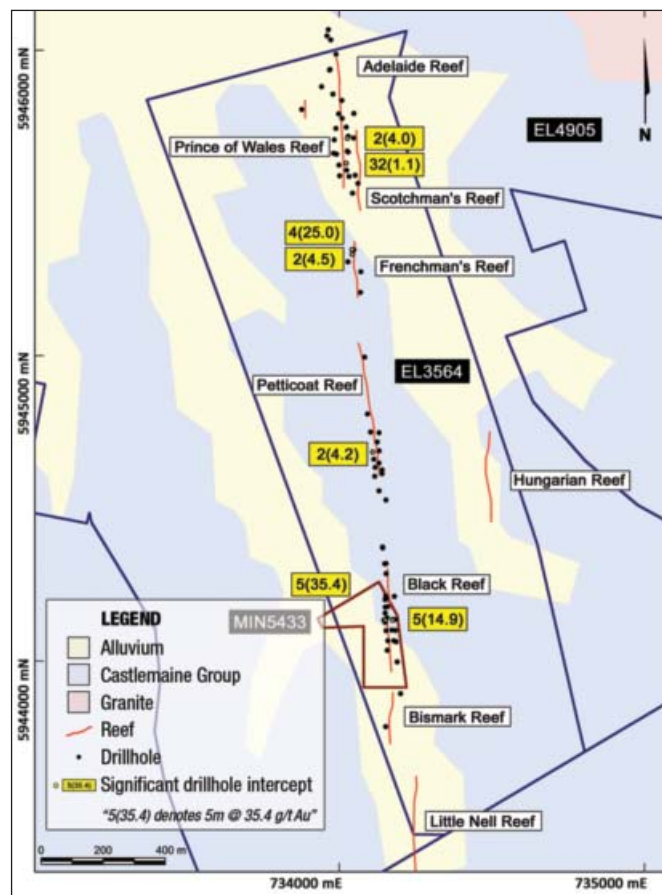


Figure 6 Reefs of the Wehla Goldfield with historic drilling results

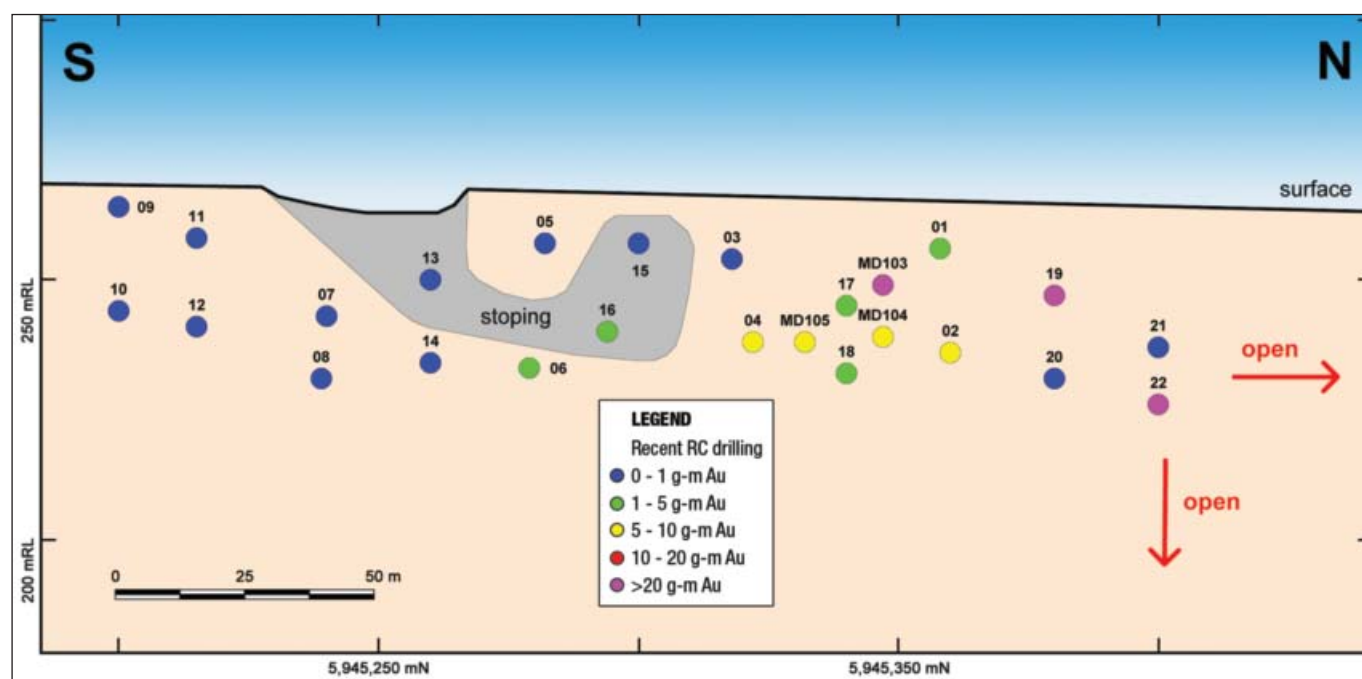


Figure 7 Frenchman's Reef: Long-section of drilling results



Review of Operations

Amherst Project

The Amherst Project is located 40 kilometres southwest of Maldon. Octagonal has Mining Licence MIN5465 centred on the Pearl Croydon Deposit and Exploration Licence EL5146 that surrounds the mining licence. These tenements include most of the Amherst Goldfield.

The Pearl Croydon Deposit lies within a 1,600 metre by 300 metre north trending corridor of fault hosted, steep dipping, quartz reefs that have been historically worked by open pit and underground mining methods (Figure 8).

Between 1997 and 2003 81 RC holes were drilled at the Pearl Croydon Deposit using predominantly 40 metre spaced traverses. This drilling returned significant gold intersections including 10m @ 3.2 g/t Au from 79m, 5m @ 16.8 g/t Au from 21m, 12m @ 4.4 g/t Au from 47m, 8m @ 3.4 g/t Au from 65m, 14m @ 1.6 g/t Au from 15m, 3m @ 15.9 g/t Au from 37m, 5m @ 7.2 g/t Au from 57m, 5m @ 2.9 g/t Au from 7m, 2m @ 7.2 g/t Au from 22m, and 5m @ 6.1 g/t Au from 64m.

Mineral Resource

The Pearl Croydon Deposit hosts an Inferred Mineral Resource of 570,000 tonnes grading 2.9 g/t gold for 53,000 ounces of gold (refer to the Mineral Resources and Ore Reserves section of this report).

Development

During the year work focused on gaining all relevant state and local government approvals to commence open pit mining in the London Hill and Pig and Whistle areas of the deposit. In September 2013 statutory endorsement approval was received from the Department of Environment and Primary Industries and in January 2014, following an extensive community engagement process, a Planning Permit was issued by the Central Goldfields Shire Council to provide for the commencement of mining.

Site works commenced in April 2014, but were almost immediately placed on hold, following the discovery of the Western Reef at the Alliance South Deposit, while a detailed review of the Company's mining and exploration activities was completed.

On 9 May 2014 Octagonal announced that development of the Pearl Croydon Deposit would be suspended to focus short term capital expenditure on the development of the Alliance South Deposit.

Exploration

RC Drilling

14 RC holes, totalling 475 metres, were drilled in the Pig and Whistle area of the Pearl Croydon Deposit during June 2014 using a 20 metre by 20 metre spaced grid to test for near-surface gold amenable to open pit mining (Figure 9) (Refer to ASX Announcement dated 30 July 2014).

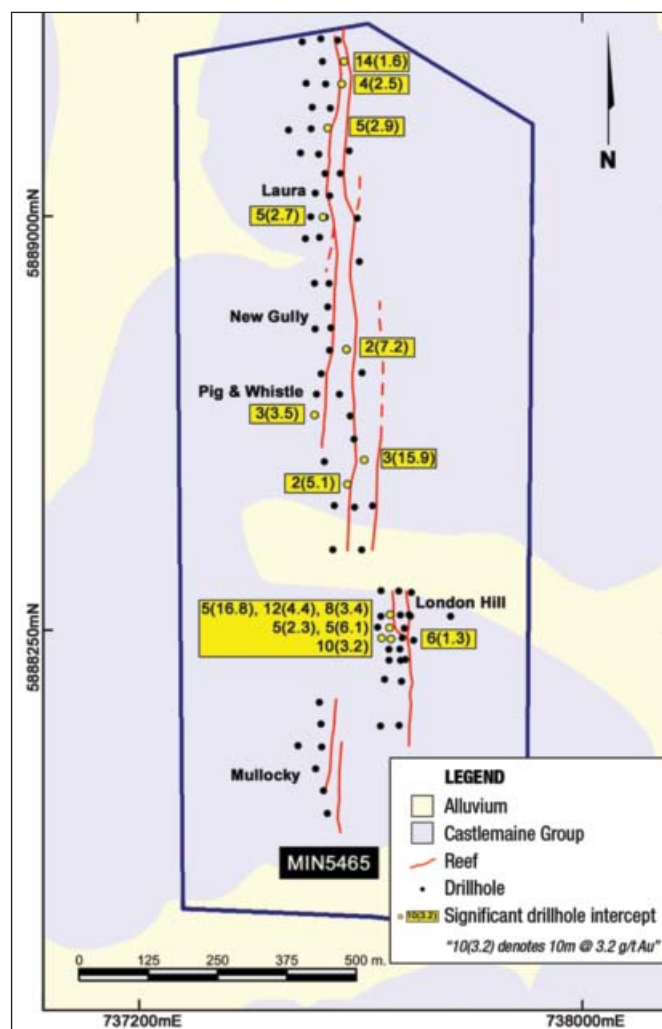


Figure 8 Pearl Croydon Deposit: Drill hole location plan

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.

Recent 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. Significant assay results 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.



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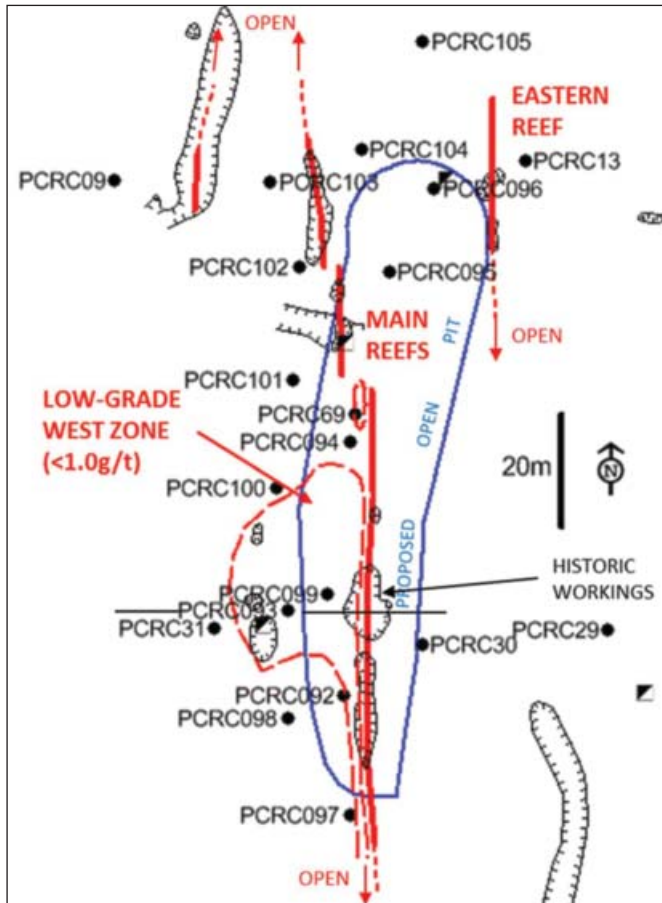


Figure 9 Pig & Whistle: Drill hole location plan

Dunolly East Project

The Dunolly East Project is located 30 kilometres west of Maldon. Octagonal has Mining Licence MIN5563 centred on the Specimen Reef Deposit and Exploration Licence EL4904 that partly overlies the Dunolly Goldfield.

Between July 2011 and January 2012 47 RC holes were drilled at the Specimen Reef using 20 metre spaced traverses (Figure 10). This drilling intersected wide zones of quartz reef with significant assay results extending over 440 metres strike length and to 60 metres depth including 3m @ 22.8 g/t Au from 41m, 4m @ 2.9 g/t Au from 46m, 7m @ 4.8 g/t Au from 24m, 5m @ 2.3 g/t Au from 23m, 9m @ 2.1 g/t Au from 6m, 1m @ 13.0 g/t Au from 31m, 1m @ 12.3 g/t Au from 54m, 4m @ 5.1 g/t Au from 22m, 2m @ 10.3 g/t Au from 49m, 2m @ 8.6 g/t Au from 73m, 5m @ 3.9 g/t Au from 48m, and 3m @ 5.4 g/t Au from 29m.

No exploration work was completed on the project during the reporting period.

In November 2013 Octagonal entered into a commercial agreement with the Dja Dja Wurrung Clans Aboriginal Corporation, as traditional owner group entity for the Dja Dja Wurrung people, under the Dja Dja Wurrung Land Use Activity Agreement (which commenced on 25 October 2013). This agreement paved the way for the grant of Mining Licence Application MIN5563 that was subsequently approved on 24 January 2014.

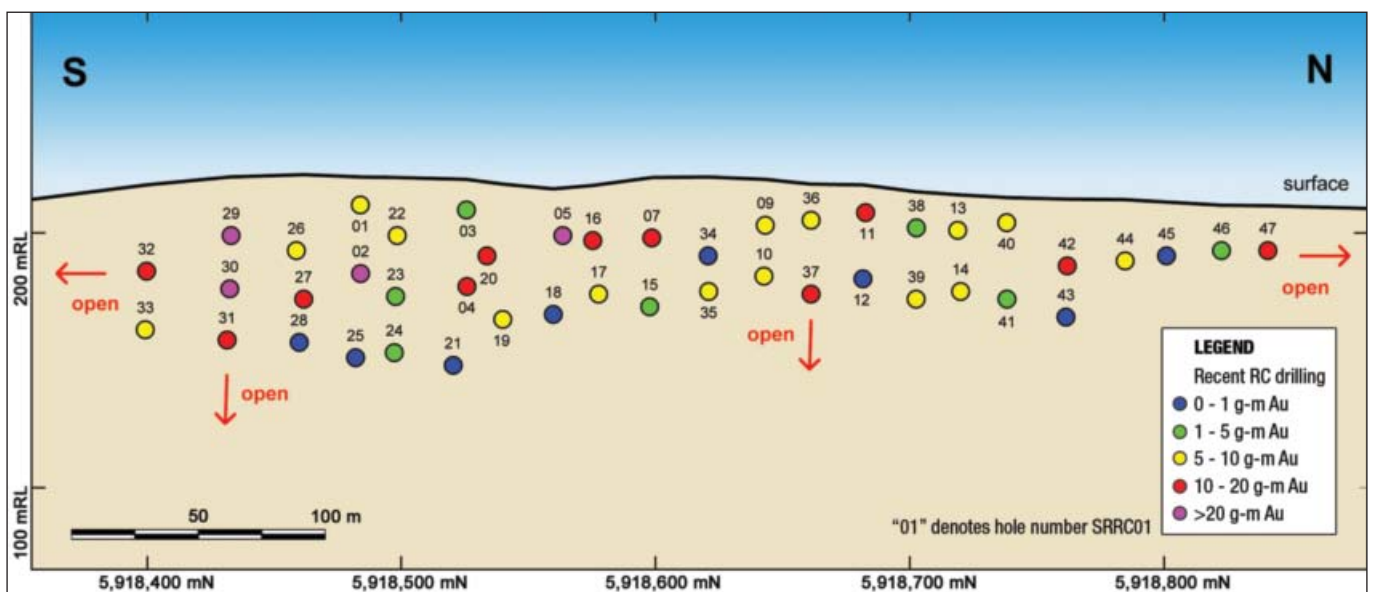


Figure 10 Specimen Reef: Long-section of drilling results



Review of Operations

Campbelltown Project

The Campbelltown Project is located 30 kilometres southwest of Maldon. Octagonal has Mining Licence MIN5464 centred on the Bosuns Prospect and Exploration Licences EL3377 and EL4831 that collectively include most of the Campbelltown Goldfield (Figure 11).

The main line of historic gold workings at Campbelltown strike north-south and can be traced over 5 kilometres by a semi-continuous line of shallow workings on ridges, with associated alluvial workings in the gullies.

The Bosuns Prospect is the most advanced exploration target at Campbelltown. Twenty nine RC holes and one diamond hole have been drilled to test the prospect on eight 40 to 130 metre spaced traverses. This drilling has intersected near surface gold that may be amenable to open pit mining including 68m @ 1.4 g/t Au from 32m including 25m @ 2.3 g/t Au from 48m and 14m @ 2.1 g/t Au from 85m, 9m @ 1.7 g/t Au from 9m, 27m @ 1.1 g/t Au from 28m including 7m @ 2.5 g/t Au from 36m, and 11m @ 1.8 g/t Au from 125m.

Exploration at the Campbelltown Project is focused on developing a near-surface resources at the Bosuns Prospect for open pit mining.

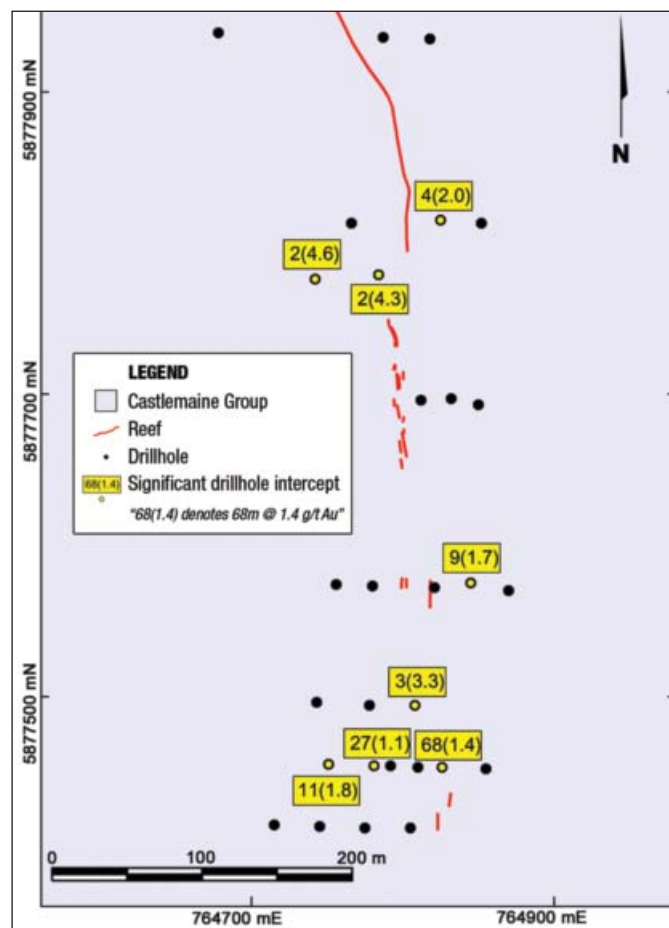


Figure 11 Bosuns Prospect: Drill hole location plan

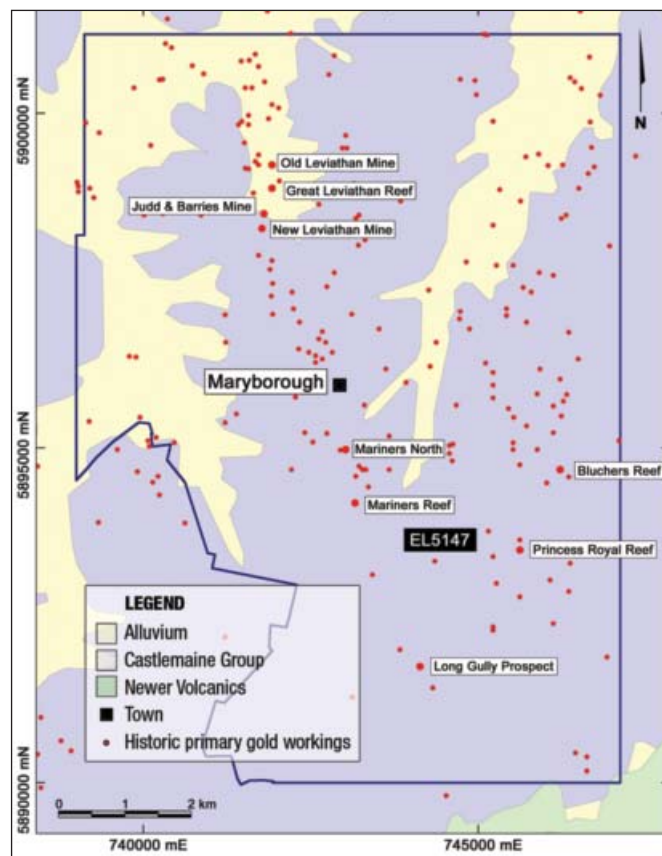


Figure 12 Maryborough: Surface geology plan

Maryborough Project

The Maryborough Project is located 30 kilometres west of Maldon and consists of Exploration Licence EL5147 that overlies most of the historic Maryborough Goldfield (Figure 12).

Exploration work completed included office studies and initial site visits to prioritise exploration target areas.

The Maryborough Goldfield has produced around 1 million ounces of gold with the majority sourced from alluvial and deep lead deposits. Only 180,000 ounces of gold has been produced from quartz reefs at an average grade of 13.1 g/t Au. The main historic reef hosted gold producers were the New Leviathan Mine, Judd and Barrie's Mine, Mariners Reef, Princess Royal Reef, Bluchers Reef, and Old Leviathan Mine.

The disproportionate amount of gold produced from quartz reefs at Maryborough compared to alluvial and deep lead deposits suggests the potential for significant additional quartz reef hosted gold in the Maryborough Goldfield. Modern exploration targeting reef hosted gold is limited and Octagonal has identified the Leviathan Mine, Mariners Reef and Bluchers Reef as priority exploration targets for drill testing.



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Western Australia

Hogan's Project

The Hogan's Project is located within the Eastern Goldfields Province of Western Australia. The project is situated 70 kilometres southeast of the 70 million ounce Kalgoorlie Super Pit and east of the 13 million ounce St Ives Goldfield. This area is an emerging gold producing district, being positioned immediately south of the +0.8Moz Daisy Milano Mine and +0.4Moz Salt Creek Mine owned by Silver Lake Resources.

The project consists of eight exploration licences that overlie a highly prospective but underexplored area of greenstone (Figure 13).

The Hogan's Project is positioned in the southern part of the Norseman - Wiluna Greenstone Belt and straddles the triple junction of three crustal units; the Parker and Boorara domains of the Kalgoorlie Terrane and the Bulong Domain of the Kurnalpi Terrane, each of which is bounded by regionally persistent faults with long histories of reactivation.

Most of the Hogan's Project area is overlain by shallow transported cover and Octagonal is systematically exploring the potential of the area to host a major copper or gold deposit.

Exploration work completed during the year focused on the Burns Prospect and consisted of 3D inversion modelling of ground magnetic data (collected during the previous reporting period) and drilling of one diamond hole to test a high priority target defined by the magnetic modelling.

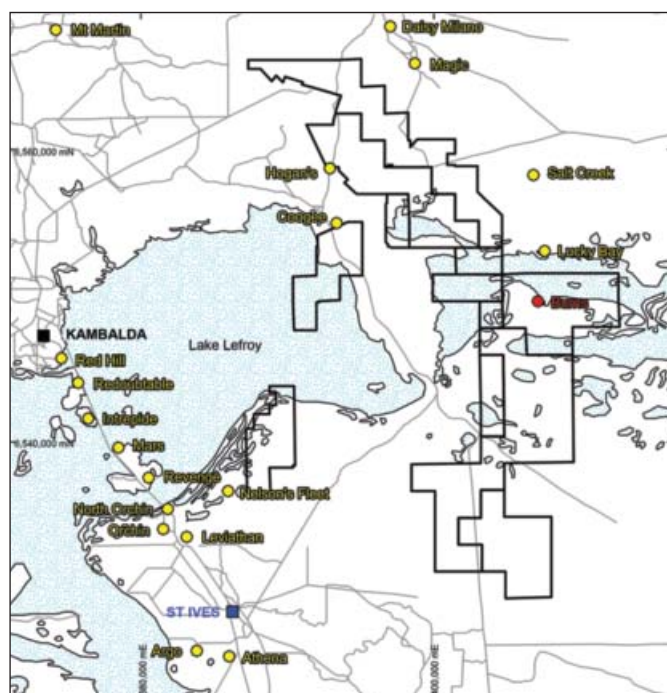


Figure 13 Hogan's Project: Tenement location plan

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 14). 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.

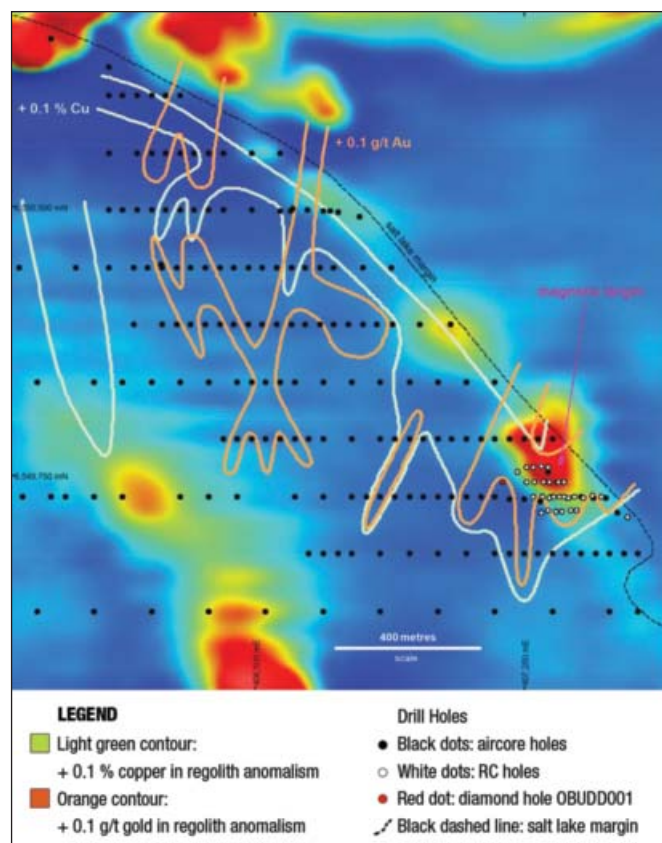


Figure 14 Burns Prospect: Gold and copper in regolith anomalism defined by aircore drilling on an aeromagnetic image



Review of Operations

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, and
- » 12 metres @ 1.3 g/t Au & 0.8 % Cu from 163 metre in OBURC032.

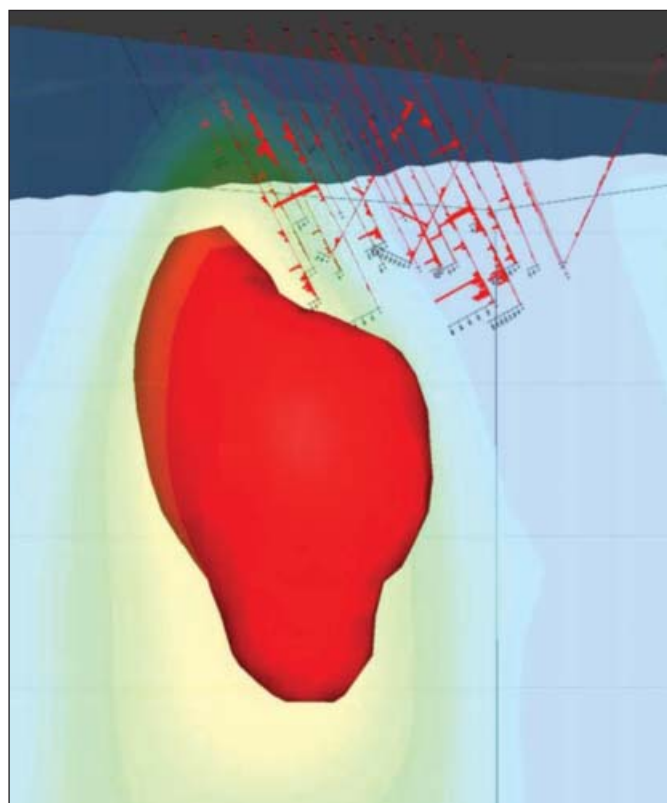


Figure 15 Burns Prospect: 3D Inversion Model of ground magnetic data (red shape: 90×10^{-3} SI isosurface) with RC drilling (view from below surface and to the northeast)

3D Inversion Magnetic Modelling

RC drilling completed at the Burns Prospect has intersected broad zones of moderate grade copper and gold associated with magnetite and biotite alteration. 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 mineralisation, all very magnetic samples (returning greater than 250×10^{-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 clear correlation between magnetite alteration and copper and gold suggests that magnetism could be used as an exploration targeting tool for targeting mineralisation and during April 2014, Southern Geoscience Consultants were engaged to complete 3D inversion modelling of ground magnetic data that was collected over the area in July 2013. The purpose of this modelling was to better understand the three dimensional geometry of the high-magnetic anomaly identified in the ground magnetic survey and its spatial relationship with the existing RC drill holes.

This work revealed that the main magnetic anomaly at the Burns Prospect strikes northwest, dips steeply to the west and plunges steeply to the southeast, with the highest magnetic part of the anomaly modelled as being approximately 190 metres long and 120 metres wide using a 90×10^{-3} SI isosurface (Figure 15).

Importantly, this modelling revealed that the highest magnetic part of the Burns magnetic anomaly had 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.

Diamond Drilling

One diamond hole (OBUDD001), totalling 401.5 metres, was drilled at the Burns Prospect during July 2014 to test the high-magnetic anomaly defined by the 3D inversion magnetic modelling (refer to ASX Announcement dated 29 August 2014).

This drill hole is considered to have effectively tested the target and intersected 90 metres of strong magnetism hosted within high-magnesian pillow basalts and intermediate intrusive rocks.

A 3.6 metre wide zone of very high magnetism between 253.7 and 257.3 metres depth is associated with a mafic-dominant (magnetite-chlorite) breccia zone that is interpreted to be the feeder structure for copper and gold mineralisation observed at the deposit. This structure appears to strike northwest and correlates with the high-magnetic trend observed in ground magnetic data.

Within this breccia zone a narrow unit of massive magnetite-chalcopyrite mineralisation returned 0.9 metres grading 4.5 g/t Au and 2.6% Cu.



Review of Operations

Other significant assay results returned from this drill hole include:

- » 38.5 metres @ 0.5 g/t Au & 0.2 % Cu from 184.5 metres
- » 55.95 metres @ 0.5 g/t Au & 0.2 % Cu from 229.85 metres inc.
10.35 metres @ 1.2 g/t Au & 0.6 % Cu from 273.3 metres

A down hole electro-magnetic (EM) survey completed in the drill hole identified six localised EM sources that clearly correlate/coincide with magnetite and/or sulphide bearing units.

Further exploration drilling is required to test for dilational sites within the magnetite-chlorite breccia zone that may contain economic widths and grades of copper and gold.

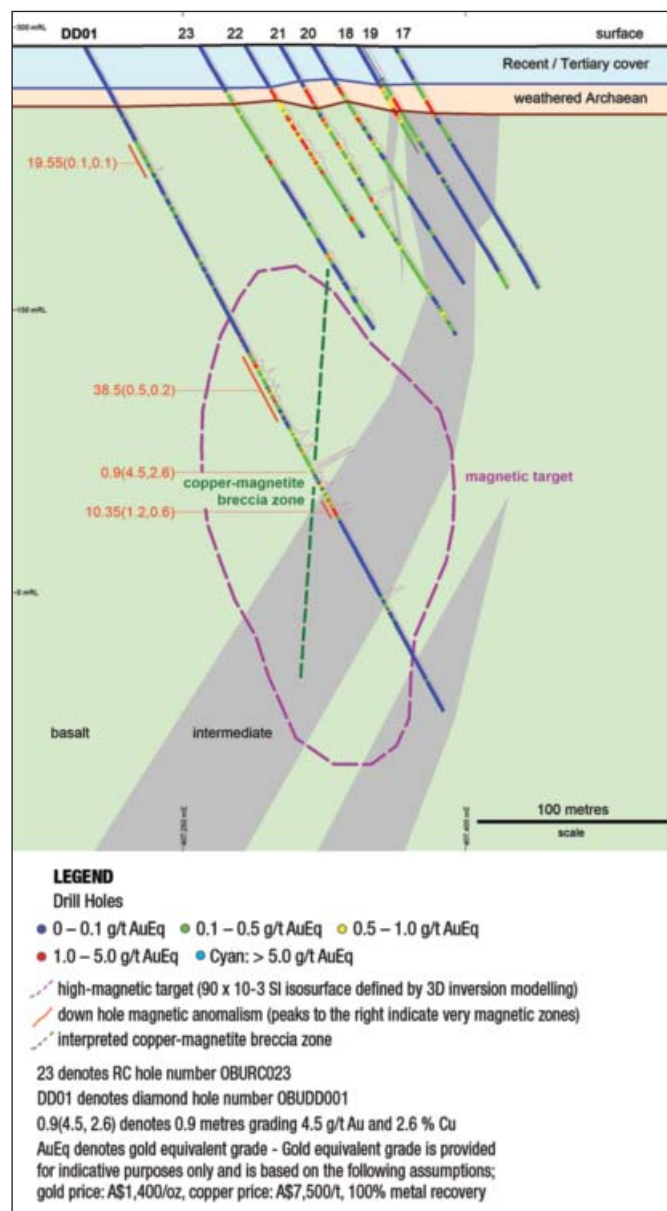


Figure 16 Burns Prospect: 6549730mN Cross-Section





Resources and Reserves Statement

The following statement of Mineral Resources and Ore Reserves conforms to the Australasian Code for Reporting Exploration, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Mineral Resources

Mineral Resources Estimate at 30 June 2014.

	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
Pearl Croydon*	-	-	-	-	-	-	571	2.9	53	571	2.9	53

* Refer to ASX Announcement dated 20 January 2014. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed

Ore Reserves

The Company did not hold any Ore Reserves at 30 June 2014.

Comparison Against Previous Year

The following statement of Mineral Resources and Ore Reserves conforms to the Australasian Code for Reporting Exploration, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Mineral Resources

Mineral Resources Estimate 30 June 2013.

	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
Alliance South	-	-	-	-	-	-	473	12.0	182	473	12.0	182
Pearl Croydon	-	-	-	-	-	-	571	2.9	53	571	2.9	53
Specimen Reef	-	-	-	-	-	-	114	2.9	10	114	2.9	10

Ore Reserves

The Company did not hold any Ore Reserves at 30 June 2013.





Resources and Reserves Statement

Discussion

On 1 December 2013 reporting of Mineral Resources and Ore Reserves pursuant with the 2012 Edition of the JORC Code became compulsory and replaced the 2004 Edition of the JORC Code. Mineral Resources and Ore Reserves reported in the 2013 Annual Report were compliant with the 2004 Edition of the JORC Code.

The difference between Octagonal's 2013 and 2014 Mineral Resource Statements are a result of the change in editions of the JORC Code.

Alliance South Deposit

Octagonal is currently underground mining at the Alliance South Deposit that contains a nuggetty style of gold. Development of two levels (1100 level and 1080 level) is planned and processing of bulk samples required to better understand the gold distribution and average grade of the deposit before a Mineral Resource can be estimated pursuant with the 2012 Edition of the JORC Code. During the year the 1100 level of the deposit was mined and one 3,920 tonne bulk sample processed.

Specimen Reef Deposit

The Mineral Resource for the Specimen Reef Deposit reported in the 2013 Annual Report was estimated to support a mining licence application. Gold mineralisation at the deposit is not constrained by drilling in all directions and further drilling is required to better define the size of this deposit. As the Company intends to compete further drilling at the deposit and the previous resource estimate is small Octagonal has decided not to estimate a resource pursuant with the 2012 Edition of the JORC Code until further drilling is completed.

Governance Arrangements and Internal Controls

Octagonal maintains an internally audited drilling data base for all projects at its Maldon Gold Operation that is backed up to a server at the Company's head office. Company geologists are responsible for collecting drilling data and entering it into the drilling database and the Exploration Manager is responsible for the auditing and integrity of the drilling database.

Interpretation of drilling data is supported by detailed surface geological mapping, open pit mine mapping, and underground mine mapping.

Due to the size of the Company, the Mineral Resource estimate for the Pearl Croydon Deposit was calculated by Mr Anthony Gray, Managing Director of the Company, who has been working on this deposit since 2009. In future it is expected that Mineral Resources and Ore Reserves will be estimated by an independent consultant under the supervision of Octagonal staff, or by Octagonal staff with appropriate internal review.

Compliance 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 style of mineralisation and type of deposit under consideration and to the activity 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.



Summary of Tenements

State	Tenement	Equity	Status	Holder
MALDON				
VIC	EL 3422	100%	Granted	Maldon Resources Pty Ltd
VIC	EL 5177	100%	Granted	Maldon Resources Pty Ltd
VIC	EL 5499	100%	Granted	Maldon Resources Pty Ltd
VIC	MIN 5146	100%	Granted	Maldon Resources Pty Ltd
VIC	MIN 5528	100%	Granted	Maldon Resources Pty Ltd
VIC	MIN 5529	100%	Granted	Maldon Resources Pty Ltd
WEHLA				
VIC	MIN 5433	100%	Granted	Matrix Gold Pty Ltd
VIC	MIN 5574	100%	Application	Matrix Gold Pty Ltd
CAMPBELLTOWN				
VIC	EL 3377	100%	Granted	Highlake Resources Pty Ltd
VIC	EL 4831	100%	Granted	Highlake Resources Pty Ltd
VIC	MIN 5464	100%	Granted	Highlake Resources Pty Ltd
AMHERST				
VIC	MIN 5465	100%	Granted	Highlake Resources Pty Ltd
VIC	EL 5146	100%	Granted	Maldon Resources Pty Ltd
DUNOLLY EAST				
VIC	EL 4904	100%	Granted	Highlake Resources Pty Ltd
VIC	MIN 5563	100%	Granted	Highlake Resources Pty Ltd
RHEOLA				
VIC	EL 4905	100%	Granted	Highlake Resources Pty Ltd
MARYBOROUGH				
VIC	EL 5147	100%	Granted	Maldon Resources Pty Ltd
CLUNES				
VIC	EL 5491	100%	Application	Maldon Resources Pty Ltd
HOGAN'S				
WA	E15/1097	100%	Granted	Octagonal Resources (WA) Pty Ltd
WA	E15/1125	100%	Granted	Octagonal Resources (WA) Pty Ltd
WA	E15/1315	100%	Granted	Octagonal Resources (WA) Pty Ltd
WA	E15/1336	100%	Granted	Octagonal Resources (WA) Pty Ltd
WA	E15/1337	100%	Granted	Octagonal Resources (WA) Pty Ltd
WA	E15/1414	100%	Application	Octagonal Resources (WA) Pty Ltd
WA	E25/457	100%	Granted	Octagonal Resources (WA) Pty Ltd
WA	E26/108	100%	Granted	Octagonal Resources (WA) Pty Ltd



Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Octagonal Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons were directors of Octagonal Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ian J Gandel

Anthony R Gray

Robert P Tolliday

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of gold exploration, development and mining activities within Victoria and Western Australia.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,014,816 (30 June 2013: \$1,041,411).

A review of the Company's operations and financial position for the financial year and up to the date of this report is included in the annual report and should be read as part of the Directors' Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity reasonably expects the following activities to occur over the next 12 months:

Maldon Gold Project, Victoria

(Maldon Resources Pty Ltd - 100% owned)

- » Continue development and mining at the Alliance South deposit.
- » Continue processing of underground ore from the Alliance South deposit at the Porcupine Flat Gold Processing Plant.

Wehla Project, Victoria (Matrix Gold Pty Ltd - 100% owned)

- » Commence Native Title negotiations to secure the grant of mining licence application MIN5574.

Amherst Project, Victoria

(Highlake Resources Pty Ltd - 100% owned)

- » Resource definition drilling at the Pearl Croydon deposit.

Campbelltown Project, Victoria

(Highlake Resources Pty Ltd - 100% owned)

- » Exploration drilling at the Bosun's Prospect.

Dunolly East, Victoria

(Highlake Resources Pty Ltd - 100% owned)

- » Resource definition drilling at the Specimen Reef Deposit.

Hogan's Project, Western Australia

(Octagonal Resources (WA) Pty Ltd - 100% owned)

- » Diamond drilling at the Burns prospect.
- » Regional exploration across the project area.

Additional comments on expected results of certain operations of the consolidated entity are included in this annual report under the review of operations on pages 4 - 13.

Environmental regulation

Octagonal Resources Limited is fully committed to meeting the needs of all stakeholders.

The operations of the consolidated entity in Australia are subject to environmental regulations under the laws of the Commonwealth and the States in which they operate. The only foreseeable environmental issues affecting the consolidated entity relate to its exploration, mining and treatment operations.

In Victoria, the Department of State Development, Business and Innovation (DSDBI) has required rehabilitation bonds be lodged against the consolidated entity's mining and exploration tenements to a total of \$1,193,500.

In Western Australia, the Department of Mines and Petroleum (DMP) has required rehabilitation bonds be lodged against the consolidated entity's exploration tenements to a total of \$60,000.

Various government and local authority bodies control and monitor the Maldon Gold Project throughout the year and quarterly meetings of the Environmental Review Committee are held. This Committee comprises representatives from state government departments, local government, the local community and operations management.



Directors' report

Through the input of the community and the various government stakeholders, the consolidated entity has developed a Rehabilitation Plan relating to the Maldon Operations. Currently progressive rehabilitation is being undertaken in accordance with the approved Rehabilitation Plan. All exploration and mining activities are conducted in accordance with work plans, which have been approved by the DSDBI or DMP.

Occupational Health and Safety

The consolidated entity is committed to protecting the health and safety of its employees and contractors, and others who may be affected directly or indirectly by its operations.

To the end of June 2014, 100% of man hours have been worked without any lost time injury (LTI) at the consolidated entity's exploration and mining projects.

The consolidated entity has a comprehensive Safety Management System. The consolidated entity has in place policies to cover Safety, Environment, Return to Work, Harassment, Fitness for Work and Privacy. To ensure quality assurance and control of its operations, these policies are communicated to employees and are reviewed on a regular basis.

Management considers the most important factor in the undertaking of anyone's employment activities to be the prevention of injury. The complete elimination of injuries is the ultimate goal. The consolidated entity strongly believes that all accidents are preventable and that a "Zero Accident" target is achievable. The consolidated entity believes that sound safety management is integral to every aspect and stage of its operations and exploration activities. The consolidated entity supports many initiatives in this area.

Octagonal Resources Limited is fully committed to the following principles:

- » Occupational health and safety comes first;
- » Prevention of any injuries on and off the job;
- » Everyone is responsible for occupational health and safety for themselves and for others;
- » Every individual must identify, assess and manage potential hazards;
- » Individuals will be trained and equipped to ensure an accident and incident free workplace; and
- » Occupational health and safety of all Octagonal Resources Limited employees, contractors and suppliers remains a key priority.

Name:	Ian J Gandel
Title:	Non-Independent Non-Executive Chairman
Qualifications:	LLB, BEc, FCPA, FAICD
Experience and expertise:	Ian Gandel is a businessman with extensive experience in retail and retail property management. He has had an involvement in the construction and leasing of Gandel shopping centres and has been a director of Gandel Retail Trust. He has previously been involved in the Priceline retail chain and the Corporate Executive Offices serviced offices chain. Ian has been an investor in the mining industry since 1994, is currently a substantial shareholder in a number of publicly listed Australian companies and holds and explores tenements in his own right in Victoria, New South Wales and Western Australia.
Other current directorships:	Ian is a non-executive director of Alliance Resources Ltd (appointed on 15 October 2003), a non-executive director of Alkane Resources Ltd (appointed on 24 July 2006) and a non-executive Chairman of Gippsland Ltd (appointed on 24 June 2009).
Former directorships (last 3 years):	N/A
Special responsibilities:	Acting Chairman of Audit & Risk Committee (from 25 August 2011)
Interests in shares:	31,831,000 ordinary shares
Interests in options:	N/A



Directors' report

Name: **Anthony R Gray**

Title: Managing Director

Qualifications: BSc (Hons), MAIG

Experience and expertise: Anthony Gray is a geologist with over 19 years' experience in the Australian mining industry where he has been involved in exploration for greenstone and slate belt hosted orogenic gold deposits, komatiitic nickel sulphide and laterite deposits, and porphyry copper-gold deposits. Anthony has previously worked for WMC Ltd (Nifty Copper, Central Norseman Gold and St Ives Gold), Barra Resources Ltd, Breakaway Resources Ltd and Gandel Metals Pty Ltd. During his career he has contributed to the discovery and/or definition of numerous mineral deposits including the Lady Miller, Gladstone and Daisy gold deposits at Norseman, the Chameleon gold deposit at Goongarrie, the Martins Zone nickel laterite deposit and various gold deposits in the Riverina district (WA) and the 5A and 5B nickel sulphide deposits at Kambalda.

Other current directorships: N/A

Former directorships (last 3 years): N/A

Special responsibilities: Member of Audit & Risk Committee

Interests in shares: 895,392 ordinary shares

Interests in options: N/A

Name: **Robert P Tolliday**

Title: Non-Executive Director

Qualifications: BBus, Chartered Accountant

Experience and expertise: Robert Tolliday is a Chartered Accountant with over 26 years' of experience in business including accounting, audit, corporate finance, corporate recovery, treasury, HR, office management and company secretarial. Robert has worked for Gandel Metals Pty Ltd for the past 2 years providing CFO & Company Secretarial Services to a number of listed Mining entities under a management services agreement. Prior to this Robert worked for 10.5 years as the Company Secretary and General Manager Finance & Admin for the Professional Golfers Association of Australia Ltd (PGA), a public company limited by guarantee and before that Robert was a Senior Manager and spent over 13 years working for Chartered Accounting practices KPMG and Pitcher Partners in both Australia and the UK, participating in the corporate recovery and reconstruction, plus audit and accounting divisions, during which time Robert gained extensive experience in a wide and varied cross section of industry sectors and companies. Robert is also the Company Secretary of Alliance Resources Ltd (appointed on 22 November 2012).

Other current directorships: N/A

Former directorships (last 3 years): N/A

Special responsibilities: Robert Tolliday is Company Secretary and Chief Financial Officer (CFO) of Octagonal Resources Limited.

Interests in shares: 160,000 ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Directors' report

Company secretary

Robert Tolliday was appointed company secretary of Octagonal Resources Limited on 22 November 2012. Robert is also the company secretary of Alliance Resources Ltd (appointed on 22 November 2012).

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Ian J Gandel	7	7	3	3
Anthony R Gray	7	7	3	3
Robert P Tolliday	7	7	-	-

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

From 1 July 2013 to 30 June 2014, the key management personnel of the consolidated entity consisted of the following directors and executives:

- » Ian J Gandel - Chairman - appointed 10 November 2010
- » Anthony R Gray - Managing Director - appointed 10 November 2010
- » Robert P Tolliday - Non Executive Director from 17 January 2013 & Company Secretary from 22 November 2012

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- » competitiveness and reasonableness
- » acceptability to shareholders
- » performance linkage / alignment of executive compensation
- » transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Directors' report

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also agreed to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market and he does not receive share options or other incentives.

ASX listing rules require that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 17 November 2010, where the shareholders approved a maximum aggregate remuneration sum of \$300,000 per annum for the period commencing 1 November 2010. This amount does not include payments made in relation to specific tasks the directors may perform for the consolidated entity. For example, Gandel Metals Pty Ltd of which Mr I Gandel is a director provides technical, finance and administrative services to the consolidated entity, separate from his tasks as a non-executive director.

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

30 June 2014				Post employment benefits	Long-term benefits	Share-based payments	
Short-term benefits							
Name	Cash salary and fees \$	Other \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	Total \$
Non-Executive Directors:							
Ian J Gandel*	75,000	5,028	-	-	-	-	80,028
Robert P Tolliday**	-	-	-	-	-	2,294	2,294
Executive Directors:							
Anthony R Gray	235,000	-	-	21,738	-	5,875	262,613
	310,000	5,028	-	21,738	-	8,169	344,935

* Other - Audit Committee fees

** The Gandel Metals Trust employed Robert P Tolliday for the full year. The Gandel Metals Trust is an entity associated with Ian J Gandel. Fees are paid to the Gandel Metals Trust in accordance with the Gandel Metals Trust Management Service Agreement and part of the fees paid included professional fees for accounting and company secretarial services provided by Robert P Tolliday. All charges were on commercial terms. The Gandel Metals Trust was also paid directors fees of \$40,000 for non-executive director services provided by Robert P Tolliday. Refer to note 26 - Related Party Transactions in the annual report.

Directors' report

30 June 2013	Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees \$	Other \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	Total \$
Non-Executive Directors:							
Ian J Gandel*	68,750	5,000	-	-	-	-	73,750
Robert P Tolliday**	-	-	-	-	-	2,215	2,215
Ian C Pamensky**	3,333	-	-	-	-	-	3,333
Executive Directors:							
Anthony R Gray	228,750	-	-	20,588	-	6,939	256,277
	300,833	5,000	-	20,588	-	9,154	335,575

* Other - Audit Committee fees

** The Gandel Metals Trust employed Ian C Pamensky until 30 November 2012 and employed Robert P Tolliday from 25 October 2012. The Gandel Metals Trust is an entity associated with Ian J Gandel. Fees are paid to the Gandel Metals Trust in accordance with the Gandel Metals Trust Management Service Agreement and part of the fees paid included professional fees of \$115,394 for accounting and company secretarial services provided by Ian C Pamensky and Robert P Tolliday. All charges were on commercial terms. The Gandel Metals Trust was also paid directors fees of \$78,333 for non-executive director services provided by Ian C Pamensky (\$60,000) and Robert P Tolliday (\$18,333). Note: Ian C Pamensky received directors fees of \$3,333 paid to him in his own right subsequent to his employment with The Gandel Metals Trust. Refer to note 26 - Related Party Transactions in the annual report.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Non-Executive Directors:						
Ian J Gandel	100%	100%	-%	-%	-%	-%
Robert P Tolliday	-%	-%	-%	-%	100%	100%
Executive Directors:						
Anthony R Gray	97%	97%	- %	- %	3%	3%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Anthony R Gray
Title:	Managing Director
Agreement commenced:	01/11/2012
Term of agreement:	30/09/2014
Details:	Remuneration - Employment cost is \$257,325 gross per annum (including superannuation). This excludes reimbursements for various expenses including subscriptions, mobile phone costs and travel expenses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct. No other key management personnel are on specific service agreements.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

An Employee Share Option Scheme (ESOP) was approved by the shareholders on 10 November 2010 (prior to the Initial Public Offer). No share options have been issued under this scheme as at 30 June 2014.

Directors' report

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Ian J Gandel	19,986,000	-	11,845,000	-	31,831,000
Anthony R Gray	510,002	-	385,390	-	895,392
Robert P Tolliday	100,000	-	60,000	-	160,000
	20,596,002	-	12,290,390	-	32,886,392

Transactions with key management personnel and their related parties

The following transactions occurred with key management personnel and their related parties:

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Payment for goods and services:		
Director Fees	116,250	155,833
Financial & Company Secretarial support services*	324,000	261,405
Interest on Loan	21,024	-
Office & Administration Costs	62,369	100,992

* Other related party - The Gandel Metals Trust

Payment for goods and services relates to amounts charged as per management service agreement including financial, company secretary, admin support and geological.

Receivable from and payable to key management personnel and their related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current payables:

Trade payables to other key related party - The Gandel Metals Trust	-	44,842
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Loans to/from key management personnel and their related parties

There were no loans to or from key management personnel and their related parties at the current and previous reporting date.

Terms and conditions

Mr I J Gandel is a director and shareholder of Abbotsleigh Proprietary Limited. Octagonal Resources Limited entered into a management service agreement with The Gandel Metals Trust. Abbotsleigh Proprietary Limited is the ultimate parent entity of The Gandel Metals Trust. The contract is based on commercial terms and conditions. The Gandel Metals Trust provides access for up to 5 staff on an ongoing basis to provide accounting, company secretarial and administration support for a set fee of \$27,000 per month.

This concludes the remuneration report, which has been audited.



Directors' report

Shares under option

There were no shares of Octagonal Resources Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report. The 1,734,440 performance rights major terms of issue include that during the 12 month period following the grant of performance rights on 18 December 2013; (1) there being no fatalities, (2) the closing price of the Company's ordinary shares exceeding 14.0 cents for more than 20 trading days, (3) certain lost time injury conditions which can reduce the potential total of performance rights to be converted to shares and (4) continued employment throughout the period.

Shares issued on the exercise of options

There were no ordinary shares of Octagonal Resources Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers

The consolidated entity has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The consolidated entity has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

During the financial year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm

on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- » all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- » none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of BDO East Coast Partnership

There are no officers of the company who are former audit partners of BDO East Coast Partnership.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Octagonal Resources Limited support and have adhered to the principles of corporate governance and have established a set of policies for the purpose of managing this governance. The consolidated entity's corporate governance statement is contained on pages 26 - 36 of this report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Ian J Gandel
Chairman

26 September 2014
Melbourne, Victoria



Auditors Independence Declaration



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Australia

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF OCTAGONAL RESOURCES LIMITED

As lead auditor of Octagonal Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Octagonal Resources Limited and the entities it controlled during the period.

James Mooney
Partner

BDO East Coast Partnership

Melbourne, 26 September 2014

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Corporate Governance Statement

The Directors of Octagonal Resources Limited (hereafter referred to as “Octagonal” or the “Company”) believe firmly that benefits will flow from the maintenance of the highest possible standards of corporate governance. A description of the Company’s main corporate governance practices is set out below. The Company has elected to adopt the “Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council” (2nd Edition, 2010) issued by the ASX Corporate Governance Council (ASXCGC). Where the Company believes a particular corporate governance practice Recommendation is not suitable or relevant for adoption by the Company, an explanation is provided.

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
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Principle 1: Lay solid foundation for management and oversight

1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<p>The first Recommendation is that the Company formalise and disclose the functions reserved to the Board and those delegated to management.</p> <p>There is a clear segregation of duties between the Board and management.</p> <p>The role of the Board of Directors is set out in its Board Charter (which is published on the Company’s website at: www.octagonalresources.com.au) and includes the setting of goals, strategies and policies for the operation of the Company, to oversee the Company’s management, to regularly review performance, and to generally monitor the Company’s affairs in the best interests of shareholders. The key responsibilities of the Board include:</p> <ul style="list-style-type: none"> » appoint and, where necessary, remove the Managing Director and determine that person’s remuneration (including termination benefits); » providing input into, and adopting the strategic plan and budget of the Company, as prepared by management; » approving and monitoring the progress of all material acquisitions, divestments, contracts and operational programs, and major capital expenditure; » approving capital raisings (debt or equity) by the Company; » oversight of the audit, compliance, internal control, and financial and operational risk management functions of the Company to ensure that they operate effectively; » oversight of financial reporting and communication to the Company’s shareholders; » oversight of the Company’s employee relations and ethical, social and environmental behavior; and » reviewing the performance of the Board as a whole, Board Committees and individual directors. <p>The Board has delegated to the Managing Director and his senior executive team authority over the day to day management of the Company and its operations. This delegation of authority includes responsibility to undertake the actions set out in the Board Charter, with the primary objective of maximising sustainable shareholder wealth, having regard to the Company’s values and impacts for employees, communities and other stakeholders. Specific responsibilities of the Managing Director include:</p> <ul style="list-style-type: none"> » day to day running of the business; » tenement management (existing tenements); » appropriate and cost effective exploration and development of all Octagonal projects; » identification of business development opportunities; » managing the operating and financial performance of the Company; » implementation of effective occupational health and safety policies; » recruitment of replacement personnel, and » stakeholder communications program (including continuous disclosure of material developments through preparation of ASX announcements, 	Not applicable
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Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
		<p>quarterly reports, annual reports and Company presentations, broker/institutional tours, attendance at trade shows, and advertising);</p> <p>» manage internal communication with Board of Directors, staff, consultants and contractors, and provide leadership and inspiration at all times.</p> <p>Director Induction and Education</p> <p>All new Directors participate in a director induction program that includes one-on-one discussions with key executives, provision to directors of important company documents and visits to operation sites. Continuing education requirements for directors are assessed on an as needs basis generally in conjunction with the Board performance assessment process.</p> <p>Company Secretary</p> <p>All Directors have access to the Company Secretary. The Company Secretary is accountable, through the Chairman, for all governance matters.</p> <p>Management</p> <p>Mr. Anthony Gray was appointed Managing Director on 10 November 2010. The Managing Director's specific responsibilities are described above.</p> <p>The other senior executive of the Company is the Chief Financial Officer (responsible and accountable to the Managing Director) and Company Secretary. His specific responsibilities include the following:</p> <p>» maintaining financial control across the Octagonal group;</p> <p>» ensuring that the Board receives regular financial and other pertinent information and reports (notably on auditing, taxation and insurance);</p> <p>» statutory financial statements;</p> <p>» Compliance with the regulatory requirements set out in the Corporations Act and ASX Listing Rules; and</p> <p>» Management of the Company's banking arrangements and funds on hand.</p>	
1.2	Disclose the process for evaluating the performance of senior executives.	The Board reviews the performance of executives. The senior executives' performance is assessed against short and long term criteria relating to the performance of the executive and the Company as a whole. Further information on performance assessment will be contained in the Remuneration Report which forms part of the Directors' Report in the Annual Report. A performance evaluation of senior executives will be completed during the reporting period.	Not applicable
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	The information has been disclosed above.	Not applicable

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 2: Structure the board to add value			
2.1	A majority of the Board should be independent directors.	<p>The Board's size and composition is subject to limits imposed by the Company's constitution, which provides for a minimum of 3 directors and a maximum of 10. The Board currently comprises the Managing Director, a non-executive Director and the non-executive Chairman.</p> <p>Details of the current directors of the Company, their skills, experience, qualifications are set out on the Company's website at www.octagonalresources.com.au. A record of their attendance at meetings is included in the Directors' Report for the year ended 30th June 2014.</p> <p>Director Independence</p> <p>At the date of this Report the Company has three directors comprising Mr. Ian Gandel, Non-Executive Chairman, Mr. Anthony Gray, Managing Director, and Mr. Robert Tolliday, Non-Executive Director (Company Secretary).</p> <p>The Company has adopted a definition of independence as set out in the Board Charter. In determining a director's independence the following definition is applied: "An independent director is considered to be independent when he or she is independent of management and has no material business or other relationship with Octagonal Resources Limited which could materially impede the objectivity of, or the exercise of independent judgment by, the director or materially influence his or her ability to act in the best interests of the Company."</p> <p>In reaching its decision regarding individual director independence, the Board reserves the right to consider a director to be independent even though they may not meet one or more of the specific thresholds or tests specified in the Company's Independence Policy having regard to the underlying key definition of independence and the nature of the director's circumstances.</p> <p>The Board has determined that none of the directors are independent non-executive directors applying the Company's Independence Policy. Issues considered in making this determination included the fact that Mr Ian Gandel is a substantial shareholder in the Company, one director, Mr Robert Tolliday, is non-executive but acts as the Company Secretary (as per footnote 2, page 31, Mr Tolliday is employed by Gandel Metals Pty Ltd) and the other director is executive.</p> <p>The Board is aware that not having a majority of independent directors during the course of the financial period does not comply with Recommendation 2.1. The Board has formed the view that the Company's size does not justify a large Board with a majority of independent directors.</p> <p>Independent professional advice</p> <p>Directors have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairperson is required and this will not be unreasonably withheld.</p>	None of the directors are independent. The Company's size does not justify a large Board with a majority of independent directors.



Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
2.2	The chair should be an independent director.	<p>The Company does not comply with this recommendation. The Board has determined that Mr. Ian Gandel is not an independent director as he is a substantial shareholder of the Company.</p> <p>Mr Ian Gandel has been a director of the Company since 10 November 2010 and has an intimate knowledge of its affairs. He is an experienced company director and is committed to providing the time necessary to effectively discharge his role as chairperson.</p> <p>The Board is aware that it does not comply with Recommendation 2.2 and has formed the view that its size does not justify a Board large enough to have an independent director as its chairperson.</p>	Size does not justify a Board large enough to have an independent director as its chairperson.
2.3	The roles of chairperson and chief executive officer (or equivalent) should not be exercised by the same individual.	<p>The Company's chairperson, Mr Ian Gandel and Managing Director, Mr Anthony Gray have separate roles. The chairperson is primarily responsible for:</p> <ul style="list-style-type: none"> » leadership of the Board; » the efficient organisation and conduct of the Board's function; » ensuring that all relevant issues are on the agenda for directors' meetings; » briefing all directors on key issues; » facilitating the effective contribution of all directors; » guiding Board deliberations, free of undue bias; and » promoting constructive and respectful relations between directors and between the Board and management. <p>Mr Anthony Gray was appointed Managing Director on 10 November 2010. Previously, Mr Anthony Gray has worked for Western Mining Ltd, Barra Resources Ltd, Breakaway Resources Ltd, and Gandel Metals Pty Ltd.</p>	Not applicable
2.4	The board should establish a Nomination Committee.	<p>The Board does not have a separate Nomination Committee as it has formed the view that the size of the Company does not warrant establishing one. Accordingly, the functions of a Nomination Committee are performed by the Board as a whole.</p>	Size does not warrant a separate Committee.
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>The performance evaluation of the Board, its Committee and Board members will be conducted through a structured review involving the directors completing detailed questionnaires and their findings then summarised and discussed. It is intended that a performance evaluation will be completed during the reporting period to 30 June 2015 using the above process.</p> <p>Director Induction and Education</p> <p>All new directors will participate in a director induction program which includes one-on-one discussions with key executives, provision to directors of important company documents, and visits to operation sites. Continuing education requirements for directors are assessed on an as needs basis generally in conjunction with the Board performance assessment process.</p> <p>Company Secretary</p> <p>All directors have access to the Company Secretary. The Company Secretary, is accountable, through the Chairman, for all governance matters.</p>	Not applicable
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	All information required to be provided has been disclosed above.	Not applicable



Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
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Principle 3: Promote ethical and responsible decision-making

3.1	<p>Establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> » the practices necessary to maintain confidence in the Company's integrity; » the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and » the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	<p>The Company, including its Directors and key executives, is committed to maintaining the highest standards of integrity and seeks to ensure that all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect the shareholders' interests.</p> <p>The Company recognises the need for Directors and employees to observe the highest standards of behavior and business ethics when engaging in corporate activity and expects all directors, executives, contractors and employees to act in accordance with the law and with the highest standards of propriety and in accordance with the terms of the Company's Code of Ethics which can be accessed from the website at www.octagonalresources.com.au.</p>	Not applicable
3.2	<p>Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress of achieving them.</p>	<p>On 22 September 2011, the Company adopted a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving diversity (including gender diversity) in its personnel, senior executives and directors, and for the Board to assess annually both the objectives and progress in achieving them.</p> <p>The Diversity Policy provides a framework for Octagonal to achieve:</p> <ul style="list-style-type: none"> » a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals; » a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff; » improved employment and career development opportunities for women; » a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and » awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity. <p>The Policy can be accessed at www.octagonalresources.com.au</p>	Not applicable



Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance								
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.	<p>The Board has not yet set measurable objectives for achieving gender diversity. The Directors are in the process of collecting information to enable them to set meaningful, measurable objectives which are appropriate to the size of the Company and the operational and labour market it faces.</p> <p>The Company has only made a few appointments since adopting the Diversity Policy. The Company has abided by its Diversity Policy for all employment. The Company is also committed to ensuring that all employees have an equal opportunity to participate in professional development programs and to developing its human resources.</p>	While Octagonal has reported against other 2010 amendments to the ASX Principles and Recommendations in this Corporate Governance Statement, having regard to the adoption of the Diversity Policy and the lack of requirement to employ new staff in the intervening period, the Company is not in a position to report on measurable objectives or progress towards achieving them in this Annual Report								
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	<p>The proportion of women in the Octagonal group of companies is set out in the following table:</p> <table><tr><th></th><th>Proportion of women</th></tr><tr><td>Whole organisation¹</td><td>6 out of 23 (26%)</td></tr><tr><td>Board</td><td>Nil out of 3 (0%)</td></tr><tr><td>Senior executive positions²</td><td>1 out of 4 (25%)</td></tr></table>		Proportion of women	Whole organisation ¹	6 out of 23 (26%)	Board	Nil out of 3 (0%)	Senior executive positions ²	1 out of 4 (25%)	Not applicable
	Proportion of women										
Whole organisation ¹	6 out of 23 (26%)										
Board	Nil out of 3 (0%)										
Senior executive positions ²	1 out of 4 (25%)										
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	All information required to be provided has been disclosed above.	Not applicable								

¹ The whole organisation includes employees who are employed by Gandel Metals but work within the Company. Gandel Metals is a Company associated with Director, Mr Ian Gandel. Gandel Metals provides Management Services to the Company.

² Includes direct employees of the Company, the Chief Financial Officer & Company Secretary, Mr Robert Tolliday and the Senior Management Accountant, Ms Ana Carapina. Mr Tolliday and Ms Carapina are employed by Gandel Metals (see footnote 1 above).

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an Audit Committee.	<p>The Company established an Audit & Risk Committee on 16 November 2010.</p> <p>Committee members:</p> <p>Members of the Committee at the date of this Report are:</p> <ul style="list-style-type: none"> » Mr Ian Gandel (Chairman) » Mr Anthony Gray (Managing Director) <p>Committee Role & Responsibilities:</p> <p>The role and responsibilities, structure and procedures of the Audit & Risk Committee are set out in the Committee's Charter which has been published on the Company's website at: www.octagonalresources.com.au. In summary, the function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with regard to:</p> <ul style="list-style-type: none"> » business risk management; » compliance with legal and regulatory obligations; » the establishment and maintenance of the internal control framework; » the reliability and integrity of financial information for inclusion in the Company's financial statements; » safeguarding the independence of the external auditor; and » audit, accounting and financial reporting obligations. <p>The Audit & Risk Committee will normally meet at least two times each financial year.</p>	Not applicable
4.2	<p>The Audit committee should be structured so that it:</p> <ul style="list-style-type: none"> » consists only of non-executive directors; » consists of a majority of independent directors; » is chaired by an independent chair, who is not chair of the board; » has at least three members. 	<p>A new Chairman of the Committee is currently being sourced. The Committee currently comprises two director members one of whom is non-executive and none of whom are independent directors. Standing invitations to attend Audit & Risk Committee meetings have been issued to Mr Robert Tolliday (Non-Executive Director/Company Secretary) and the Company's External Auditors.</p> <p>The Board is aware that it does not comply with Recommendation 4.2 and has formed the view that the size of the Company does not justify a Board large enough to have</p> <ul style="list-style-type: none"> » three non-executive Directors available for this Committee; » a majority of independent directors available for this Committee; and » an independent Committee Chair. 	Company size does not justify a Board large enough to have three non-executive directors available for this Committee; a majority of independent directors available for this Committee; and an independent Committee Chair.
4.3	The audit committee should have a formal charter.	The formal charter of the Audit & Risk Committee was adopted on 16 November 2010 and will be reviewed on a regular basis. The Audit & Risk Committee Charter can be accessed at: www.octagonalresources.com.au	Not applicable



Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	<p>The external auditor, BDO has a rotation policy such that lead partners are rotated every 5 years and review partners are rotated every 5 years as set out below.</p> <p>In relation to the selection of external auditors, the Audit Committee assesses proposals received from prospective external auditors against key audit criteria established by the Committee. Those criteria include audit approach and methodology, internal governance processes, key personnel and cost. In relation to the appointment of external auditors, the Audit Committee can appoint an External Auditor to fill a vacancy created by the resignation or retirement of an existing auditor. The appointment of the external auditor is subject to confirmation by shareholders at the Company's next Annual General Meeting.</p> <p>In relation to rotation of external audit engagement partners, the lead partner involved in the external audit will not remain in a key audit role beyond 5 years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two successive years. This is consistent with current professional standards.</p> <p>All information required to be provided has been disclosed above.</p>	Not applicable
Principle 5: Make timely and balanced disclosure			
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company fully supports the continuous disclosure regime in Australia. In accordance with the continuous disclosure requirements of the ASX Listing Rules, the Company has policies and procedures in place to ensure that price sensitive information is identified and reviewed by management and disclosed to the ASX in a timely manner and that all information provided to the ASX is posted on the Company's website as soon as possible after its release to the ASX. The Company Secretary manages the Company's compliance with its continuous disclosure obligations and is responsible for communications with the ASX.</p> <p>Presentations that are made to analysts or investors will be posted on the Company's website. If the presentations contain information that has not previously been announced to ASX, and that would or could have a material effect on the share price, the presentation will be sent to the ASX prior to the presentation being made.</p> <p>All managers in the Company receive advice on continuous disclosure and are aware of, and accountable for, the Company's compliance with the continuous disclosure requirements.</p> <p>The Company has a Market Disclosure and Communication Policy in line with current best practice standards which is available on the Company's website at: www.octagonalresources.com.au.</p> <p>The Board will evaluate this Market Disclosure and Communication Policy regularly to determine whether it remains effective in ensuring accurate and timely disclosure in accordance with the Company's disclosure obligations.</p>	Not applicable
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	All information required to be provided has been disclosed above.	Not applicable

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 6: Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	<p>Our shareholders own the Company and the Board acknowledges its responsibility to act in their best interests with the objective of increasing the Company's value for all shareholders. The Board maintains active communication with its shareholders as owners of the Company.</p> <p>Communication with shareholders is of critical importance to the Company. The Board aims to ensure that the shareholders on behalf of whom they act have access to all information necessary to assess the performance and prospects of the Company. Mechanisms used to communicate with shareholders include:</p> <ul style="list-style-type: none"> » the Company's Annual Report which will be distributed, or otherwise made available, to all shareholders; » the Company's quarterly production reports; » the Company's half-year financial report; » the Company's Annual General Meeting and other general meetings called to obtain shareholder approval for significant corporate actions, as appropriate; » Company announcements; and » the Company's website - www.octagonalresources.com.au <p>In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. The website includes a feedback mechanism and an option for shareholders to register their e-mail address for direct e-mail updates of company matters.</p> <p>When brokers, analysts, the press or other parties are briefed on the Company's activities, the material used in the presentations is usually released to the ASX and posted on the Company's website.</p> <p>The Board has procedures in place to ensure that all price sensitive information is disclosed to the ASX on a timely basis subject to the permitted exceptions to such disclosure as set out in the ASX listing rules.</p> <p>The Company welcomes questions from shareholders at any time and these are answered promptly unless the information requested is market sensitive and not in the public domain. Also, all announcements made by the Company to the ASX (except disclosures of a routine compliance nature) are posted on the Company's website.</p> <p>The lead external auditor is required by law to attend or be represented at the Annual General Meeting to answer any questions with regard to, inter alia, the conduct of the audit and the preparation and content of the auditor's report. Shareholders have a choice of the method in which they receive Annual Reports and notices of meeting and they may elect (by written notice to the Company) to receive such reports and/or notices of meeting by post or electronically.</p> <p>Shareholders who are unable to attend meetings of the Company are encouraged to participate in meetings by appointing a proxy. Proxy forms may be lodged by shareholders by post, facsimile or transmission to the electronic address specified in the relevant notice of meeting.</p>	Not applicable
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The information has been disclosed in the Annual Report.	Not applicable



Corporate Governance Statement

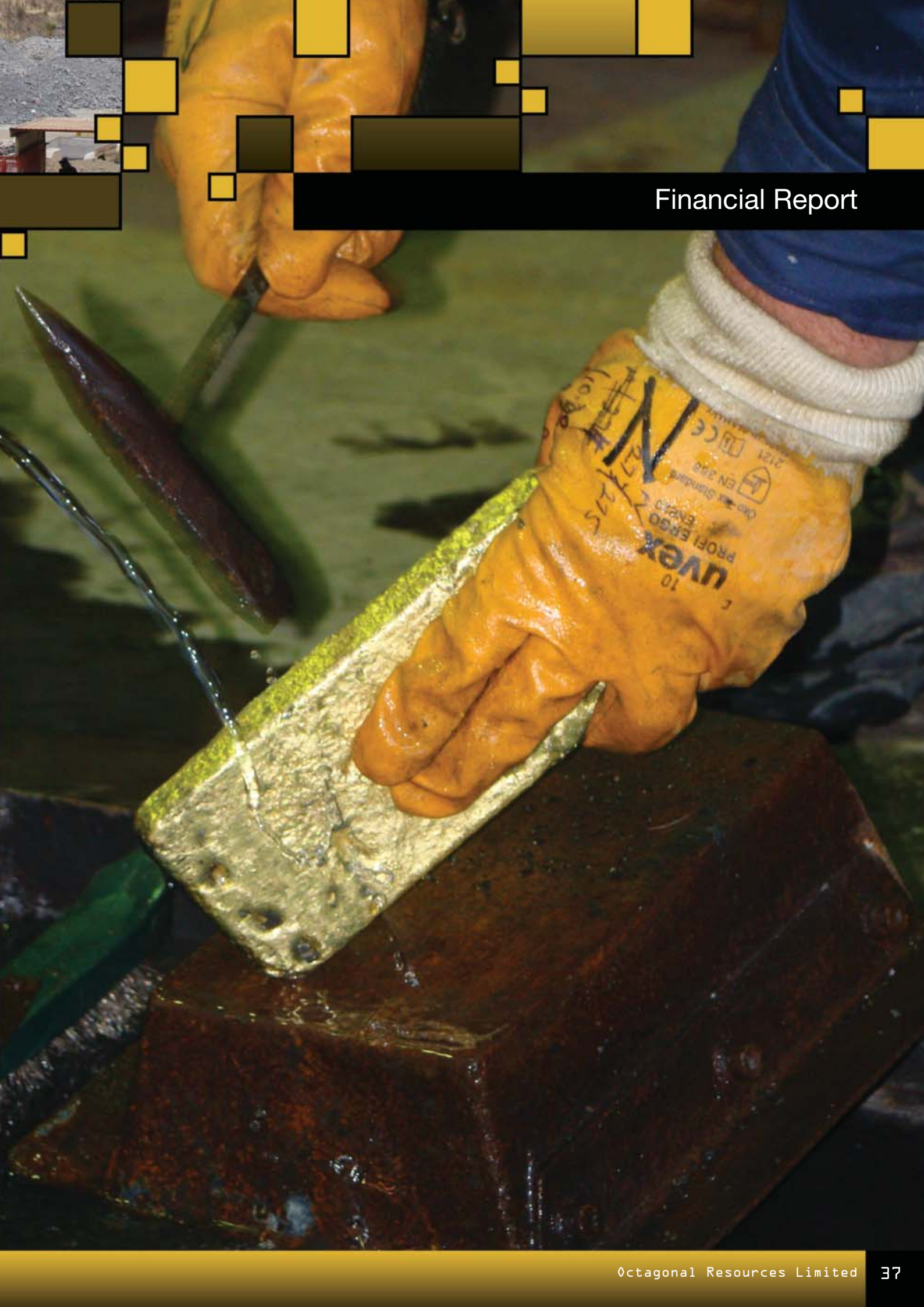
Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
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Principle 7: Recognise and manage risk

7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<p>Octagonal Resources has systems in place to enable the identification, assessment and management of its material business risks. Management is responsible for the design and implementation of risk management and internal control systems in relation to material business risks. Management ensures that procedures exist to monitor and review risks and, through observation and audit, gain assurance on at least an annual basis that effective controls are implemented and consistently being applied. The Board reviews the Company's risk profile and risk management and internal control policies and practices on a regular basis. It also receives reports from management on significant changes to the profile and the progress with risk mitigation at each of its Board meetings. The Audit & Risk Committee assists the Board in monitoring the Company's financial and operating risks. The Company's Risk Oversight and Management Policy can be accessed at its website at: www.octagonalresources.com.au.</p>	Not applicable
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	<p>Octagonal Resources has adopted systematic processes for the identification, analysis, evaluation, treatment, monitoring and review of the material business risks it faces which are outlined in the Company's Risk Oversight and Management Policy which is aligned to the Australian Standard for risk management. The Company is exposed to numerous risks across its business, most of which are common to the mining industry. Generally risk-specific systems are used in keeping with best practices in the Mining and Resources sector. These approaches to risk management are generally embedded into strategic and operational management and business processes.</p> <p>The Board considers the material business risks the Company faces and the means by which these are managed at its meetings. Financial and reporting risks are considered at first instance by the Audit & Risk Committee with findings then being reported to the Board.</p> <p>At Board meetings, the Managing Director and Company Secretary are required to provide assurance to the Board as to the effectiveness of the systems in place for the management of the material risks. Periodically, the Board and senior managers will undertake a strategic risk assessment workshop to re-assess the Company's material risks and determine whether the current controls are adequate and effective.</p> <p>The Audit & Risk Committee reviews and assesses the adequacy of the Company's internal control and financial management systems and accounting and business policies. The Audit & Risk Committee is given further assurance on the Company's financial management systems through the internal control reviews conducted by External Auditor BDO. Reviews of internal controls are conducted in accordance with an audit plan approved by the Audit & Risk Committee. The audit plan is formulated following identification of key risks in the areas of financial and information technology controls, compliance with statutory regulations and policy, fraud prevention and detection plus specific services as directed by the Company to ensure an effective control environment. Management is responsible for implementing corrective actions recommended as a result of the audit reviews. Key findings from audit reviews are reported to the Audit & Risk Committee. The External Auditors and the Audit & Risk Committee have direct access to each other and have the necessary access to management and the right to seek information and explanations.</p>	Not applicable

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	<p>The Board will ensure that it receives assurance from the Managing Director and the Chief Financial Officer & Company Secretary that the section 295A declaration signed prior to approving financial statements was founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>The Board has indicated that it is satisfied that management has developed and implemented a sound system of risk management and internal control.</p>	Not applicable
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	All information required to be provided has been disclosed above.	Not applicable
Principle 8: Remunerate fairly and responsibly			
8.1	The board should establish a Remuneration Committee.	The Board does not have a separate Remuneration Committee given its size as it does not consider that the size of the Company warrants establishing one. Accordingly, the functions of a Remuneration Committee are performed by the Board as a whole.	Company size does not warrant a separate Remuneration Committee.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<p>The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives.</p> <p>The Company's remuneration policy and structure is described in detail in the Remuneration Report which forms part of the Directors' Report in the Company's Annual Report.</p> <p>The non-executive director of the Company is remunerated by way of fixed annual fees (within the aggregate fee limit of \$300,000) and may also receive fees for additional other services provided to the Company. The non-executive directors are not provided with retirement benefits.</p> <p>The senior executives of the Company are remunerated by way of a total salary package (inclusive of statutory superannuation). The Board has taken advice from independent remuneration consultants in setting its remuneration policy and structure and considers the nature and quantum of the remuneration of its directors and executives to be appropriate and reasonable given the circumstances of the Company and individuals concerned (including the responsibilities involved in their respective offices or employment).</p> <p>Equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders. The Company ensures that the payment of equity-based executive remuneration is made in accordance with statutory requirements and thresholds set out in plans approved by shareholders.</p>	Not applicable
8.3	Companies should provide the information indicated in the guide to reporting on Principle 8.	All information required to be provided has been disclosed above.	Not applicable



Financial Report



Statement of profit or loss and other comprehensive income

For the year ended 30 June 2014

	Note	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Revenue	4	3,991,132	4,876,434
Expenses			
Corporate administration expense		(449,509)	(419,077)
Employee benefits expense		(790,039)	(638,002)
Marketing expense		(51,579)	(96,167)
Depreciation and amortisation expense	5	(243,073)	(305,945)
Loss on sale of mining tenement	6	-	(164,058)
Company secretarial expense		(52,933)	(67,177)
Refining expenses		(40,525)	(2,233)
Tenement costs written off		(2,896,137)	(1,393,114)
Share based payment expense		(30,336)	(33,178)
Operating and plant recommissioning expenses		(1,933,517)	(2,160,955)
Other expenses		(518,300)	(637,916)
Loss before income tax expense		(3,014,816)	(1,041,388)
Income tax expense	7	-	(23)
Loss after income tax expense for the year attributable to the owners of Octagonal Resources Limited	20	(3,014,816)	(1,041,411)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Octagonal Resources Limited		(3,014,816)	(1,041,411)
		Cents	Cents
Basic earnings per share	29	(2.18)	(0.81)
Diluted earnings per share	29	(2.18)	(0.81)

Statement of financial position

As at 30 June 2014

	Note	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Assets			
Current assets			
Cash and cash equivalents	8	1,068,659	1,241,508
Trade and other receivables	9	142,046	176,715
Inventories	10	88,093	114,370
Other	11	177,224	111,448
Total current assets		1,476,022	1,644,041
Non-current assets			
Receivables	12	1,253,500	992,500
Property, plant and equipment	13	1,496,244	1,473,794
Exploration and evaluation	14	19,624,581	19,989,692
Total non-current assets		22,374,325	22,455,986
Total assets		23,850,347	24,100,027
Liabilities			
Current liabilities			
Trade and other payables	15	773,516	1,111,013
Employee benefits	16	223,853	196,424
Total current liabilities		997,369	1,307,437
Non-current liabilities			
Provisions	17	1,284,150	1,273,751
Total non-current liabilities		1,284,150	1,273,751
Total liabilities		2,281,519	2,581,188
Net assets		21,568,828	21,518,839
Equity			
Contributed equity	18	22,806,945	19,772,476
Reserves	19	63,514	33,178
(Accumulated losses)/retained profits	20	(1,301,631)	1,713,185
Total equity		21,568,828	21,518,839



Statement of changes in equity

For the year ended 30 June 2014

Consolidated	Contributed equity \$	Retained profits/ (accumulated losses) \$	Reserves \$	Total equity \$
Balance at 1 July 2012	18,697,126	2,754,596	-	21,451,722
Loss after income tax expense for the year	-	(1,041,411)	-	(1,041,411)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(1,041,411)	-	(1,041,411)
Transactions with owners in their capacity as owners:				
Issue of Shares on acquisition of tenements, net of transaction costs (note 18)	1,075,350	-	-	1,075,350
Share-based payments	-	-	33,178	33,178
Balance at 30 June 2013	19,772,476	1,713,185	33,178	21,518,839
Balance at 1 July 2013	19,772,476	1,713,185	33,178	21,518,839
Loss after income tax expense for the year	-	(3,014,816)	-	(3,014,816)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(3,014,816)	-	(3,014,816)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	3,034,469	-	-	3,034,469
Share-based payments	-	-	30,336	30,336
Balance at 30 June 2014	22,806,945	(1,301,631)	63,514	21,568,828

Statement of cash flows

For the year ended 30 June 2014

		Consolidated	Consolidated
	Note	30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,138,039	4,831,108
Payments to suppliers and employees (inclusive of GST)		(4,371,427)	(3,126,699)
		(233,388)	1,704,409
Interest received		54,840	65,890
Fuel Tax Credit Received		15,215	9,036
Refund of Rehabilitation Bond		10,000	-
Rehabilitation Bond		(21,000)	-
Sundry Income		84,562	-
Income Taxes Received		-	(23)
Net cash (used in)/from operating activities	28	(89,769)	1,779,312
Cash flows from investing activities			
Payments for property, plant and equipment	13	(265,523)	(228,067)
Payments for exploration and evaluation	14	(2,531,026)	(2,492,667)
Payments for term deposits		(321,000)	-
Proceeds from sale of mining tenement		-	10,000
Net cash used in investing activities		(3,117,549)	(2,710,734)
Cash flows from financing activities			
Proceeds from issue of shares		3,181,236	-
Share Issue Costs		(146,767)	-
Net cash from financing activities	18	3,034,469	-
Net decrease in cash and cash equivalents		(172,849)	(931,422)
Cash and cash equivalents at the beginning of the financial year		1,241,508	2,172,930
Cash and cash equivalents at the end of the financial year	8	1,068,659	1,241,508



Notes to the financial statements

30 June 2014

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust

measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

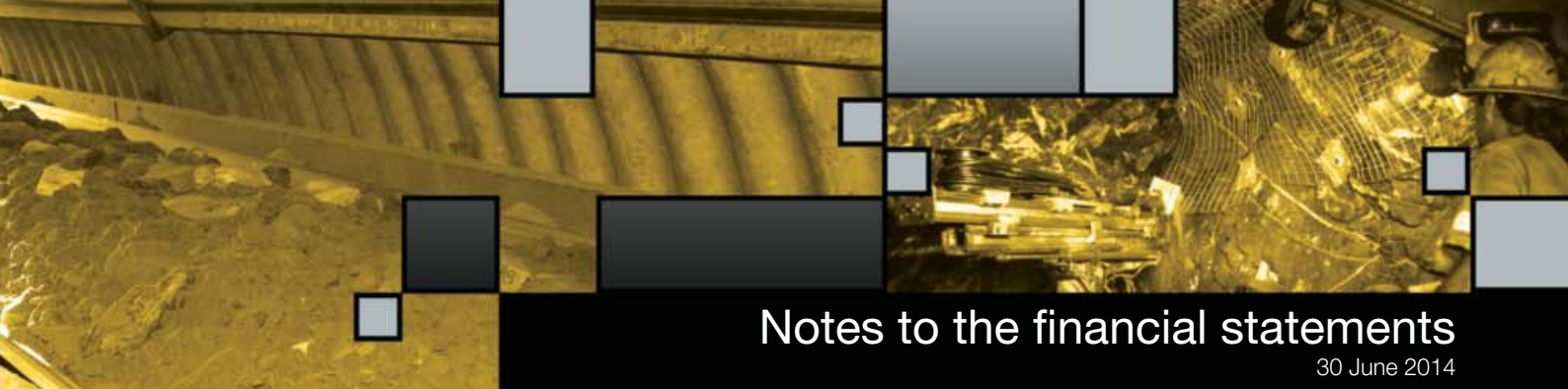
The consolidated entity has applied AASB 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Going concern

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity generated a net loss after income tax of \$3,014,816 for the year ended 30 June 2014 and had net cash outflows from operating and investing activities of \$3,207,318. As at 30 June 2014 the consolidated entity has cash and cash equivalents of \$1,068,659 and net current assets of \$478,653.

Based on the information below, the directors are satisfied that an adequate plan is in place and that the consolidated entity will have positive cash balance through to 30 September 2015 (12 months from date of audit report). It is the opinion of the Board of Directors that the consolidated entity will be able to continue as a going concern and therefore the basis of preparation is appropriate, however the



Notes to the financial statements

30 June 2014

requirement for additional funding indicates a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- » At 30 June 2014, the consolidated entity had cash and cash equivalents of \$1,068,659 and had working capital, being current assets less current liabilities, of \$478,653.
- » The budgets and forecasts reviewed by the directors for the next eighteen month period ending 31 December 2015 anticipate the business will continue to hold cash and cash equivalents to fund its operations and exploration commitments. The budgets and forecasts have been prepared using a number of assumptions that include the viable development and mining of the Alliance South gold deposit.
- » Management of the consolidated entity will actively manage the current level of discretionary expenditures in line with the funds available to the consolidated entity.
- » Expenditures on the current exploration program and working capital requirements will also be actively managed.
- » Whilst aiming to be self funding, should additional funding be required the consolidated entity continues to actively consider other available financing options including loans and future equity capital raising initiatives to support necessary exploration and operational expenditure commitments, however it should be noted that while capital raising funding has been used in the past, any future capital raising would be dependent on financial market conditions at the time that any additional equity funds are being sought.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

It is the opinion of the Board of Directors that the consolidated entity will be able to continue as a going concern and therefore the basis of preparation is appropriate.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Functional and presentation currency

The financial report is presented in Australian dollars, which is Octagonal Resources Limited's functional and presentation currency.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Octagonal Resources Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Octagonal Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of the amount of goods and services tax ('GST').



Notes to the financial statements

30 June 2014

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Ore Processing Income

Ore processing income from tolling agreements is recognised once ore processing has been completed.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- » When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- » When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Tax Consolidation

Octagonal Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial

Notes to the financial statements

30 June 2014

reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment

Land and buildings are shown at historical cost less accumulated depreciation and impairment, if any.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	5 years
Plant and equipment	2.5 - 40 years
Motor vehicles	5 years
Tailings dams	40 years
Underground equipment	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.



Notes to the financial statements

30 June 2014

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Obligations associated with exploration and development assets are recognised when the consolidated entity has a present obligation, the future sacrifice of the economic benefit is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure. The determination of the provision requires significant judgement in terms of the best estimate of the costs of performing the work required, the timing of the cash flows and the appropriate discount rate. A change in any, or a combination, of the key assumptions used to determine the provision could have a material impact on the carrying value of the provision.

On an ongoing basis, the rehabilitation will be remeasured in line with the changes in the time value of money and additional disturbances.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

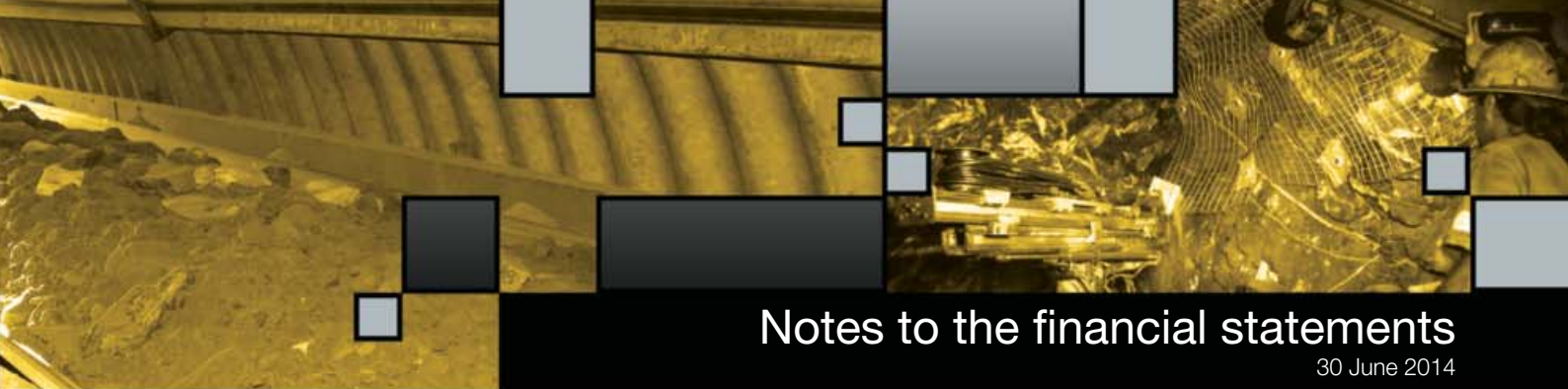
- » during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- » from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.



Notes to the financial statements

30 June 2014

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Octagonal Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.



Notes to the financial statements

30 June 2014

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Environmental provision

A provision has been made for the present value of anticipated costs of the remediation work that will be required to comply with environmental and legal obligations. The provision is estimated based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

Note 3. Operating segments

The consolidated entity has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach'. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity operates predominately in one geographical location. The consolidated entity does not have any operating segments with discrete financial information. The consolidated entity does not have any customers outside Australia, and all the consolidated entity's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decision including assessing performance and in determining the allocation of resources.

Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 4. REVENUE		
Sales revenue		
Sale of goods	3,825,766	181,046
Ore processing income	-	939,516
Agency Income - Unity Tailings	-	3,676,700
	3,825,766	4,797,262
Other revenue		
Interest	54,840	65,890
Diesel fuel rebates	15,215	9,036
Other revenue	95,311	4,246
	165,366	79,172
Revenue	3,991,132	4,876,434
NOTE 5. EXPENSES		
Loss before income tax includes the following specific expenses:		
Depreciation		
Land and buildings	-	(2,643)
Plant and equipment	(228,188)	(288,578)
Motor vehicles	(14,885)	(14,724)
Total depreciation	(243,073)	(305,945)
NOTE 6. LOSS ON SALE OF ASSET		
Loss on sale of a mining tenement	-	164,058



Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 7. INCOME TAX EXPENSE		
<i>The components of income tax expense / (benefit) comprise:</i>		
Current income tax		
Current income tax charge / (benefit)	(872,436)	(929,356)
Adjustments to current income tax expense in respect of prior periods	250,712	23
Deferred tax		
Relating to origination and reversal of temporary differences	(22,908)	626,893
Deferred tax assets not brought to account	644,631	302,463
Income tax expense / (benefit)	-	23
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,014,816)	(1,041,388)
Tax at the statutory tax rate of 30%	(904,445)	(312,416)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustments to current income tax expense in respect of prior periods	0	23
Share based payments	9,101	9,953
	(895,344)	(302,440)
Deferred tax assets not brought to account	644,362	302,463
Adjustments in respect of prior year	250,712	-
Income tax expense	-	23
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	18,929,372	16,271,966
Potential tax benefit @ 30%	5,678,812	4,881,590
The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.		
Deferred tax assets and liabilities not recognised		
Deferred tax liabilities comprises:		
Prepayments	(1,730)	(28,636)
Accrued income	-	-
Exploration and evaluation	(4,537,364)	(4,646,898)
Total deferred tax liabilities	(4,539,094)	(4,675,534)
Deferred tax assets comprises:		
Provisions and accruals	463,033	454,552
Equity raising costs	114,812	183,418
Tax losses	5,678,812	4,881,590
Total deferred tax assets	6,256,657	5,519,560

The above potential net tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash on hand	2,213	2,209
Cash at bank	1,006,446	1,179,299
Cash on deposit	60,000	60,000
	1,068,659	1,241,508
NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade receivables	5,186	1,382
GST receivable	136,860	175,333
	142,046	176,715
NOTE 10. CURRENT ASSETS - INVENTORIES		
Raw materials - at cost	88,093	114,370
NOTE 11. CURRENT ASSETS - OTHER		
Prepayments	177,224	111,448
NOTE 12. NON-CURRENT ASSETS - RECEIVABLES		
Term deposits*	1,253,500	942,500
Ore tolling agreement bond**	-	50,000
	1,253,500	992,500

* Related to environmental/rehabilitation performance bonds

** Relates to the bond held by the consolidated entity for the duration of the Ore Tolling Agreement with A1 Consolidated Gold Limited



Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT		
Property, land and buildings - at cost	551,091	551,091
Less: Accumulated depreciation	(27,528)	(27,528)
	523,563	523,563
Plant and equipment - at cost	3,659,704	3,401,682
Less: Accumulated depreciation	(2,727,004)	(2,498,817)
	932,700	902,865
Motor vehicles - at cost	153,865	146,365
Less: Accumulated depreciation	(113,884)	(98,999)
	39,981	47,366
	1,496,244	1,473,794

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land & Buildings \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2012	526,206	965,576	59,890	1,551,672
Additions	-	225,867	2,200	228,067
Depreciation expense	(2,643)	(288,578)	(14,724)	(305,945)
Balance at 30 June 2013	523,563	902,865	47,366	1,473,794
Additions	-	258,023	7,500	265,523
Depreciation expense	-	(228,188)	(14,885)	(243,073)
Balance at 30 June 2014	523,563	932,700	39,981	1,496,244

Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 14. NON-CURRENT ASSETS - EXPLORATION AND EVALUATION		
Exploration and evaluation (Maldon Resources Pty Ltd) - at cost	29,989,898	28,144,513
Less: Impairment	(19,652,396)	(19,652,396)
	10,337,502	8,492,117
Exploration and evaluation (Octagonal Resources (WA) Pty Ltd) - at cost	3,324,088	5,877,473
Exploration and evaluation (Matrix Gold Pty Ltd) - at cost	2,509,448	2,485,201
Exploration and evaluation (Highlake Resources Pty Ltd) - at cost	3,453,543	3,134,901
	19,624,581	19,989,692

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration \$	Total \$
Balance at 1 July 2012	17,673,197	17,673,197
Expenditure during the year	2,492,667	2,492,667
Disposals	(164,058)	(164,058)
Write off of assets	(1,393,114)	(1,393,114)
Transfers in/(out)	1,381,000	1,381,000
Balance at 30 June 2013	19,989,692	19,989,692
Expenditure during the year	2,531,026	2,531,026
Write off of assets	(2,896,137)	(2,896,137)
Balance at 30 June 2014	19,624,581	19,624,581

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	444,205	417,163
GST Payable	-	184,307
Other payables	329,311	509,543
	773,516	1,111,013

Refer to note 22 for further information on financial instruments.

NOTE 16. CURRENT LIABILITIES - EMPLOYEE BENEFITS

Annual leave	144,114	127,433
Long service leave	79,739	68,991
	223,853	196,424



Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 17. NON-CURRENT LIABILITIES - PROVISIONS		
Long service leave	30,650	14,251
Environmental rehabilitation	1,253,500	1,259,500
	1,284,150	1,273,751

Environmental

The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 30 June 2014	Rehabilitation \$
Carrying amount at the start of the year	1,259,500
Change in accounting policy	(17,000)
Refund of Bond	(10,000)
Bonds	21,000
Carrying amount at the end of the year	1,253,500

Consolidated	30 June 2014 shares	30 June 2013 shares	30 June 2014 \$	30 June 2013 \$
NOTE 18. EQUITY - CONTRIBUTED EQUITY				
Ordinary shares - fully paid	169,672,726	106,048,002	22,806,945	19,772,476

Movements in ordinary share capital

Details	Date	No of shares	\$
Balance	1 July 2012	100,048,002	18,697,126
Issue of shares on acquisition of tenements less costs	16 November 2012	6,000,000	1,075,350
Balance	30 June 2013	106,048,002	19,772,476
Non-Renounceable Rights Issue at \$0.05 per share less costs	21 March 2014	63,624,724	3,034,469
Balance	30 June 2014	169,672,726	22,806,945

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The company is not subject to externally imposed capital requirements.

Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 19. EQUITY - RESERVES		
Share-based payments reserve	63,514	33,178

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payment \$	Total \$
Balance at 1 July 2012	-	-
Reserves - share-based payments	33,178	33,178
Balance at 30 June 2013	33,178	33,178
Reserves - share-based payments	30,336	30,336
Balance at 30 June 2014	63,514	63,514

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 20. EQUITY - (ACCUMULATED LOSSES)/RETAINED PROFITS		
Retained profits at the beginning of the financial year	1,713,185	2,754,596
Loss after income tax expense for the year	(3,014,816)	(1,041,411)
(Accumulated losses)/retained profits at the end of the financial year	(1,301,631)	1,713,185

NOTE 21. EQUITY - DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

Notes to the financial statements

30 June 2014

NOTE 22. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

As at the reporting date, the consolidated entity had the following variable and interest rate exposures:

Consolidated	Weighted average interest rate %	30 June 2014	Weighted average interest rate %	30 June 2013
		Balance \$		Balance \$
Cash and cash equivalents	0.86%	1,068,659	1.72%	1,241,508
Term Deposits	3.47%	1,253,500	4.30%	992,500
Net exposure to cash flow interest rate risk		2,322,159		2,234,008

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

A movement in interest rates +/- 1%, with all other variables held constant, would result in a post tax gain (increase in rates) or loss (decrease in rates) of \$23,221 (2013: \$22,340). A 1% interest rate change sensitivity is considered reasonable based on possible changes over a financial year.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

As at 30 June 2014, the majority of credit risk exposure relates to cash and cash equivalents and receivables. Cash and cash equivalents amounted to \$1,068,659 (2013: \$1,241,508), while current trade and other receivables amounted to \$142,046 (2013: \$176,715) and non-current receivables amounted to \$1,253,500 (2013: \$992,500). The credit risk on cash and cash equivalents and non current receivables is limited as the counterparties are banking institutions with high credit ratings assigned by international credit-rating agencies.

Market risk

Foreign currency risk

The consolidated entity operates solely in Australia and at present has no foreign exchange exposure.

Commodity price risk The Company's future revenues will be exposed to commodity price fluctuations, in particular gold prices. If commodity prices fall, the market for companies exploring for these commodities is affected.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

Interest rate risk is the risk that the consolidated entity's financial position will be adversely affected by movements in interest rates. Interest rate risk on short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

No material concentration of credit risk exists in relation to current trade and other receivables.

The ageing of current receivables at reporting date were as follows:

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
30-60 days	142,046	176,715

No receivables are impaired or past due at balance date (2013: nil)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the financial statements

30 June 2014

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated	Weighted average interest rate %	1 year or less \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Over 5 years \$	Remaining contractual maturities \$
30 June 2014						
Non-derivatives						
Non-interest bearing						
Trade payables	-%	444,205	-	-	-	444,205
Other payables	-%	329,311	-	-	-	329,311
Total non-derivatives		773,516	-	-	-	773,516
30 June 2013						
Non-derivatives						
Non-interest bearing						
Trade payables	-%	417,163	-	-	-	417,163
Other payables	-%	693,850	-	-	-	693,850
Total non-derivatives		1,111,013	-	-	-	1,111,013

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.



Notes to the financial statements

30 June 2014

NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of Octagonal Resources Limited during the financial year:

Ian J Gandel
Anthony R Gray
Robert P Tolliday

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Short-term employee benefits	315,028	305,833
Post-employment benefits	21,738	20,588
Share-based payments	8,169	9,154
	344,935	335,575

* The employment of Robert P Tolliday is through The Gandel Metals Trust. The Gandel Metals Trust is an entity associated with Ian J Gandel. Fees are paid to The Gandel Metals Trust in accordance with The Gandel Metals Trust Management Service Agreement and part of the fees paid included professional fees for accounting and company secretarial services provided by Robert P Tolliday. All charges were on normal commercial terms. The Gandel Metals Trust was also paid directors' fees of \$40,000 for non-executive director services provided by Robert P Tolliday. Refer to note 26 – Related Party Transactions in the annual report.

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 24. REMUNERATION OF AUDITORS		
During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company:		
Audit services - BDO East Coast Partnership		
Audit or review of the financial statements	74,000	72,000
Other services - BDO East Coast Partnership		
Tax compliance services	13,680	20,080
	87,680	92,080

Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 25. COMMITMENTS		
<i>Capital commitments - Intangible assets</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,732,200	1,549,247
One to five years	3,767,100	3,297,418
More than five years	6,601,300	4,930,665
Total	12,100,600	9,777,330
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	57,008

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Victorian & Western Australian State Governments.

The estimated exploration and joint venture expenditure commitments for the ensuing year, but not recognised as a liability in the financial statements are shown above.

This expenditure will only be incurred should the consolidated entity retain its existing level of interest in its various exploration areas and provided access to mining tenements are not restricted.

Operating lease commitments included contracted amounts for office space under a non-cancellable operating lease expiring on 1 February 2014. The lease was not renewed.

NOTE 26. RELATED PARTY TRANSACTIONS

Parent entity

Octagonal Resources Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report in the directors' report.



Notes to the financial statements

30 June 2014

	Parent 30 June 2014 \$	Parent 30 June 2013 \$
NOTE 27. PARENT ENTITY INFORMATION		
Set out below is the supplementary information about the parent entity. Statement of profit or loss and other comprehensive income		
Loss after income tax	(7,659,777)	(3,939,986)
Total comprehensive income	(7,659,777)	(3,939,986)
Statement of financial position		
Total current assets	915,659	323,568
Total assets	16,672,323	18,229,736
Total current liabilities	295,908	179,721
Total liabilities	342,186	220,316
Net assets	16,330,137	18,009,420
Equity		
Contributed equity	25,995,352	22,960,883
Share-based payments reserve	63,514	33,178
Accumulated losses	(9,728,729)	(4,984,641)
Total equity	16,330,137	18,009,420

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2014.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2014.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- » Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- » Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- » Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Notes to the financial statements

30 June 2014

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
NOTE 28. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES		
Loss after income tax expense for the year	(3,014,816)	(1,041,411)
Adjustments for:		
Depreciation and amortisation	243,073	305,945
Tenement costs written off	2,896,137	1,393,114
Long service leave expense - non-cash	27,147	31,577
Share based payment expense	30,336	33,178
Loss on sale of tenement	-	164,058
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(149,638)	109,439
Decrease/(increase) in inventories	26,278	(34,779)
Increase/(decrease) in trade and other payables	(181,174)	778,489
Increase in employee benefits	43,828	77,116
Decrease in other provisions	(6,000)	(37,414)
Net cash (used in)/from operating activities	(89,769)	1,779,312
NOTE 29. EARNINGS PER SHARE		
Loss after income tax attributable to the owners of Octagonal Resources Limited	(3,014,816)	(1,041,411)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	138,382,137	127,951,941
Weighted average number of ordinary shares used in calculating diluted earnings per share	138,382,137	127,951,941
	Cents	Cents
Basic earnings per share	(2.18)	(0.81)
Diluted earnings per share	(2.18)	(0.81)

Notes to the financial statements

30 June 2014

NOTE 30. SHARE-BASED PAYMENTS

A Performance Plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nominations and Remuneration Committees, grant performance rights in the parent entity to certain key management personnel and staff of the consolidated entity. The performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Nominations and Remuneration Committees.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30 June 2014							
18/12/2013	17/12/2015	\$0.00	817,190	1,733,440	-	(817,190)	1,733,440
			817,190	1,733,440	-	(817,190)	1,733,440
30 June 2013							
20/12/2012	20/12/2015	\$0.00	-	817,190	-	-	817,190
			-	817,190	-	-	817,190

Set out below are the performance rights exercisable at the end of the financial year:

Grant Date	Expiry Date				30 June 2014 Number	30 June 2013 Number
18/12/2013	17/12/2015				1,733,440	817,190
					1,733,440	817,190

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
18/12/2013	17/12/2015	\$0.07	\$0.00	68.00%	-%	2.60%	\$0.018

Performance rights are issued on the following terms:

- 60% of performance rights vest on 18 December 2014;
- 40% of performance rights vest on 18 December 2015;
- Rights expire on the date the employee ceases to be employed
- There being no work related fatality during the period 18 December 2013 to 17 December 2014;
- Reduced percentages applying to the number of Performance Rights in certain circumstances for Lost Time Injuries (LTI's) during the period 18 December 2013 to 17 December 2014;
- The closing price of the company's ordinary shares exceeding 14.0 cents for more than 20 trading days during the period 18 December 2013 to 17 December 2014

The terms of the above performance rights are as follows:

- » The performance rights were granted for no consideration
- » Rights granted carry no dividend of voting rights
- » Each performance right converts to one ordinary share

Share based Compensation - The assessed fair value at grant date of performance rights granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the Directors and Executives remuneration tables. Fair values at grant date are determined using an appropriate performance rights pricing model that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expected annual price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the performance rights.

NOTE 31. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.



Directors' declaration

30 June 2014

In the directors' opinion:

- » the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- » the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- » the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
- » there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ian J Gandel

Chairman

26 September 2014

Melbourne, Victoria



Independent auditor's report

30 June 2014



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INDEPENDENT AUDITOR'S REPORT

To the members of Octagonal Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Octagonal Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Octagonal Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Opinion

In our opinion:

- (a) the financial report of Octagonal Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 "Going Concern" in the financial report, which indicates that the consolidated entity incurred a net loss of \$3,014,816 during the year ended 30 June 2014 and had net cash outflows from operating and investing activities of \$3,207,318. The ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in Note 1 "Going Concern," indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 23 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Octagonal Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

The BDO logo consists of the letters 'BDO' in a stylized, handwritten font.

A handwritten signature in black ink, appearing to read 'James Mooney'.

James Mooney
Partner

Melbourne, 26 September 2014



Shareholder information

30 June 2014

The shareholder information set out below was applicable as at 16 September 2014.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:


Number of holders of ordinary shares	
1 to 1,000	22
1,001 to 5,000	30
5,001 to 10,000	94
10,001 to 100,000	409
100,001 and over	208
	<u>763</u>
Holding less than a marketable parcel	<u>196</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
ABBOTSLEIGH PROPRIETARY LIMITED	31,776,000	18.73
ALLIANCE RESOURCES LIMITED	22,000,000	12.97
DENMAN INCOME LIMITED	10,000,000	5.89
MR KARL SABLJAK & MRS CARMEL LOUISE SABLJAK (SABREGUARD SUPER FUND A/C & OTHERS)	8,875,226	5.23
JP MORGAN NOMINEES AUSTRALIA LIMITED (CASH INCOME A/C)	6,408,650	3.78
MR ANTHONY GRANT MELVILLE & MRS ELAINE SANDRA MELVILLE (MELVILLE FAMILY SUPER A/C)	2,500,000	1.47
BACK COMPANY PTY LTD (BACK FAMILY A/C)	2,220,000	1.31
MR IANAKI SEMERDZIEV	2,160,000	1.27
MR NICHOLAS JAMES CARTER & MRS SUSAN MARY CARTER (CARTER FAMILY SUPER A/C)	2,064,933	1.22
JETOSEA PTY LTD	1,903,496	1.12
MRS LILIANA TEOFILOVA	1,747,000	1.03
COMPLETE PROPERTY PTY LTD (COMPLETE PROPERTY A/C)	1,449,919	0.85
MR RAMAMOORTHY SRINIVASAN & MRS BHANUMATHI SRINIVASAN	1,400,000	0.83
WIDDY PTY LTD (SUPERANNUATION FUND A/C)	1,350,000	0.80
MR JASON PAUL MILLS	1,232,000	0.73
PARKFORM PTY LTD (THE PEARSON SUPER FUND A/C)	1,174,800	0.69
MR DARREN THOMAS BUTLER	1,100,000	0.65
WISE PLAN PTY LTD (BURKE SUPER FUND A/C)	1,040,000	0.61
MS CATHERINE PATRICIA BURROW + MR KEITH LAWRENCE BURROW (KL & CP BURROW SUPER FUND A/C)	1,000,000	0.59
MR ISAAC COHEN + MRS ESTELLE MARY COHEN + MR DAVID PETER COHEN (THE COHEN FAMILY S/FUND A/C)	1,000,000	0.59
	<u>102,402,024</u>	<u>60.36</u>



Shareholder information

30 June 2014

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Number held	Ordinary shares
		% of total shares issued
ABBOTSLEIGH PROPRIETARY LIMITED	31,776,000	18.73
ALLIANCE RESOURCES LIMITED	22,000,000	12.97
DENMAN INCOME LIMITED	10,000,000	5.89
MR KARL SABLJAK & MRS CARMEL LOUISE SABLJAK (SABREGUARD SUPER FUND A/C & OTHERS)	8,875,226	5.23

Voting rights

The voting rights attached to ordinary shares are set out below:

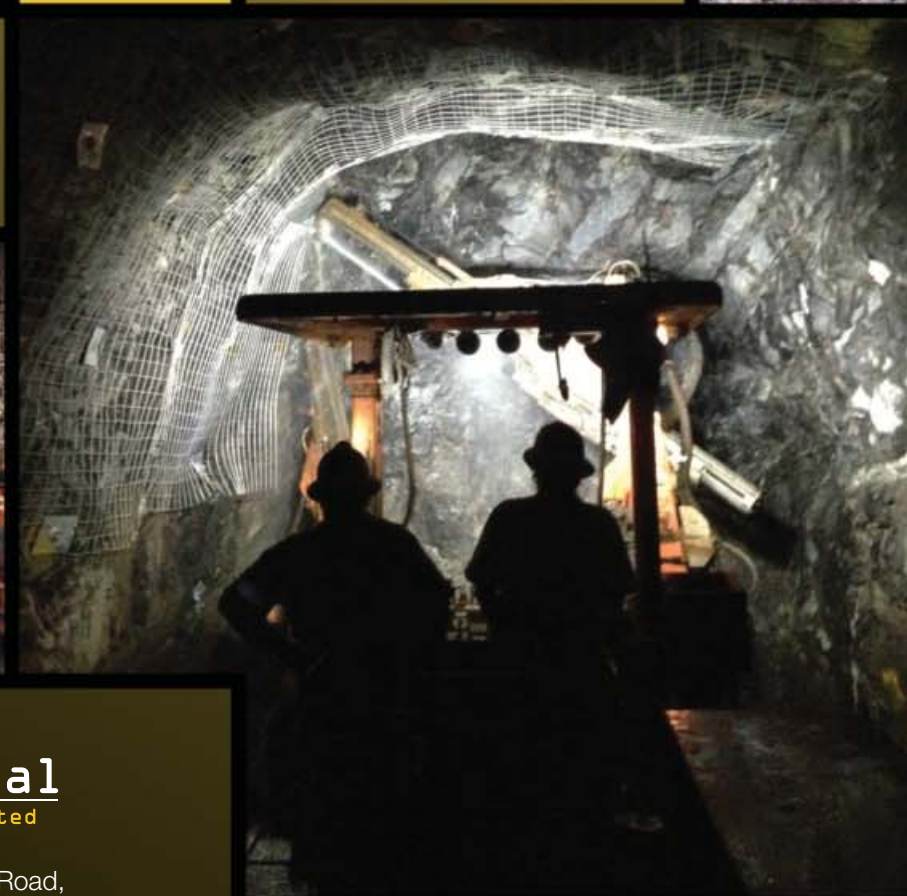
Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.







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