

23 October 2014

No. of Pages: 18

ASX CODE: ORS

Market Cap.: \$3.4 m (\$0.02 p/s)

Shares on issue: 169,672,726

Cash: \$1.8 m (30 September 2014)

Debt: \$0.0 m (30 September 2014)

BOARD & MANAGEMENT

Ian Gandel, Chairman

Anthony Gray, Managing Director

Bob Tolliday, Director

MAJOR SHAREHOLDERS

Abbotsleigh – 18.7%

Alliance Resources – 13.0%

Karl Sabljak – 5.2%

PRINCIPAL OFFICE

Octagonal Resources Limited

ABN 38 147 300 418

Suite 3, 51 – 55 City Road

Southbank VIC 3006

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QUARTERLY REPORT - FOR THE PERIOD ENDED **30 SEPTEMBER 2014**

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ending 30 September 2014 (12 pages)
- Appendix 5B for the period ending 30 September 2014 (5 pages)

For and on behalf of the Board.

Bob Tolliday

Company Secretary

OCTAGONAL RESOURCES LIMITED

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

www.octagonalresources.com.au

23 October 2014

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Quarterly Report for the period ended 30 September 2014

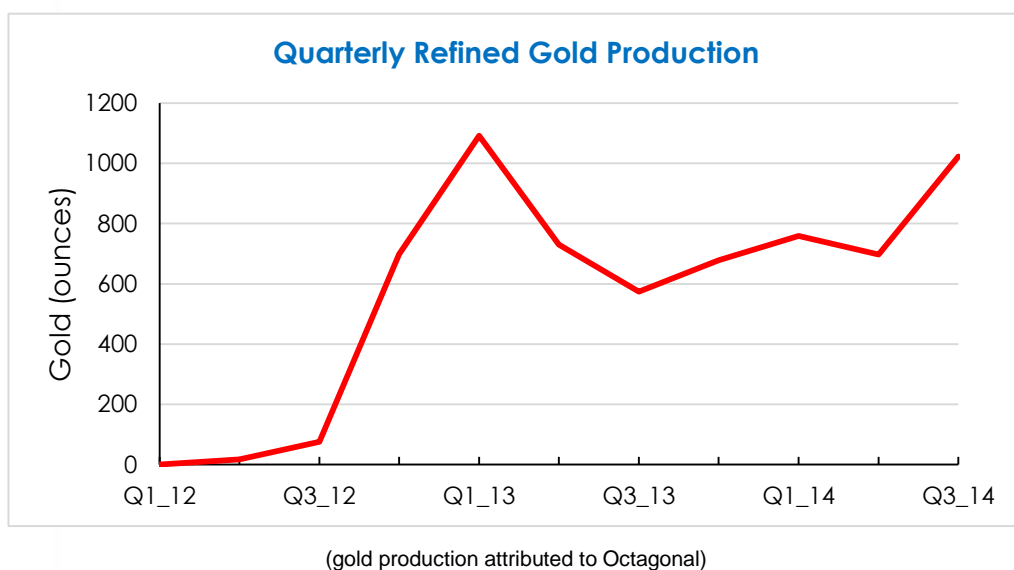
Highlights

Victoria

- ▶ **Eaglehawk Reef intersected on 1080 level of Alliance South Deposit**

Western Australia

- ▶ **Diamond drill hole at Burns Prospect confirms copper and gold associated with magnetite alteration**
- ▶ **Brecciated “feeder” structure identified grading 2.6 % Cu and 4.5 g/t Au**



Summary

During the September quarter Octagonal's activities in Victoria focussed on extending the Union Hill Decline down to the 1080 level of the Alliance South Deposit and gold production from processing of low-grade ore from the Alliance South Deposit and oxide ore from the Union Hill open pit.

18,295 dry tonnes of ore was processed to recover an average gold grade of 1.5 g/t Au. Gold sales were \$1,416,500 from the sale of 1,023 ounces of gold at an average gold price of A\$1,385/oz.

Underground mining of the Alliance South Gold Deposit, at Maldon, continued with 167 metres of development completed during the quarter.

Mining focussed on extending the Union Hill Decline down to the 1080 level of the deposit.

Double shift mining commenced in August and the Eaglehawk Reef was intersected on the 1080 level in late September (one month ahead of plan).

Ore processing consisted of predominantly oxide ore from the Union Hill open pit. This ore was exhausted by the end of September and the mill temporarily shut down until a bulk sample of ore from the 1080 level is mined and available for processing in late November / early December.

An independent metallurgical audit of the gold processing plant was completed following the poor reconciliation between mine and mill data for the bulk sample processed from the 1100 level of the deposit (refer to ASX Announcement dated 30 July 2014). This review revealed that the metallurgical accounting and sampling of process streams were not a contributing factor to the poor reconciliation and the Company has focussed its efforts on reviewing and improving its underground mining and sampling practices.

No exploration work was completed in Victoria.

Exploration work completed in Western Australia focussed on the Burns Prospect and consisted of drilling one diamond hole to test a strong magnetic anomaly, defined by 3D inversion modelling of ground magnetic data. This drill hole intersected a strongly magnetic and brecciated "feeder" structure that is thought to be the conduit for copper and gold mineralising fluids at the deposit. This structure contains massive magnetite and chalcopyrite and returned 0.9 metres grading 2.6% Cu and 4.5 g/t Au. This structure presents a two kilometre long discrete planar structure for future drill testing.

Work planned for the December 2014 quarter includes:

- ▶ Reef development and mining on the 1080 level at the Alliance South Deposit; and
- ▶ Ore processing of Alliance South underground ore.

Safety & Environment

No medically treated injuries (MTIs) or lost time injuries (LTIs) were recorded during the reporting period. There were no reportable environmental incidents.

Maldon Gold Operation - Victoria (100% Octagonal)

Background

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

Operations

Union Hill Mine, Maldon (100% Octagonal)

During the quarter development of the Eaglehawk and Western reefs on the 1100 level of the Alliance South Deposit concluded and mining focussed on extending the Union Hill Decline to access the 1080 level of the deposit (Figures 1 and 2).

167 metres of development was achieved, with 40 metres developed on reef and 127 metres developed in the decline and 1080 level cross-cut.

During August mining moved from a four day per week single shift roster to a four day per week double shift roster to accelerate decline development towards the 1080 level of the deposit.

The resulting jump in productivity, combined with minor modifications to the mine design, resulted in the mine development accessing the 1080 level in late-September and one month ahead of plan.

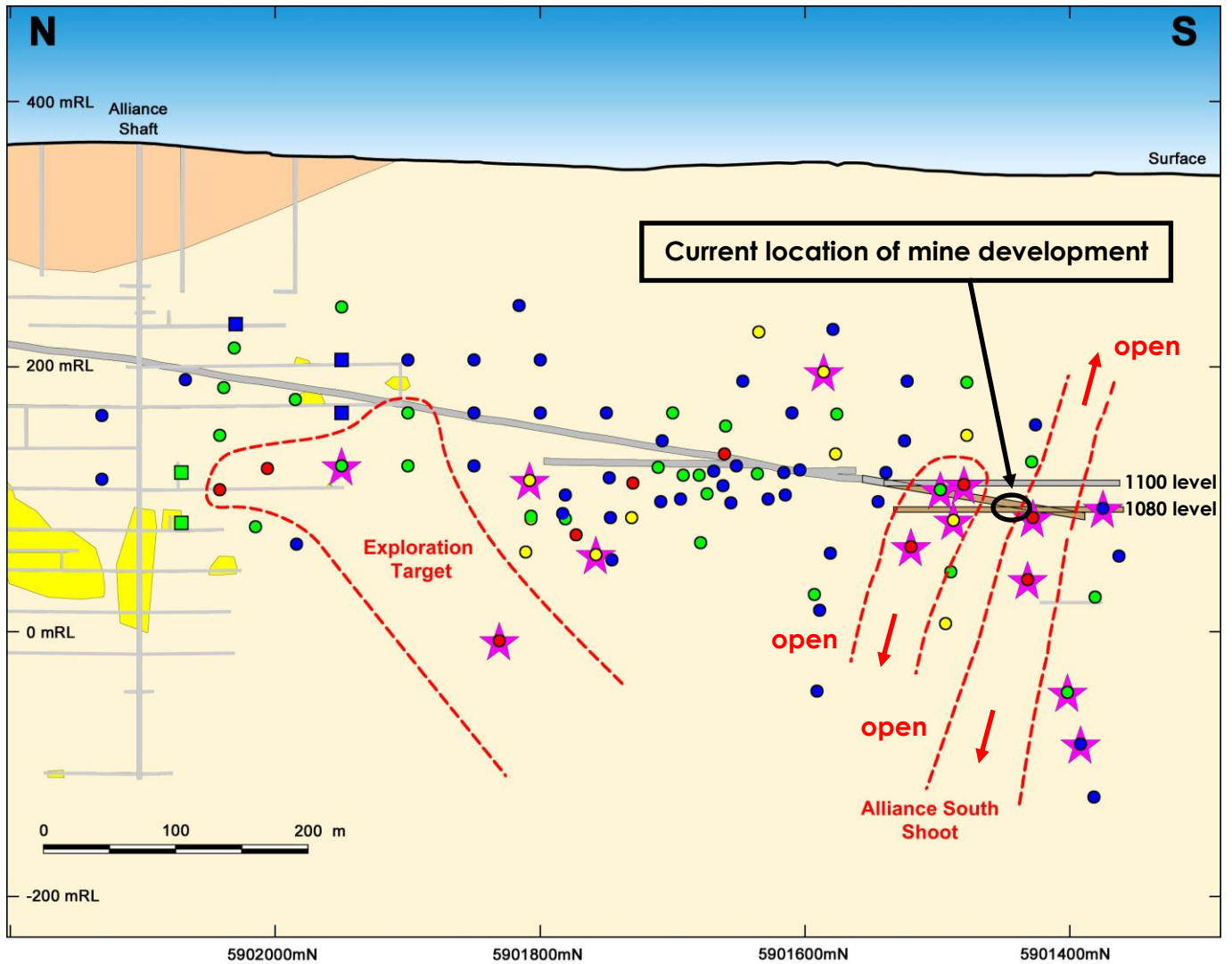
The Eaglehawk Reef was intersected in an area where diamond drill hole DDH107 returned 3.05 metres grading 6.6 g/t Au associated with visible gold. The Western Reef was not identified in the cross-cut and is expected to be positioned to the south of the current development.

An ore stockpile has been established and strike driving to the north and south of the cross-cut on the Eaglehawk Reef has commenced using a minimum mining width, to reduce dilution, and sludge hole drilling will be used to test for the position of the Western Reef and other near-development mining opportunities.

The Company will complete detailed geological and structural mapping of the mine development to help interpret ore shoot geometry and collect both face channel samples and truck samples to determine the best grade estimation technique for comparison against processing of a bulk sample that is expected to commence during late November / early December.



Photo 1: Eaglehawk Reef – 1080 level of Alliance South Deposit (view south)



LEGEND

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

Coloured squares represent holes that intersected old workings

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

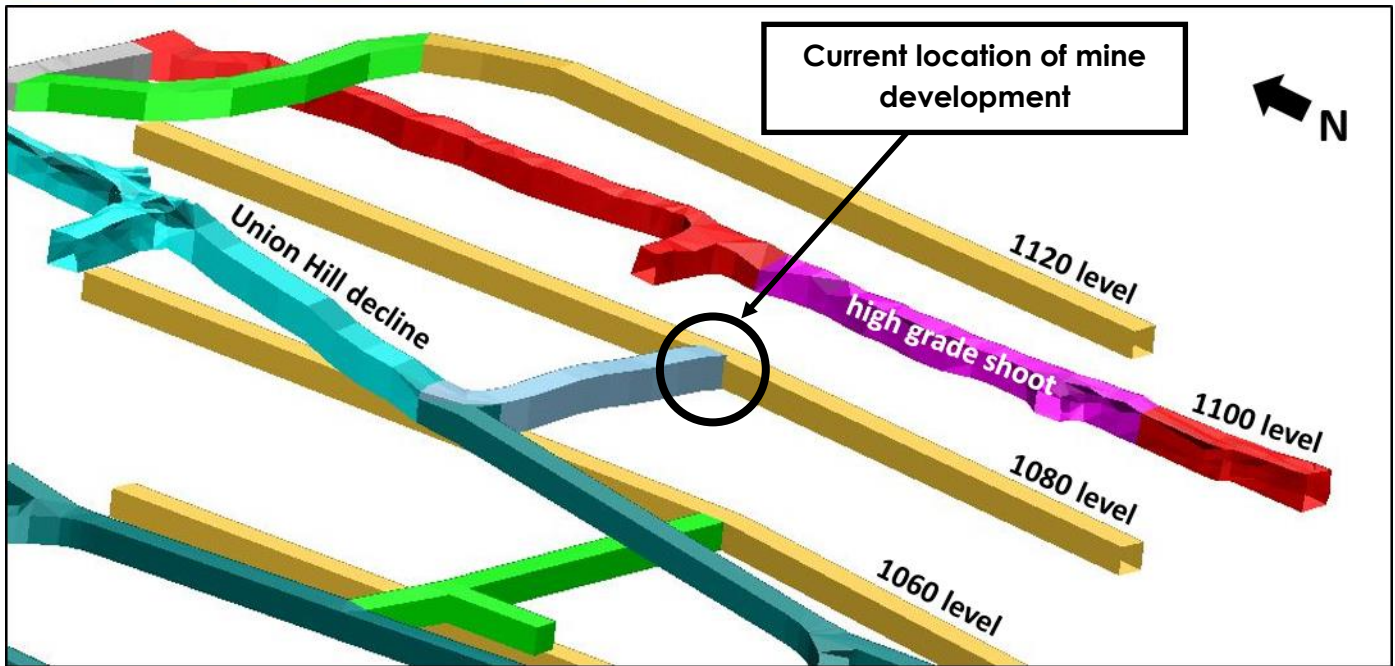


Figure 2: 3D Model of Alliance South mine development

Legend-

Light blue polygons: existing decline
Grey polygons: existing 1100 level cross-cut and 1080 level cross-cut
Red polygons: low-grade 1100 level reef development on Eaglehawk Reef
Purple polygons: high-grade 1100 level reef development on Eaglehawk Reef
Teal blue polygons: planned decline
Green polygons: planned cross-cuts
Orange polygons: planned level development on Eaglehawk Reef

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

Ore processed during the quarter consisted of oxide ore from the Union Hill open pit and low-grade underground ore from the Alliance South Deposit.

18,295 dry tonnes of ore was processed during the quarter to recover 1.5 g/t Au.

1,023 ounces of refined gold was produced and sold achieving an average gold price of A\$1,385/oz.

The majority of ore processed during the quarter was sourced from the Union Hill open pit, while decline development was completed towards the 1080 level of the Alliance South Deposit.

During late September the mill was shut down with no further ore sources available for processing until a bulk sample from the 1080 level is collected. Milling is expected to re-commence during late November / early December. During the shutdown period critical mill maintenance is being completed, with contractors stood down and staff completing mill maintenance, re-deployed to the mine, or taking leave (the shutdown directly effects three full time employees and two contractors).

During the June quarter a 3,920 tonne bulk sample of underground ore from the Alliance South Deposit returned a reconciled mill feed grade of 3.0 g/t Au, despite underground face channel sampling estimating the ore grade to be 10.9 g/t Au (uncut) or 5.5 g/t Au (20 g/t upper cut) (refer to ASX Announcement dated 30 July 2014).

Following this poor reconciliation between mine and mill data METS Engineering, a well-respected independent Perth based engineering consulting group that specialises in mineral processing services, was engaged to complete an audit of the gold processing plant to review the metallurgical sampling and accounting methods used during the processing of the bulk sample.

This audit determined that the metallurgical accounting system in place at the site is adequate for the size of the site and the company reporting requirements. The sampling at the processing plant is sufficient for the purposes of developing the data required for the metallurgical accounting system. Further, the site personnel were found to be diligent in ensuring that the metallurgical accounting system is well maintained.

This review showed that there were no major differences between the daily assayed and reconciled grades for the bulk sample treated and no calculation errors were found.

METS Engineering made a number of recommendations for the Company to further improve its operating practices and procedures at the mill, however the poor reconciliation between mine and mill data for the bulk sample could not be explained by incorrect metallurgical accounting or incorrect sampling of process streams.

In addition to the METS Engineering audit, Octagonal investigated the potential for gravity gold to build up in the SAG mill, mill discharge hopper, and bottom of leach tank 1. Each of these areas was accessed and sampled following the mill shut down, but failed to identify any significant visible gold or highly anomalous assay results that could explain the poor reconciliation between mine and mill data.

Octagonal is now focussed on;

- Better understanding the gold grade distribution within the reef on the 1080 level to determine the best sampling technique for ore block grade estimation;
- Minimising reef development mining dilution by keeping mine development to the minimum mining width and using sludge hole drilling to identify adjacent ore zones; and
- Continuing to trial the removal of oversized rock by scalping to reduce the tonnes processed and improve the recovered ore grade.

Exploration

No exploration work was completed in Victoria during the reporting period.

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

Background

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

Exploration

Exploration work completed during the Quarter focussed on the Burns Prospect and consisted of drilling one diamond hole to test for the source of a strong magnetic anomaly, defined by 3D inversion modelling of ground magnetic data, that may be associated with copper and gold mineralisation (refer to ASX Announcements dated 23 May 2014, 30 June 2014, and 29 August 2014).

Burns Prospect

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

In May 2011 Octagonal discovered significant gold and copper in regolith (weathered Archaean rock) anomalism at the Burns Prospect, with aircore drilling used to define a one square kilometre area of gold anomalism and a two kilometre long copper anomaly using a 40 metre by 160 metre spaced grid (Figure 4). The gold anomalism is unconstrained by drilling where it trends beneath salt lake cover to the north and east.

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

Significant assay results included:

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

Analysis of samples collected in fresh rock or saprock (below 100 metres down hole depth) reveal that while there is no direct correlation between copper and gold, 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 correlation between magnetite alteration and copper and gold suggests that magnetism could be used as an exploration tool for targeting mineralisation and during April and May 2014 Southern Geoscience Consultants completed 3D inversion modelling of ground magnetic data collected in 2013 to better understand the geometry of a strong magnetic anomaly and its spatial relationship with the previous RC drilling.

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

These results also revealed that the highest magnetic part of the 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 (Figures 3 and 5).

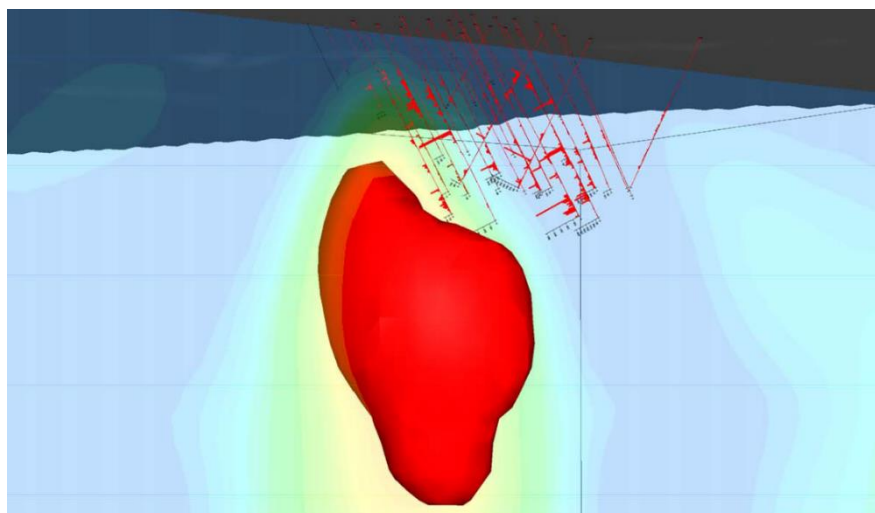


Figure 3: Burns Prospect: 3D Inversion Model of ground magnetic data (red shape: 90×10^{-3} SI isosurface) with RC drilling (view from below surface and to the northeast)

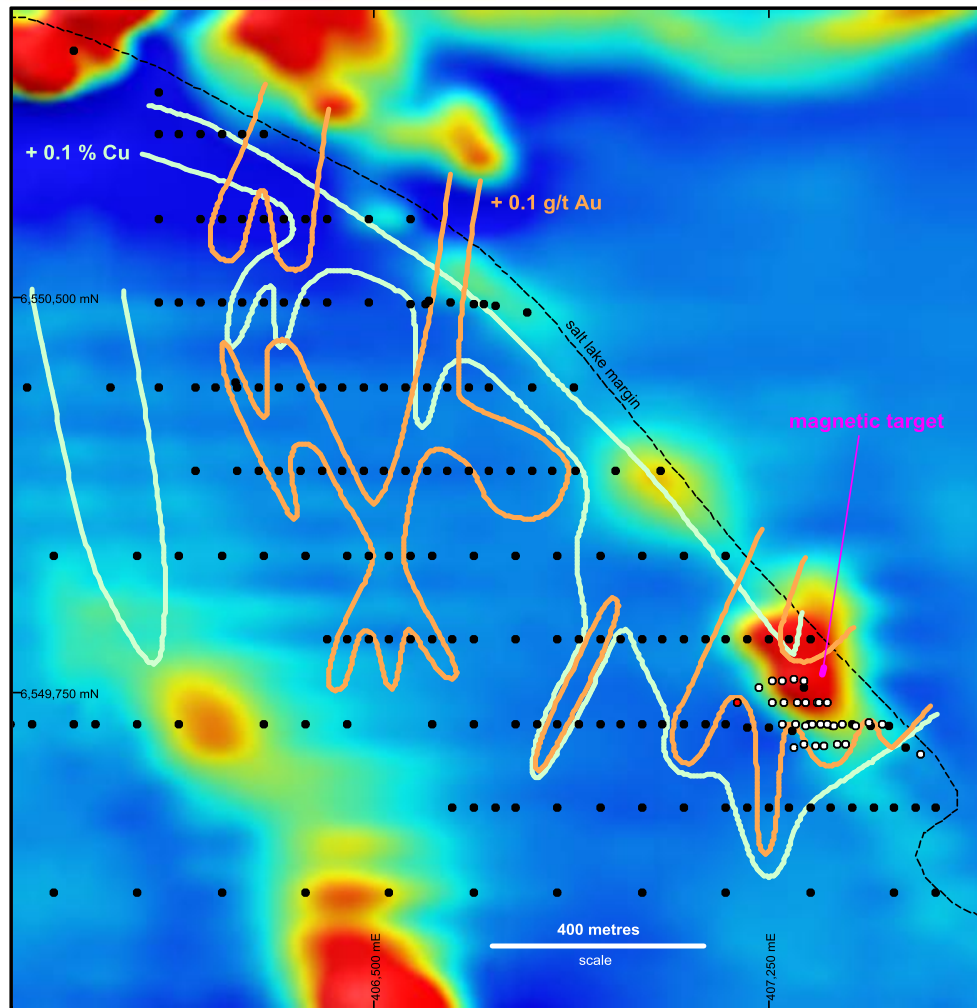


Figure 4: Burns Prospect: Gold and copper in regolith anomaly defined by aircore drilling on an aeromagnetic image

Legend-

Light green contour: + 0.1 % copper in regolith anomaly

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

Drill Holes

Black dots: aircore holes

White dots: RC holes

Red dot: location of diamond hole OBUDD001

Black dashed line: salt lake margin

One diamond hole (OBUDD001), totalling 401.5 metres, was drilled at the Burns Prospect to test for copper and gold mineralisation associated with the high-magnetic anomaly.

This drill hole intersected strongly fractured high-magnesian pillow basalt between 35.0 and 268.25 metres depth with minor feldspar-porphyrific intermediate intrusive rocks. A broad feldspar-porphyrific intermediate intrusive was intersected between 268.25 and 337.9 metres depth, before entering chlorite altered high-magnesian pillow basalt intruded by feldspar-porphyrific intermediate rocks (Figure 5).

Between 191 and 284 metres depth variably strong magnetic rocks are observed that are interpreted to correlate with the targeted high-magnetic anomaly. This magnetism occurs within both mafic and intermediate rocks. A 3.6 metre wide zone of very high magnetism from 253.7 to 257.3 metres depth correlates with a mafic-dominant (chlorite-magnetite) breccia zone that contains intermediate intrusive clasts and a zone of massive magnetite-chalcopryrite mineralisation at the footwall contact. This structure dips steeply to the west and is interpreted to be the main northwest trending magnetic structure observed in aeromagnetic data. Further, as it is the only major structure observed in the drill hole it is also interpreted to be the likely "feeder" structure or conduit of copper and gold bearing fluids at the prospect.

The only other structures observed in the drill hole are discrete zones of moderate to strong biotite-chlorite shearing in mafic rocks (with minor chalcopyrite) located at the contact with intermediate intrusive rocks. Most of these contacts and shears also strike northwest and dip steeply to the west.

Widespread disseminated copper mineralisation was observed in the drill hole. In the upper part of the hole secondary chalcocite occurs on joint surfaces and within epidote-rich pillow margins (with minor native copper on joint surfaces). This transitions into primary chalcopyrite at around 175 metres depth.

The main copper-rich zones include part of the breccia zone from 253.7 to 257.3 metres depth and a heavily degraded zone of intermediate intrusive rock between 278.9 and 282.65 metres depth. This heavily degraded zone contains minor massive sulphide mineralisation between 282.65 and 283.2 metres depth. The drill hole contains little copper mineralisation below this area.

Assay results from the drill hole returned three broad zones of low to moderated grade copper and gold mineralisation, with higher grade areas associated with the breccia zone and heavily degraded intermediate intrusive zone discussed above (Figure 5).

Significant assay results 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. 0.9 metres @ 4.5 g/t Au & 2.6 % Cu from 256.4 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 to test for off-hole conductors associated with the copper and magnetite mineralisation identified six localised EM sources ranging in areal size from ~10x10m to ~25x25m with moderate conductance levels. These conductive sources are situated between 200 and 340 metres down hole depth and clearly correlate with magnetite and/or sulphide bearing units. The conductive sources appear to be sub-vertical.

Discussion

Diamond hole OBUDD001 has substantially improved the geological understanding of the host rocks and mineralisation style at the Burns Prospect, with the most significant outcome being the discovery of a chlorite-magnetite breccia zone that appears to strike northwest and correlate with;

1. The main high-magnetic anomaly and magnetic trend observed at the prospect, and
2. A two kilometre long copper in regolith anomaly defined by aircore drilling at the prospect.

This zone is interpreted to be the main “feeder” structure or primary conduit of mineralising fluids at the prospect and contains massive magnetite-chalcopyrite mineralisation with potentially economic grades of copper and gold.

Secondary controls on the distribution of copper and gold appear to be permeable zones along fractured pillow basalt margins, sheared mafic-intermediate rock contacts, fractures within the intermediate intrusive rocks, and remobilisation of copper and gold due to weathering processes.

The “feeder” structure presents a two kilometre long discrete planar structure for future drill testing.

It should be noted that drill hole OBUDD001 was designed to target the most magnetic area of the Burns Prospect as defined by 3D inversion modelling. It is however likely that the most copper and gold rich areas of the prospect will not be as magnetic as the area targeted because copper bearing minerals will be more concentrated than the magnetite.

Future exploration at the Burns Prospect will therefore focus on targeting less magnetic and dilational areas of the “feeder” structure that may contain broader zones of higher grade copper and gold

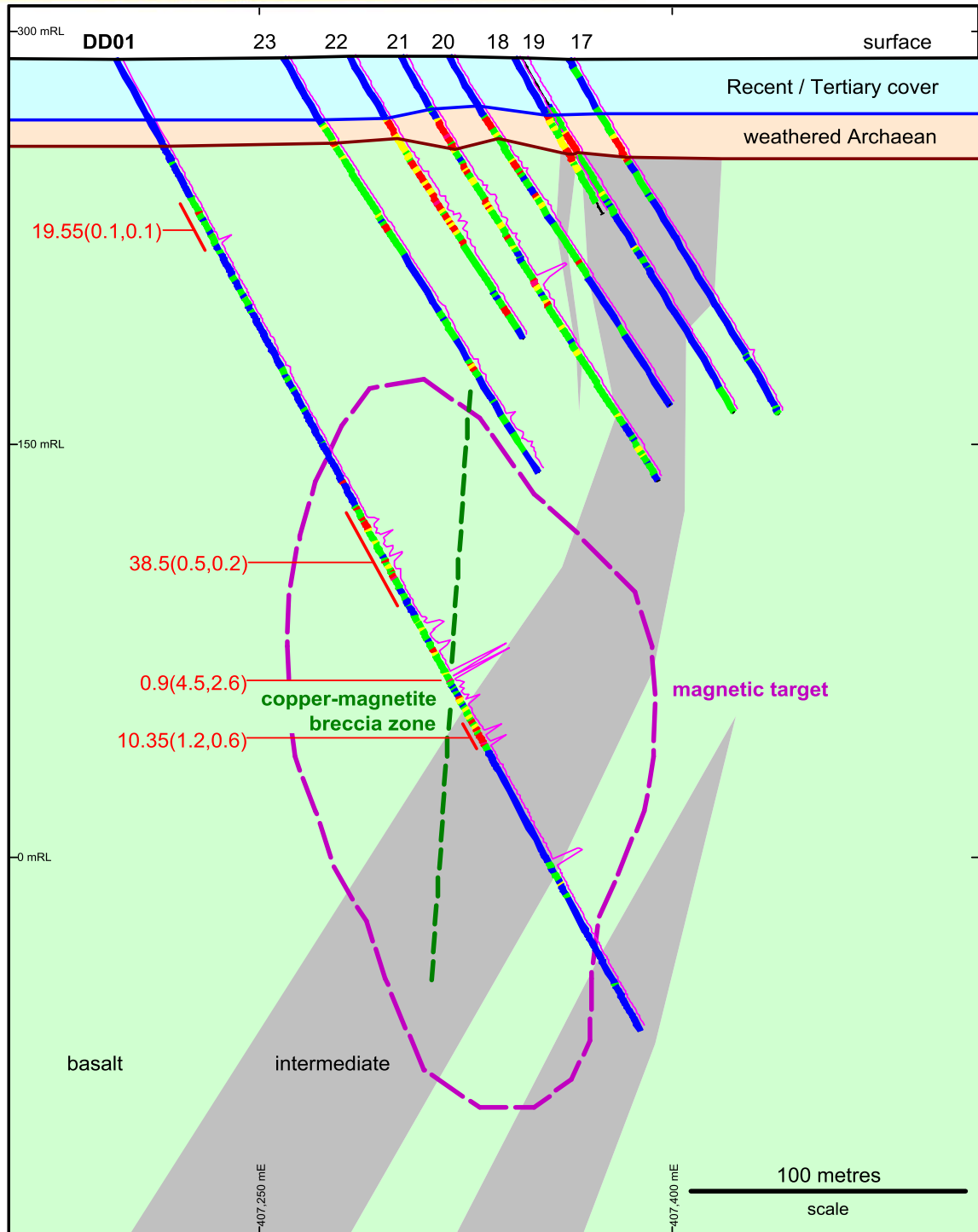


Figure 5. Burns Prospect: 6549730mN Cross-Section

Legend-

Geology

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

Drill Holes

Blue: 0 – 0.1 g/t AuEq
 Green: 0.1 – 0.5 g/t AuEq
 Yellow: 0.5 – 1.0 g/t AuEq
 Red: 1.0 – 5.0 g/t AuEq
 Cyan: > 5.0 g/t AuEq

Purple polygon: high-magnetic target (90×10^{-3} SI isosurface defined by 3D inversion modelling)
 Cyan histogram: down hole magnetic anomalism (peaks to the right indicate very magnetic zones)
 Dark green dashed line: interpreted copper-magnetite breccia zone

23 denotes RC hole number OBURC023

DD01 denotes diamond hole number OBUDD001

0.9(4.5, 2.6) denotes 0.9 metres grading 4.5 g/t Au and 2.6 % Cu

AuEq denotes gold equivalent grade - Gold equivalent grade is provided for indicative purposes only and is based on the following assumptions; gold price: A\$1,400/oz, copper price: A\$7,500/t, 100% metal recovery

Tenements

Exploration licence application E15/1414 was granted on 19 September 2014. This exploration licence is located to the south of the Burns Prospect in Western Australia (Figure 6).

Mining Tenements Held at the End of the Quarter

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

Mining Tenements Acquired During the Quarter

No mining tenements were acquired during the quarter.

Mining Tenements Disposed During the Quarter

State	Tenement	Equity	Tenement Name	Status	Area	Holder
HOGAN'S						
WA	E26/130	100%	Velvet	Expired	15 BL	Octagonal Resources (WA) Pty Ltd

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

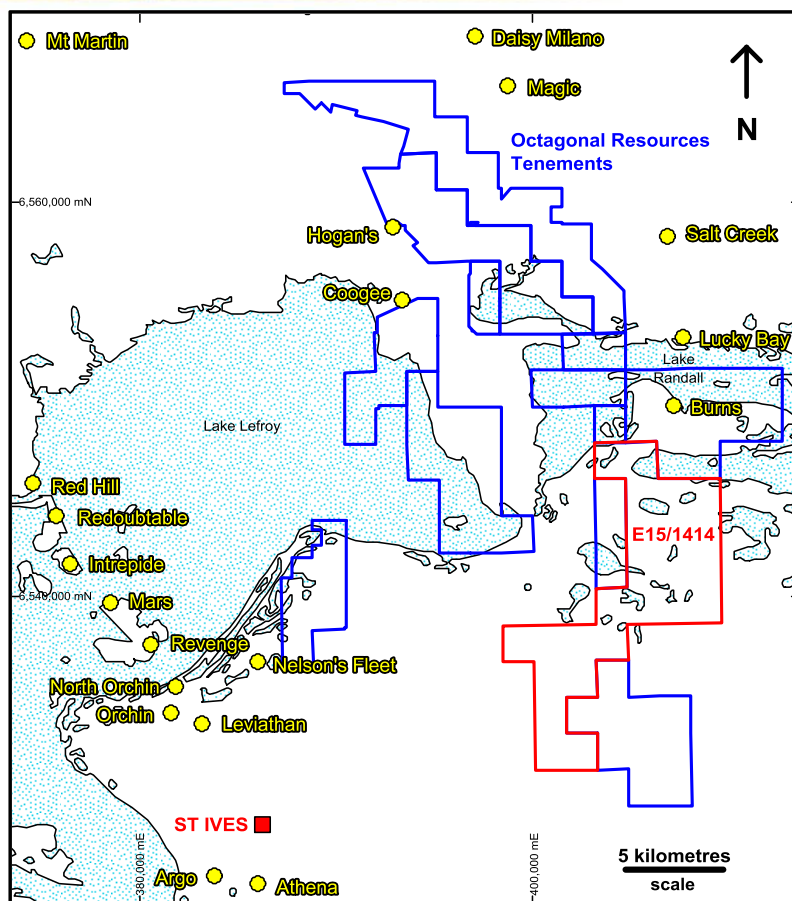


Figure 6. Location of exploration licence E15/1414

Legend-
Yellow dots: gold deposits
Blue polygons: Octagonal Resources tenements
Red polygon: Exploration licence E15/1414

Corporate

Gold sales were \$1,416,500 during the quarter from the sale of 1,023 ounces of gold at an average gold price of A\$1,385/oz.

At 30 September 2014 Octagonal had cash reserves of \$1.8 million (unaudited), including \$942,500 in bonds to meet rehabilitation liabilities, and no debt.

The Company issued its 2014 Annual Report on 26 September 2014.

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

For further enquiries, please contact:

Anthony Gray (Managing Director) +61 3 9697 9088

Competent Persons Statement

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

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

OCTAGONAL RESOURCES LIMITED

ABN

38 147 300 418

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	1,401	1,401
1.2	Payments for (a) exploration and evaluation	(218)	(218)
	(b) development	(564)	(564)
	(c) production ⁽ⁱ⁾	(766)	(766)
	(d) administration	(475)	(475)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	13	13
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST paid/recouped)	97	97
Net Operating Cash Flows		(512)	(512)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(14)	(14)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (Refund of security deposit)	-	-
Net investing cash flows		0	0
1.13	Total operating and investing cash flows (carried forward)	(526)	(526)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13 Total operating and investing cash flows (brought forward)	(526)	(526)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (Cost of Capital Raising/Prospectus)	-	-
Net financing cash flows	(526)	(526)
Net (decrease) increase in cash held	(526)	(526)
1.20 Cash at beginning of quarter/year to date	2,323	2,323
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	1,797	1,797

Notes:

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

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	200
1.24 Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Notes:

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	633
4.2 Development	27
4.3 Production	465
4.4 Administration	328
Total	1,453

Notes:

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	854	1,069
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Term Deposit	943	1,254
Total: cash at end of quarter (item 1.22)	1,797	2,323

Notes:

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E26/130	Licence Expired	100%	0%
6.2 Interests in mining tenements acquired or increased				

Notes:

Issued and quoted securities at end of current quarter

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

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

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

Compliance statement

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



Sign here:

Date: 23 October 2014

Company Secretary

Print name: **BOB TOLLIDAY**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedents, which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.