



Corporate Governance Statement

Octagonal Resources Limited (ACN 147 300 418) and Controlled Entities

In recognising the need for the highest standard of corporate behaviour and accountability, the Directors of Octagonal support the principle of good corporate governance. As such, Octagonal Resources Limited have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

During the reporting period the Company continued to review and enhance its governance policies and practices and the governance framework in line with best practice. The Company's corporate governance policies will continue to be under regular review due to the ever changing regulatory environment and the desire for the company to operate at the highest governance levels possible.

The consolidated entity's Corporate Governance Statement for the financial year ending 30 June 2015 is dated as at 30 June 2015 and was approved by the Board on 25 September 2015. The Corporate Governance Statement is available on the Octagonal website at www.octagonalresources.com.au and may be accessed via the Corporate / Corporate Governance section.

The Company and its controlled entities, together, are referred to as the Group or Company in this statement.

Unless otherwise disclosed below, the Group's governance practices comply with the ASX Corporate Governance Principles and Recommendations and have been applied for the entire financial year ended 30 June 2015.

A description of the Group's main corporate governance practices is set out below.

Corporate Governance Statement – for the year ended 30 June 2015

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 1: Lay solid foundations for management and oversight			
	1.1 Disclose: (a) the respective roles and responsibilities of the Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	<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 	Not applicable.



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		<p>functions of the Company to ensure that they operate effectively;</p> <ul style="list-style-type: none">• oversight of financial reporting and communication to the Company's shareholders;• oversight of the Company's employee relations and ethical, social and environmental behavior;• 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;• stakeholder communications program (including continuous disclosure of material developments through preparation of ASX announcements, quarterly reports, annual reports and Company	
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		<p>presentations, broker/institutional tours, attendance at trade shows, and advertising); and</p> <ul style="list-style-type: none">• manage internal communication with Board of Directors, staff, consultants and contractors, and provide leadership and inspiration at all times. <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> <ul style="list-style-type: none">• maintaining financial control across the Octagonal group;• ensuring that the Board receives regular financial and other pertinent information and reports (notably	
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		<p>on auditing, taxation and insurance);</p> <ul style="list-style-type: none"> • statutory financial statements; • Compliance with the regulatory requirements set out in the Corporations Act and ASX Listing Rules; and • Management of the Company's banking arrangements and funds on hand. 	
	<p>1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>The Company completes a detailed background check of all prospective directors. All material information relevant to the decision is provided to security holders upon their appointment and in the Notice of Meeting prior to election or re-election.</p> <p>Information provided includes:</p> <ul style="list-style-type: none"> • biographical details, including their relevant qualifications and experience and the skills they bring to the board; • details of any other material directorships currently held by the candidate; • any material adverse information revealed by the checks of the Company about the candidate; • details of any interest, position, association, or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidates capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders; and • if the Board considers that the candidate will qualify as an independent director. 	Not applicable.
	<p>1.3 A listed entity should have a written agreement with</p>	<p>The Company has entered into written agreements with all directors and senior executives setting out the terms of</p>	Not applicable.

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	<p>each director and senior executive setting out the terms of their appointment.</p>	<p>their appointment.</p> <p>For non-executive directors this includes:</p> <ul style="list-style-type: none"> • the term of appointment; • time commitment envisaged; • remuneration, including superannuation entitlements; • the requirement to disclose directors interests and any matters that may affect the directors independence; • the requirement to comply with the Company's corporate policies (which can be found on the Company's web site www.octagonalresources.com.au); • indemnity and insurance arrangements; • ongoing rights of access to corporate information; and • ongoing confidentiality obligations. <p>For executive directors and senior executives, agreements include the above information, and:</p> <ul style="list-style-type: none"> • a description of their position, duties, and responsibilities; • the person or body to whom they report; • the circumstances in which their service may be terminated (with or without notice); and • any entitlements on termination. 	
	<p>1.4 The Company Secretary should be accountable directly to the Board, through the Chair, on all matters to do with the</p>	<p>The Company Secretary, Mr. Robert Tolliday, is responsible for:</p> <ul style="list-style-type: none"> • advising the Board and its committees on governance matters; 	<p>Not applicable.</p>



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	<p>proper functioning of the Board.</p>	<ul style="list-style-type: none"> • monitoring that board and committee policy and procedures are followed; • coordinating the timely completion and dispatch of board and committee papers; • ensuring that the business at board and committee meetings is accurately captured in the minutes; and • helping to organise and facilitate the induction and professional development of directors. <p>Mr. Robert Tolliday is accountable to the Board through the Chairman, Mr. Ian Gandel.</p>	
	<p>1.5 The Company should:</p> <p>(a) have a Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by</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 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 	<p>Due to the small size of the Company and lack of requirement to employ new staff, the Company is not in a position to report on measurable objectives for gender diversity or progress towards achieving them.</p>

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	<p>the Board or a relevant committee of the Board in accordance with the Company's Diversity Policy and its progress towards achieving them, and the respective proportions of men and women on the Board, in senior executive positions and across the whole organization (including how the Company has defined "senior executive" for these purposes).</p>	<ul style="list-style-type: none"> 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> <p>The Board has not yet set measurable objectives for achieving gender diversity.</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> <p>The proportion of women in the Octagonal group of companies is set out in the following table:</p> <table data-bbox="862 877 1680 1053"> <thead> <tr> <th></th> <th style="text-align: right;">Proportion of women</th> </tr> </thead> <tbody> <tr> <td>Whole organisation¹</td> <td style="text-align: right;">2 out of 5 (40%)</td> </tr> <tr> <td>Board</td> <td style="text-align: right;">Nil out of 3 (0%)</td> </tr> <tr> <td>Senior executive positions²</td> <td style="text-align: right;">1 out of 3 (33%)</td> </tr> </tbody> </table>		Proportion of women	Whole organisation ¹	2 out of 5 (40%)	Board	Nil out of 3 (0%)	Senior executive positions ²	1 out of 3 (33%)	
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	<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the</p>	<p>The Board regularly reviews its performance, however due to the size of the Company and the Board a formal process to evaluate the performance of the Board, its committees and individual directors has not been established.</p>	<p>Size does not warrant a formal evaluation process.</p>								

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).

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	<p>performance of the Board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		
	<p>1.7 A listed entity should:</p> <p>(c) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(d) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board reviews the performance of senior executives annually. The senior executives' performance is assessed against short and long term criteria relating to the performance of the senior executive and the Company as a whole. Further information on performance assessment is contained in the Remuneration Report which forms part of the Directors' Report in the Annual Report.</p>	<p>Not applicable.</p>

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Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 2: Structure the board to add value			
	2.1 The Board should have a Nomination Committee which: <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those 	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.	Size does not warrant a separate Committee.

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	meetings.																																																																		
	<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Board has developed a skills matrix to provide a guide as to the skills, knowledge and experience appropriate for the governance of the Company. The skills matrix is designed to guide the recruitment of directors and Board succession planning. A copy of the Company's skills matrix is provided below.</p> <table border="1"> <thead> <tr> <th>Skill / experience</th> <th>Ian Gandel</th> <th>Anthony Gray</th> <th>Bob Tolliday</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Corporate Governance</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Legal</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Investor relations</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Capital raising</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Corporate strategy</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Leadership</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Accounting</td> <td>✓</td> <td></td> <td>✓</td> </tr> <tr> <td>Business development</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Risk management</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Mineral exploration</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Geographic experience – Western Australia</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Mineral project development – gold and base metals</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Mining – gold and base metals</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Production – gold and base metals</td> <td>✓</td> <td>✓</td> <td></td> </tr> </tbody> </table>	Skill / experience	Ian Gandel	Anthony Gray	Bob Tolliday	Commercial	✓	✓	✓	Corporate Governance	✓	✓	✓	Legal	✓			Investor relations	✓	✓	✓	Capital raising	✓	✓	✓	Corporate strategy	✓	✓	✓	Leadership	✓	✓	✓	Accounting	✓		✓	Business development	✓	✓	✓	Risk management	✓	✓	✓	Mineral exploration	✓	✓		Geographic experience – Western Australia	✓	✓		Mineral project development – gold and base metals	✓	✓		Mining – gold and base metals	✓	✓		Production – gold and base metals	✓	✓		Not applicable.
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	<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent</p>	<p>At the date of this Statement 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</p>	Not applicable.																																																																

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	<p>directors;</p> <p>(b) if a director has an interest, position, association, or relationship that might cause doubt about the directors independence, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>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 (Mr Tolliday is employed by Gandel Metals Pty Ltd) and the other director is executive.</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.</p> <p>Length of service of each director</p> <p>Ian Gandel – Appointed 10 November 2010 Anthony Gray – Appointed 10 November 2010 Robert Tolliday – Appointed 17 January 2013</p>	
	<p>2.4 A majority of the Board should be independent</p>	<p>The Board has determined that none of the directors are independent.</p>	<p>None of the directors are independent.</p>

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	directors.	The Board is aware that not having a majority of independent directors during the course of the financial period does not comply with Recommendation 2.4. The Board has formed the view that the Company's size does not justify a large Board with a majority of independent directors.	The Company's size does not justify a large Board with a majority of independent directors.
	2.5 The chair of the Board should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>The Board has determined that the Chairman, 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 this recommendation and has formed the view that its size does not justify a Board large enough to have an independent director as its chairperson.</p> <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 	Size does not justify a Board large enough to have an independent director as its chairperson.

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		<ul style="list-style-type: none"> • 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>	
	<p>2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>All new directors 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 operational sites. Continuing education requirements for directors are assessed on an as needs basis generally in conjunction with the Board performance assessment process.</p>	<p>Not applicable.</p>

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Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 3: Act ethically and responsibly			
	3.1 A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	<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

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Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 4: Safeguard integrity in corporate reporting			
	<p>4.1 The board should establish an Audit Committee which:</p> <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the Board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met 	<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 Statement 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>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.</p>

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	<p>throughout the period and the individual attendances of the members at those meetings.</p>	<p>The Audit & Risk Committee will normally meet at least two times each financial year.</p> <p>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 qualifications and experience of the members of the committee and, in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings is published in the Annual Report.</p> <p>The Board is aware that it does not comply with Recommendation 4.1 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. 	
	<p>4.2 The Board should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial</p>	<p>In addition to the requirements of Section 295A of the Corporations Act, before the Board approves the Company's financial statements for a financial period it requires a signed declaration from the Managing Director and the Chief Financial Officer that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with</p>	<p>Not applicable.</p>

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	<p>records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</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>	
	<p>4.3 The Company's should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>Octagonal's external auditor is BDO. The lead external auditor attends the Company's Annual General Meetings to answer questions from security holders about the conduct of the audit and the preparation and content of the Auditor's Report, accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.</p> <p>In addition to taking questions at the meeting, written questions may be directed to the Company's auditor about the content of the Auditor's Report and the conduct of the audit.</p>	<p>Not applicable.</p>

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Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 5: Make timely and balanced disclosure			
	<p>5.1 A listed entity should:</p> <ul style="list-style-type: none"> (a) Have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and (b) Disclose that policy or a summary of it. 	<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>Not applicable.</p>

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		<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>	
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Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 6: Respect the rights of security holders			
	6.1 A listed entity should provide information about itself and its governance to investors via its website.	Octagonal's website address is www.octagonalresources.com.au . This address links to a home page with intuitive and easily located links to sections providing corporate details (including the Company's policies and corporate governance), exploration project details, the Companies ASX investments, details of all ASX Announcements (including Annual Reports and Company presentations), share price, top twenty shareholders, and how to contact the Company.	Not applicable.
	6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors	<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 is 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 	Not applicable.

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		<p>approval for significant corporate actions, as appropriate;</p> <ul style="list-style-type: none"> • 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.</p>	
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	<p>6.3 A listed entity should disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.</p>	<p>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> <p>Written or verbal questions from shareholders are welcomed and encouraged at meetings of the Company. Time is provided during the meetings for shareholders to ask questions about the Company's activities and directors and the company secretary make themselves available for questions and discussion after the meetings.</p>	<p>Not applicable.</p>
	<p>6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.</p>	<p>Octagonal and its security registry, Computershare, provide security holders with the option to receive communications from, and send communications to, them electronically.</p> <p>The Company's 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>Not applicable.</p>

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Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 7: Recognise and manage risk			
	<p>7.1 The Board should have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. 	<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 Statement 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</p>	<p>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.</p>

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		<p>times each financial year.</p> <p>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 qualifications and experience of the members of the committee and, in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings is published in the Annual Report.</p> <p>The Board is aware that it does not comply with Recommendation 7.1 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. 	
	<p>7.2 The Board or a committee of the Board should:</p> <p>(a) review the Company's risk management framework at least annually to satisfy itself that it continues to be</p>	<p>Octagonal 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</p>	<p>Not applicable.</p>

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	<p>sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>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>	
	<p>7.3 A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs.</p>	<p>The Company does not have an internal audit function.</p> <p>Octagonal 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</p>	<p>Company size does not justify an internal audit function.</p>

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		<p>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>	
	<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental</p>	<p>Octagonal is a mining company currently focused on exploration for gold and base metal deposits in Western Australia. The Company does not believe that it is exposed to any material economic, environmental, or social</p>	<p>Not applicable.</p>

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	and social sustainability risks and, if it does, how it manages or intends to manage those risks.	sustainability risks.	
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Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 8: Remunerate fairly and responsibly			
	<p>8.1 The Board should have a Remuneration Committee which:</p> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. 	<p>The Board does not have a separate Remuneration Committee 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.</p>	<p>Company size does not warrant a separate Remuneration Committee.</p>

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	<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<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 directors of the Company are 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 (other than statutory superannuation).</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>	<p>Not applicable.</p>
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	<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Octagonal does not have an equity-based remuneration scheme.</p>	<p>Not applicable.</p>
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