Octagonal Resources Limited

ABN: 38 147 300 418

Annual Report

For the year ended 30 June 2015

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Corporate Directory

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Chairman

Anthony R Gray
Managing Director

Robert P Tolliday
Non-Executive Director and Company Secretary

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ORS

Corporate Overview

Company History

Octagonal Resources was incorporated in September 2010 to acquire the Victorian gold projects of Alliance Resources Ltd, Matrix Gold Ltd and Highlake Resources Pty Ltd and an emerging Western Australian gold project generated by Newmont Asia Pacific to form a new company that has the drive and energy to successfully develop these assets.

In June 2015 Octagonal sold its Victorian Gold Operations (including the Union Hill Underground Mine and the Maldon gold processing facility) to A1 Consolidated Gold Limited (ASX: AYC) for 169,672,726 AYC shares and 56,557,576 AYCO options. This transaction provided access to substantial resources at the A1 Gold Mine for processing at the Maldon gold processing facility and made Octagonal A1 Gold's largest shareholder.

Corporate Strategy

Octagonal's aim is to build shareholder wealth through the discovery and development of major gold or base metal operations in underexplored areas of world class gold producing terrains.

The Company is currently focussed on exploration within the Eastern Goldfields Province of the Yilgarn Craton in Western Australia, which is one of the largest gold and nickel producing regions in Australia.

Chairman's Letter to Shareholders

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

This year has been a transitional period for our Company as we have moved from a gold miner and producer to explorer with the sale of our Maldon Gold Operation to A1 Consolidated Gold Limited ("A1 Gold").

During the first half of the year your Company continued to focus on developing the Alliance South Deposit in Maldon, with a view to establishing a long-life and sustainable gold producing operation in Central Victoria. This work included extending the Union Hill Decline from the 1100 level to the 1080 level and developing the Eaglehawk and Western reefs on the 1080 level in preparation for stoping.

High-grade gold shoots were intersected in mine development on the 1080 level including 12 metres of reef grading 15.6 g/t Au over 1.7 metres width and 26.5 metres of reef grading 10.2 g/t Au over 3.1 metres width, however ore processing operations were suspended in late-September with insufficient ore available for immediate processing.

Recognising the need to provide certainty of ore supply to the Maldon gold processing facility, in November 2014 Octagonal entered into a binding Heads of Agreement with A1 Gold to sell the Maldon Gold Operation.

This transaction provided the Maldon gold processing facility with access to the substantial mineral resource at the A1 Gold Mine and returned to Octagonal $5.09 million in A1 Gold shares and one A1 Gold option for every three A1 Gold shares received with an exercise price of 3.0 cents each and five year vesting period.

A formal Share Sale Agreement was executed during December 2014 and in February 2015 the two companies entered into a Management Agreement whereby A1 Gold commenced early management control of the Maldon Gold Operation pending completion of the sale. This agreement effectively ended Octagonal's financial obligation to maintain the Maldon Gold Operation prior to settlement, which subsequently occurred during June 2015.

Octagonal is now the largest shareholder in A1 Gold, with a 38.0% holding, and Mr Anthony Gray has been appointed to the A1 Gold board as a non-executive director and Octagonal's representative.

In Western Australia, we continued to assess the potential of the Burns Prospect to host a major copper-gold deposit. One diamond hole was drilled to 401.5 metres depth to test for copper and gold mineralisation associated with a high-magnetic anomaly defined by 3D inversion modelling of ground magnetic data.

This hole intersected high-magnetic rocks interpreted to be the source of the anomaly and returned 38.5 metres @ 0.5 g/t Au & 0.2 % Cu from 184.5 metres, 0.9 metres @ 4.5 g/t Au & 2.6 % Cu from 256.4 metres, and 10.35 metres @ 1.2 g/t Au & 0.6 % Cu from 273.3 metres.

Significantly, a 3.6 metre wide very high magnetic breccia zone was intersected from 286.25 metres depth that is interpreted to be the main feeder structure or primary conduit of mineralising fluids at the prospect. This structure is near-vertical, strikes northwest, and correlates with both the main magnetic trend at the prospect and a two kilometre long copper in regolith anomaly defined by aircore drilling.

Looking to the year ahead, our company continues to be plagued by the difficult equity market conditions currently being experienced by junior exploration and mining companies. While the sale of the Maldon Gold Operation has generated a substantial return for our shareholders, equity raising is difficult, and Octagonal's current market capitalisation does not reflect the underlying value of its ASX investments and Western Australian tenement holding.

Your Company is currently investigating means to realise the maximum value in these assets for our shareholders and we will provide further updates as matters progress.

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 & 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, special interest groups and community members who review and ensure the environmental and community compliance and performance of the Maldon operation.

No reportable environmental incidents occurred at the Company’s Victorian operation during the year.

Land Management

Octagonal’s exploration and mining activity is designed to minimise 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 completed rehabilitation work and monitoring at the Eaglehawk open pit site near Maldon. Management of the site has been returned to Parks Victoria.

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 (“NWG”) 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.

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 and during the sale process of the Maldon Gold Operation provided details to A1 Gold of its sponsorship commitments to the community.

Review of Operations

Maldon Gold Operation (Victoria)

The Maldon Gold Operation is located 140 kilometres northwest of Melbourne in Central Victoria. The operation is centred around the Porcupine Flat gold processing facility at Maldon and consists of sixteen exploration and mining licences overlying the historic Maldon, Wehla, Campbelltown, Amherst, Dunolly, Rheola, and Maryborough goldfields.

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).

During the first half of the year Octagonal continued to focus on developing the Alliance South Deposit in Maldon, with a view to establishing a long-life and sustainable gold producing operation in Central Victoria. This work included extending the Union Hill Decline from the 1100 level to the 1080 level and developing the Eaglehawk and Western reefs on the 1080 level in preparation for stoping.

High-grade gold shoots were intersected in mine development on the 1080 level, however ore processing operations were suspended in late-September with no ore sources immediately available for processing.

Recognising the need to provide certainty of ore supply to the Maldon gold processing facility, in November 2014 Octagonal entered into a binding Heads of Agreement with A1 Gold to sell the Maldon Gold Operation.

This transaction provided the Maldon gold processing facility with access to the substantial mineral resource at the A1 Gold Mine and returned to Octagonal $5.09 million in A1 Gold shares at 3.0 cents per share and one A1 Gold option for every three A1 Gold shares received with an exercise price of 3.0 cents each and five year vesting period.

A formal Share Sale Agreement was executed during December 2014 and in February 2015 the two companies entered into a Management Agreement whereby A1 Gold commenced early management control of the Maldon Gold Operation pending completion of the sale. This agreement effectively ended Octagonal’s financial obligation to maintain the Maldon Gold Operation prior to settlement, which subsequently occurred during June 2015.

This section discusses Octagonal’s activities at the Maldon Gold Operation prior to the change in management control.

<u>Development</u>

Underground development of 300 metres was completed at the Alliance South Deposit and comprised 40 metres of reef development on the 1100 level, 127 metres of waste development (decline and 1080 level cross-cut) and 133 metres of reef development on the 1080 level.

Development on the 1080 level defined two areas of high-grade gold associated with the Eaglehawk and Western reefs (Figure 2). At the northern end, near the cross-cut, face channel sampling returned 12 metres of reef grading 15.6 g/t Au over 1.7 metres width from the Eaglehawk Reef while sludge hole drilling defined 18 metres of reef grading 4.4 g/t Au over 5.85 metres width associated with the Western Reef (refer to ASX Announcement dated 11 November 2014).

Twenty metres further to the south face channel sampling returned 26.5 metres of reef grading 10.2 g/t Au over 3.1 metres width, including 9 metres of reef grading 30.9 g/t Au over 2.3 metres width, associated with the Western Reef (refer to ASX Announcement dated 15 January 2015).

During and following the completion of mine development on the 1080 level a total of 53 sludge holes, for 241 samples, were drilled into the west wall of the 1080 and 1100 levels to better define the distribution of high-grade gold associated with the Western Reef (refer to ASX Announcement dated 15 January 2015).

The sludge holes were designed to test 90 metres strike length of reef with approximately 5 metre spaced holes (Figure 3). On the 1080 level two holes were drilled on each traverse, with one oriented horizontal and the second at a 40 degree inclination, whereas on the 1100 level only one hole was drilled on each traverse at a 40 degree inclination because the area had previously been tested with horizontal sludge holes (refer to ASX Announcement dated 13 March 2014).

This work continued to intersect high-grade gold associated with the Western Reef with significant results including 2 metres @ 27.7 g/t Au, 2 metres @ 14.8 g/t Au, 6 metres @ 15.9 g/t Au, 2 metres @ 22.2 g/t Au, 4 metres @ 26.7 g/t Au, 6 metres @ 12.1 g/t Au, 4 metres @ 14.8 g/t Au, and 2 metres @ 28.3 g/t Au.

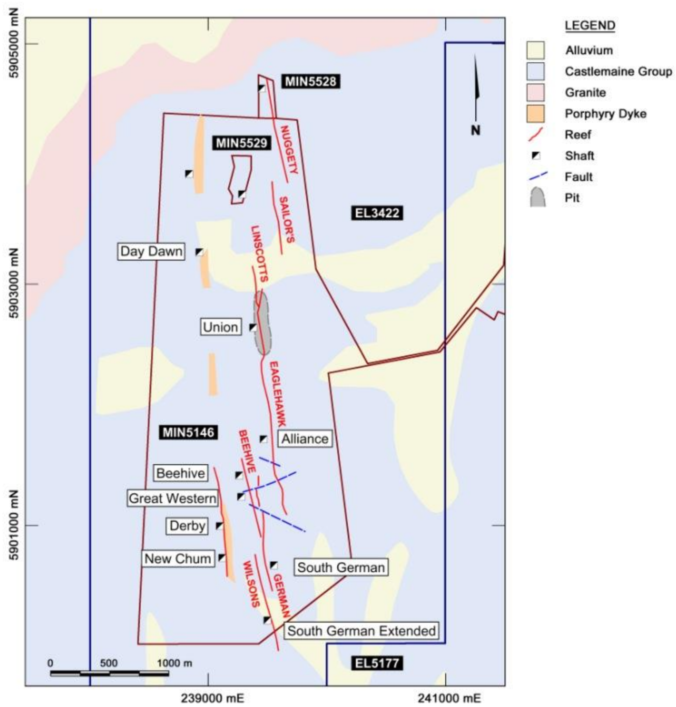

Figure 1. Reefs of the Central Maldon Shear Zone

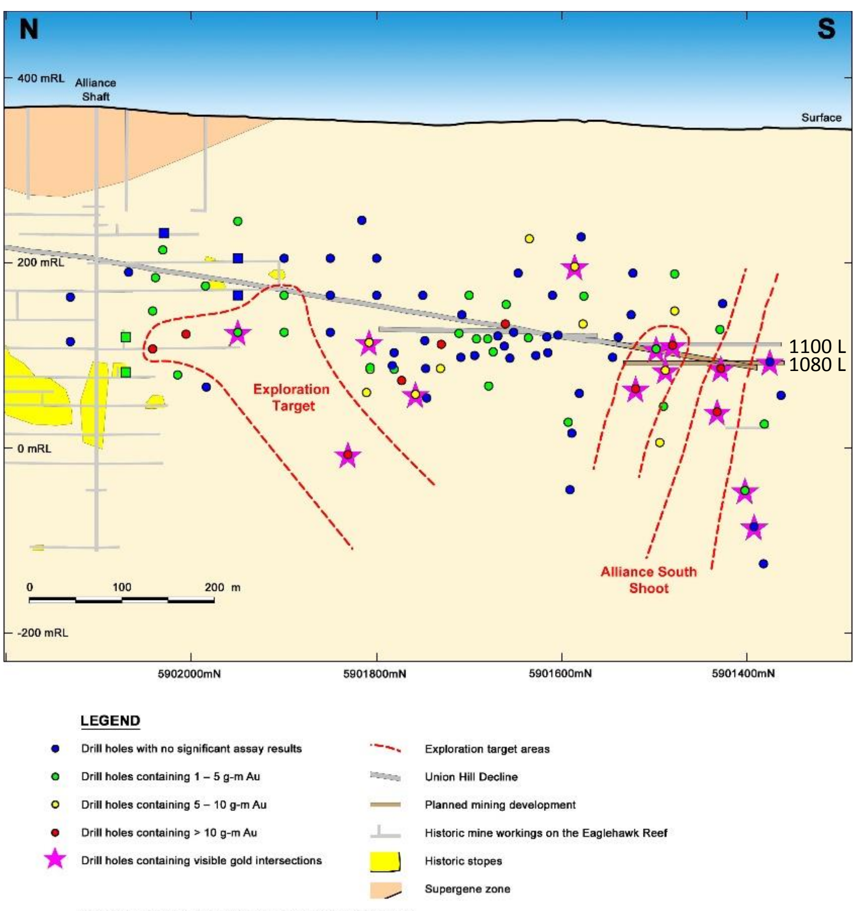

Figure 2. Eaglehawk Reef: Longsection showing position of Union Hill Decline relative to the Alliance South Shoot

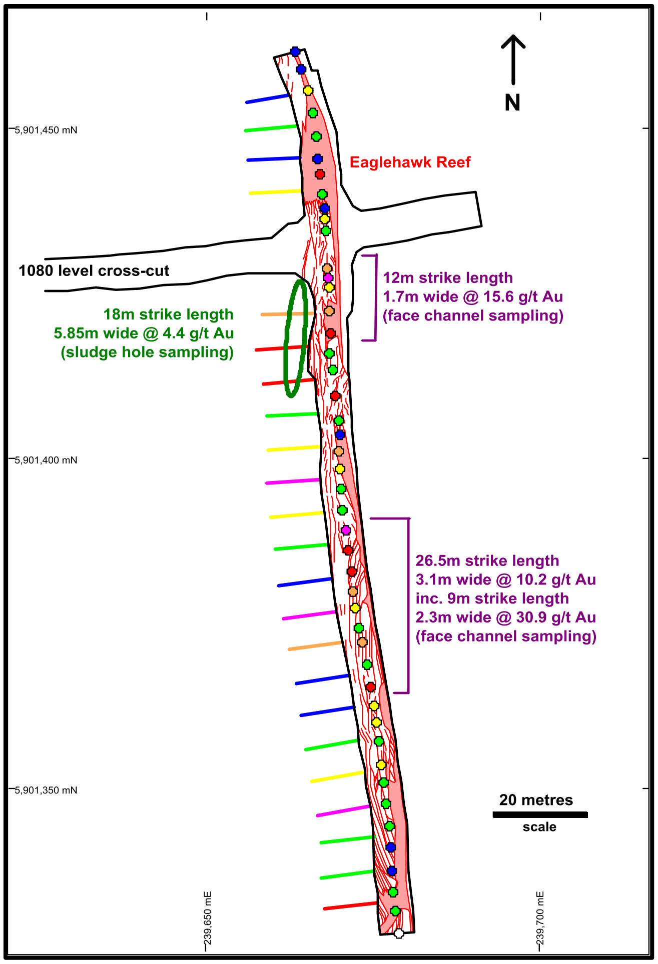

Figure 3. Plan of 1080 level reef development with diluted horizontal sludge hole sample assay results and undiluted face channel sample assay results

Legend-
Dots: face channel samples
Horizontal lines: sludge holes

White: awaiting assay result
Blue: no significant assay result
Green: 1 – 5 g-m Au
Yellow: 5 – 10 g-m Au
Orange: 10 – 20 g-m Au
Red: 20 – 50 g-m Au
Purple: > 50 g-m Au

Red lines: quartz reef and spurry veins

Ore Processing

The Porcupine Flat gold processing facility operated between July and September 2014. 18,295 dry tonnes of ore was processed to recover 1.5 g/t Au and produce 1,023 ounces of gold that was sold to achieve an average gold price of A$1,385/oz. Ore processed consisted of low-grade ore from the Union Hill open pit and Alliance South Deposit.

The majority of ore processed during the year 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 could be collected from the 1080 level. Ore processing did not recommence due to the pending sale of the Maldon Gold Operation announced in November 2014.

Exploration

No exploration work was completed at the Maldon Gold Operation during the year.

Hogan's Project (Western Australia)

The Hogan's Project is located within the Eastern Goldfields Province of Western Australia. The project is situated 70 kilometres southeast of Kalgoorlie and 20 kilometres east of the world-class St Ives Goldfield (+13M oz Au) and Kambalda Nickel District (+1.4Mt Ni) (Figure 4). 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 four exploration licences that overlie a highly prospective but underexplored area of greenstone.

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. The area is considered to be prospective for gold, copper-gold, and nickel sulphide deposits.

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

A program of tenement rationalisation was also completed and three new exploration licences acquired overlying the Quimby gold Prospect, Lisa's Dune nickel sulphide Prospect, and Yalca Hill nickel sulphide Prospect.

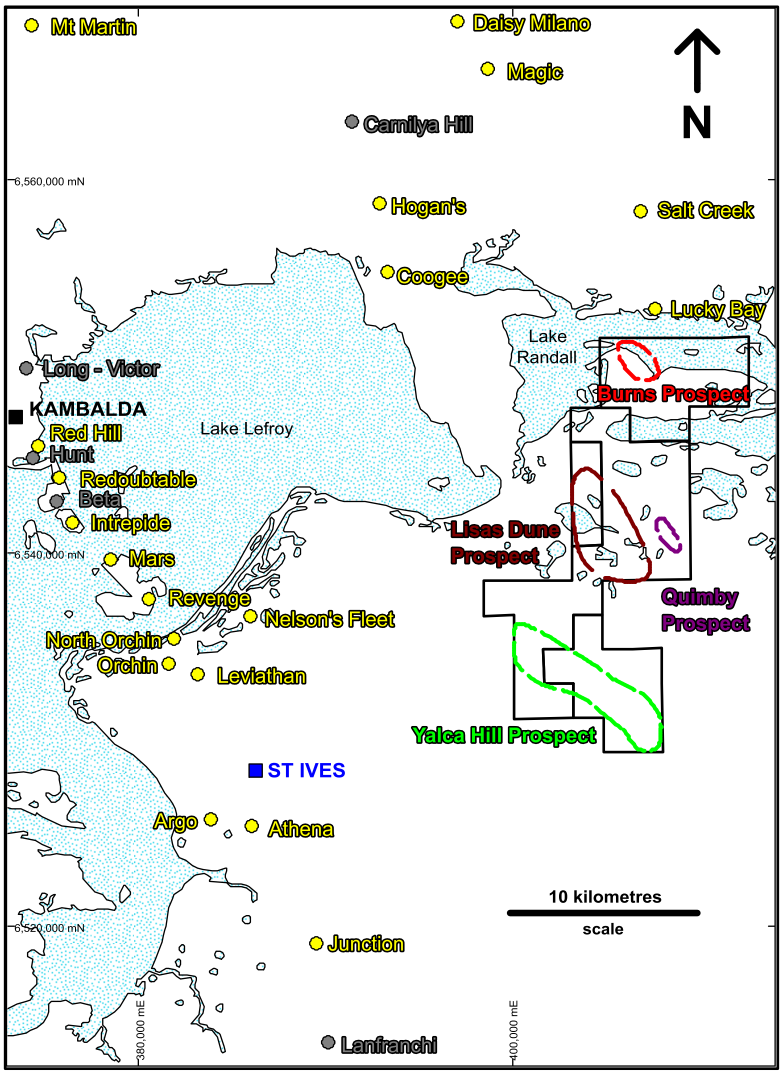

Figure 4. Hogan's Project: Tenement location plan

Legend-
Yellow dots: gold deposits
Grey dots: nickel sulphide deposits

Burns Prospect

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

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

During 2012 Octagonal completed 33 reverse circulation (“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 metre in OBURC032

Diamond Drilling

One diamond hole (OBUDD001), totalling 401.5 metres, was drilled at the Burns Prospect during July 2014 to test a 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 (Figure 6).

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 section of massive magnetite-chalcopyrite mineralisation returned 0.9 metres @ 4.5 g/t Au & 2.6% Cu.

Other significant assay results returned from this drill hole included:

- 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 electromagnetic (“EM”) survey completed in the drill hole identified six localised EM sources that clearly correlate/coincide with magnetite and or sulphide bearing units.

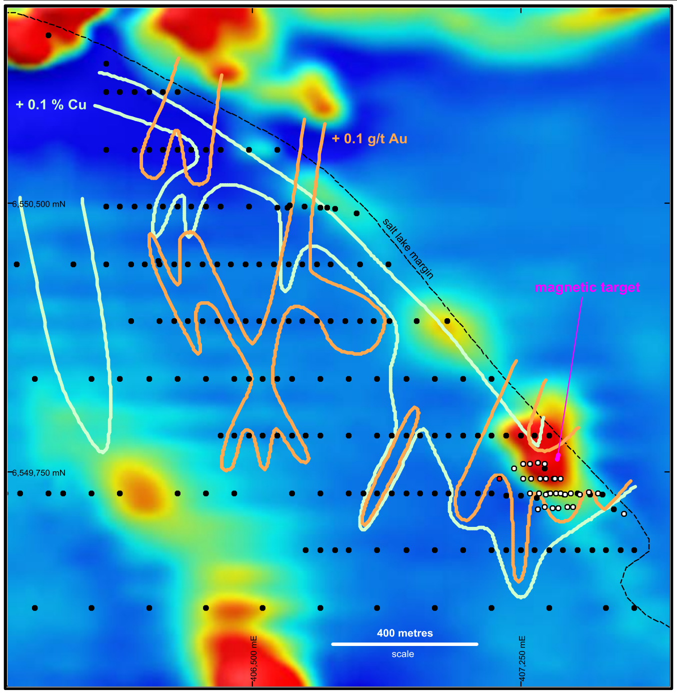

Figure 5. Burns Prospect: Gold and copper in regolith anomalism defined by aircore drilling on an aeromagnetic image

Legend-
Light green contour: + 0.1 % copper in regolith anomalism
Orange contour: + 0.1 g/t gold in regolith anomalism

Drill Holes
Black dots: aircore holes
White dots: RC holes
Red dot: diamond hole OBUDD001

Black dashed line: salt lake margin

Reinterpretation of RC drilling data, having recognised the geometry of the primary feeder structure, located this structure on all four traverses (Figure 7) and revealed an apparent southerly plunge to the copper and gold mineralisation hosted within this structure coincident with the margin of the magnetic anomaly.

Significant assay results returned from this structure include:

- 9 metres @ 1.5 g/t Au & 1.0 % Cu from 58 metres in OBURC002
- 11 metres @ 2.8 g/t Au & 0.7 % Cu from 24 metres in OBURC012
- 15 metres @ 1.4 g/t Au & 0.2% Cu from 43 metres in OBURC016
- 12 metres @ 1.5 g/t Au & 0.5 % Cu from 27 metres in OBURC021
- 30 metres @ 0.5 g/t Au & 0.8% Cu from 44 metres in OBURC022
- 19 metres @ 0.9 g/t Au & 0.5% Cu from 28 metres in OBURC025
- 9 metres @ 1.0 g/t Au & 1.5 % Cu from 115 metres in OBURC030
- 15 metres @ 1.1 g/t Au & 0.7% Cu from 160 metres in OBURC032

A number of potential exploration targets have been identified in the immediate vicinity of the previous RC and diamond drilling completed at the Burns Prospect, however due to the size of the target area and the limited funds available for exploration, target prioritisation is focused on testing for the largest and greatest value deposit styles first.

The greatest value exploration target possible at the Burns Prospect is a massive sulphide copper-gold deposit. This style of mineralisation is able to be detected using EM techniques.

In 2013 a moving loop surface EM survey completed at the prospect failed to identify any significant conductors potentially related to massive copper-sulphide mineralisation, however the highly conductive nature of the transported cover and regolith may have impacted on the effectiveness and depth penetration of this survey.

The next phase of exploration planned at the Burns Prospect is designed to systematically test for a massive sulphide copper-gold deposit using down-hole EM techniques, while at the same time testing for other potential controls on the distribution of mineralisation.

A two hole diamond drilling program (OBUDD002 and 003), totalling 800 metres, is planned with holes positioned to intersect the targeted structure 200 metres below surface and 200 metres north and south of hole OBUDD001 (Figure 7).

Hole OBUDD002, totalling 300 metres, is designed to intersect the southern extension of the primary feeder structure down plunge of the interpreted shoot defined by RC drilling and along the margin of the magnetic anomaly, whereas hole OBUDD003, totalling 500 metres, is designed to intersect the northern extension of the primary feeder structure along the margin of the magnetic anomaly. This hole will also test beneath significant copper and gold in regolith anomalism.

The Company has received a $70,000 West Australian Government Co-Funded Drilling Grant to assist with the drilling costs of these two holes (refer to ASX Announcement dated 23 June 2015).

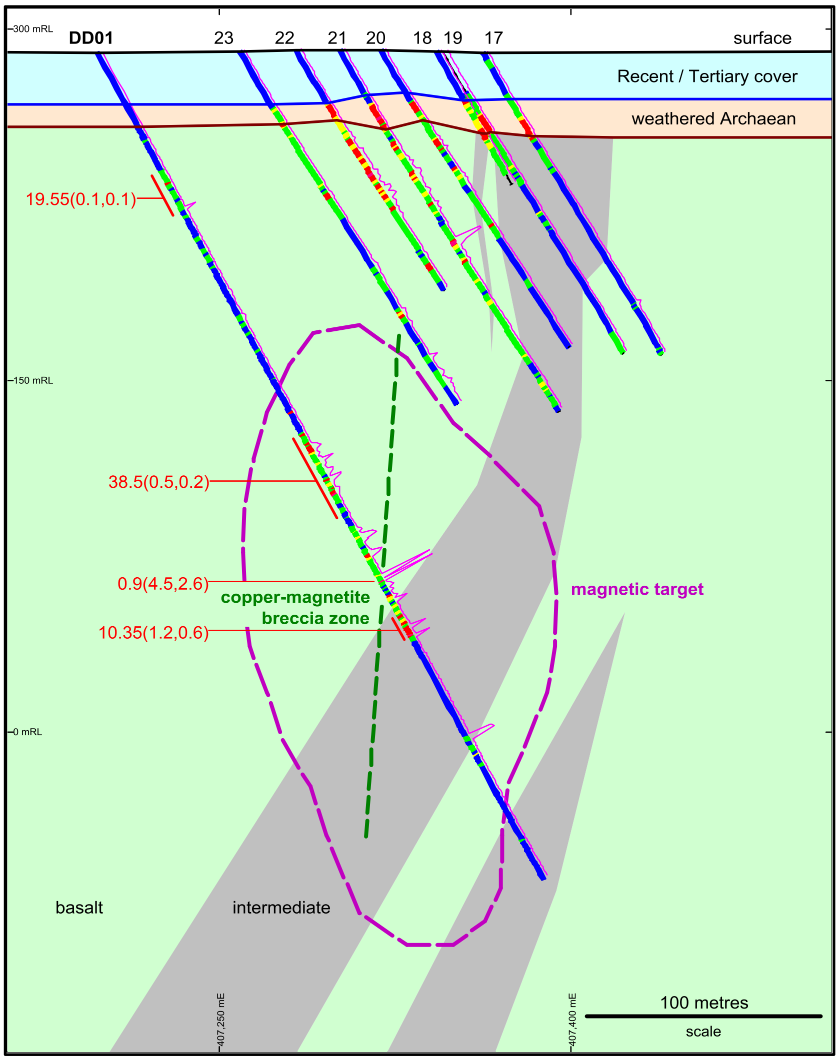

Figure 6. Burns Prospect: 6549730mN Cross-Section

Legend-
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
Magenta: > 5.0 g/t AuEq

Purple polygon: high-magnetic target (90 x 10^{-3} SI isosurface defined by 3D inversion modelling)

Magenta 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

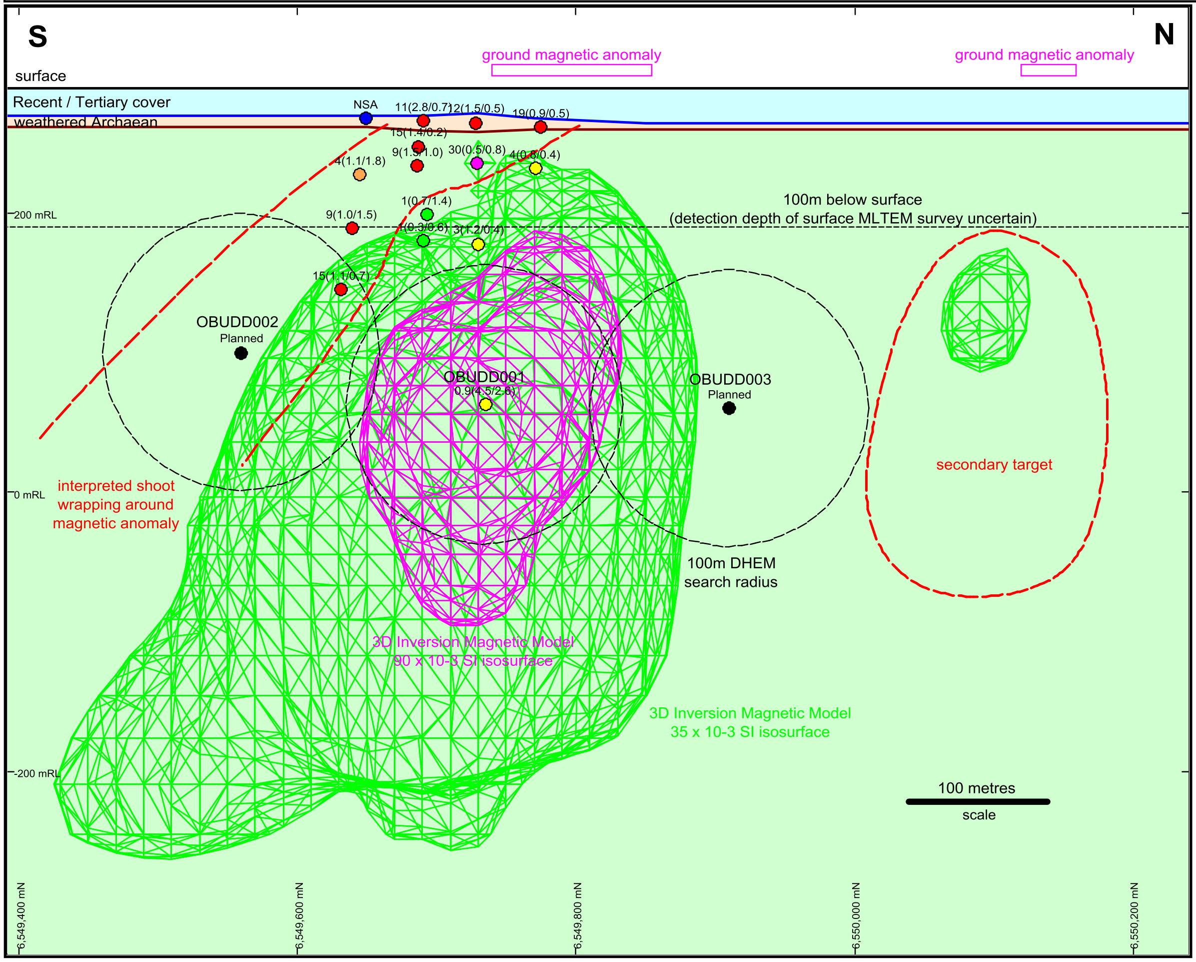

Figure 7. Burns Prospect: Long-section of interpreted feeder structure with previous drilling, planned diamond drilling, location of surface and 3D inversion magnetic anomalies, and interpreted search distances of surface and down hole EM surveys

Legend-
Drill Holes
Black dots: planned diamond drill holes
Blue dots: < 1 g-m Aueq
Green dots: 1 – 5 g-m Aueq
Yellow dots: 5 – 10 g-m Aueq
Orange dots: 10 – 20 g-m Aueq
Red dots: 20 – 50 g-m Aueq
Purple dots: > 50 g-m Aueq

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

Quimby Prospect

The Quimby Prospect is an orogenic gold-only exploration target that is defined by 80 metre by 320 metre spaced vertical aircore drilling. The prospect is hosted within metasedimentary rocks adjacent to the west of a highly-magnetic banded iron formation unit and consists of a 1.5 kilometre long northwest trending greater than 0.1 g/t gold in regolith anomaly (Figure 8).

Significant gold in regolith results returned from aircore drilling during 2011 and 2012 include 1 metre @ 0.1 g/t Au from 36 metre in OSC078, 3 metres @ 0.5 g/t Au from 46 metres in OSC091, 1 metre @ 0.2 g/t Au from 25 metres in OSC193, and 1 metre @ 0.3 g/t Au from 42 metres in OSC199. These results are further supported by a 5 metre intersection grading 1.1 g/t Au from 38 metres depth in OSC186 hosted within Tertiary sand at the base of a channel adjacent to hole OSC091. This gold is interpreted to be derived from the erosion of a nearby primary gold-bearing quartz reef.

Given the wide spacing of aircore drilling at this target and the iron-poor nature of the metasedimentary host rocks, these assay results are considered to be significant and indicative of a potentially large primary gold deposit. Infill aircore drilling is planned to better define the distribution of gold in regolith anomalism prior to bedrock drill testing.

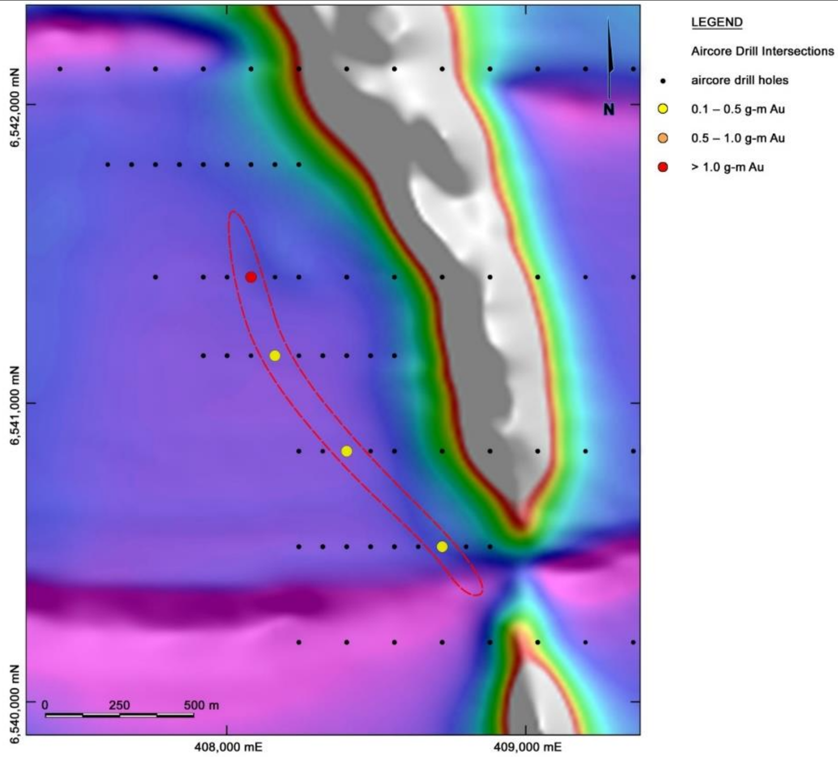

Figure 8. Quimby Prospect: Drill hole location plan with significant gold in regolith assay results on an aeromagnetic image

<u>Lisa's Dune Prospect</u>

The Lisa's Dune Prospect is a Kambalda-style nickel sulphide exploration target that was originally identified by WMC Limited between 1998 and 2000 and is defined by a large magnetic high identified from aeromagnetic data and interpreted as a possible thickening of ultramafic rocks and hence prospective for nickel sulphide mineralisation.

Exploration work completed by WMC consisted of predominantly ground EM surveys, aircore drilling, and RC drilling (Figure 9).

While the EM surveys failed to identify any conductors consistent with nickel sulphide mineralisation the effectiveness of these surveys was questioned due to the presence of transported cover containing hypersaline groundwater.

Aircore drilling completed at the prospect using a combination of 80 metre by 320 metre and 20 metre by 80 metre spaced grids defined broad areas of greater than 0.1 % nickel in regolith anomalism and highly anomalous results including 6 metres @ 0.4 % Ni from 14 metres in SAL530, 10 metres @ 0.4 % Ni from 22 metres in SAL604, 6 metres @ 0.5 % Ni from 20 metres in SAL516, 14 metres @ 0.4 % Ni from 28 metres in SAL591, 16 metres @ 0.4 % Ni from 32 metres in SAL592, and 10 metres @ 0.6 % Ni from 34 metres in SAL593.

11 RC holes, totalling 1,308 metres, were subsequently drilled on two traverses to test for primary nickel sulphide mineralisation. While this drilling failed to return significant nickel results, the presence of favorable host rocks for nickel sulphide mineralisation was confirmed, with ortho- to mesocumulate ultramafic rocks intersected and containing sulphides interstitial to olivine.

Between 2006 and 2012 Independence Group NL completed regional and infill ground EM surveys over the prospect area and two diamond drill holes, totalling 649.3 metres.

While the EM surveys identified multiple conductors only two conductors were considered moderate priority targets and tested with diamond drilling. These drill holes intersected predominantly basaltic rocks, with minor interflow sediments determined to be the source of the conductors. No ultramafic rocks were intersected in the drilling and no significant nickel assay results were returned.

Octagonal intends to complete a detailed review of all historic surface geophysical data and drilling data at the Lisa's Dune Prospect to determine the next phase of exploration activity.

Given the size of the target area (which has not been fully explored), the presence of significant nickel in regolith anomalism, reliance by previous explorers on surface geophysics as a targeting tool in a hypersaline environment, and confirmation of favorable host rocks containing primary nickel sulphides, Octagonal believes that the Lisa's Dune Prospect remains a priority nickel sulphide target area that warrants further exploration.

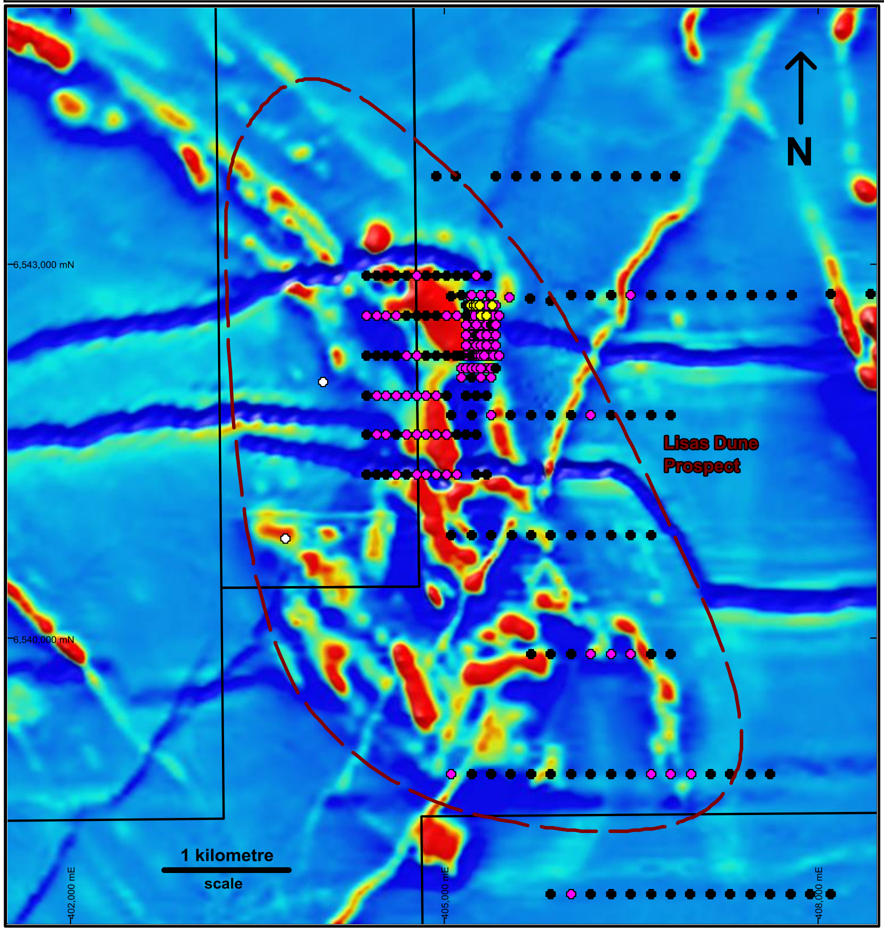

Figure 9. Lisa’s Dune Prospect: Nickel in aircore drilling on an aeromagnetic image with RC and diamond drill holes

Legend-
Nickel in Aircore Drilling
Black dots: < 1,000 ppm Ni
Magenta dots: > 1,000 ppm Ni
Yellow dots: location of RC holes
White dots: location of diamond holes

<u>Yalca Hill Prospect</u>

The Yalca Hill Prospect is a nickel sulphide exploration target that was originally explored by Independence Group NL between 2006 and 2012 following the identification of high MgO ultramafic rocks that are the favorable host rock for Kambalda-style nickel sulphide deposits.

Exploration work completed by Independence Group focussed on the eastern side of the target area and consisted of soil sampling, surface EM surveys, and diamond drilling (Figure 10).

Surface EM surveys completed over the eastern side of the target area identified seven conductive anomalies, however three of these were interpreted to be related to sulphidic metasediments.

Three diamond drill holes, totalling 779.3 metres, were drilled to test three of the four conductors considered prospective for nickel sulphide mineralisation. This drilling intersected predominantly metasedimentary rocks with sulphidic zones that were determined to be the source of the conductors. No significant nickel assay results were returned from this drilling.

Regional mag lag soil sampling completed over most of the target identified four areas of highly-anomalous nickel in soil sampling results, two of which correlate with EM conductors and none of which have been tested by bedrock drilling.

Octagonal intends to complete a detailed review of all historic soil sampling, surface geophysical, and drilling data at the Yalca Hill Prospect to determine the next phase of exploration activity.

Given the size of the target area (which has not been fully explored), the presence of significant nickel in soil sampling results, and limited drill testing of EM conductors, Octagonal believes that the Yalca Hill Prospect remains a priority nickel sulphide target that warrants further exploration.

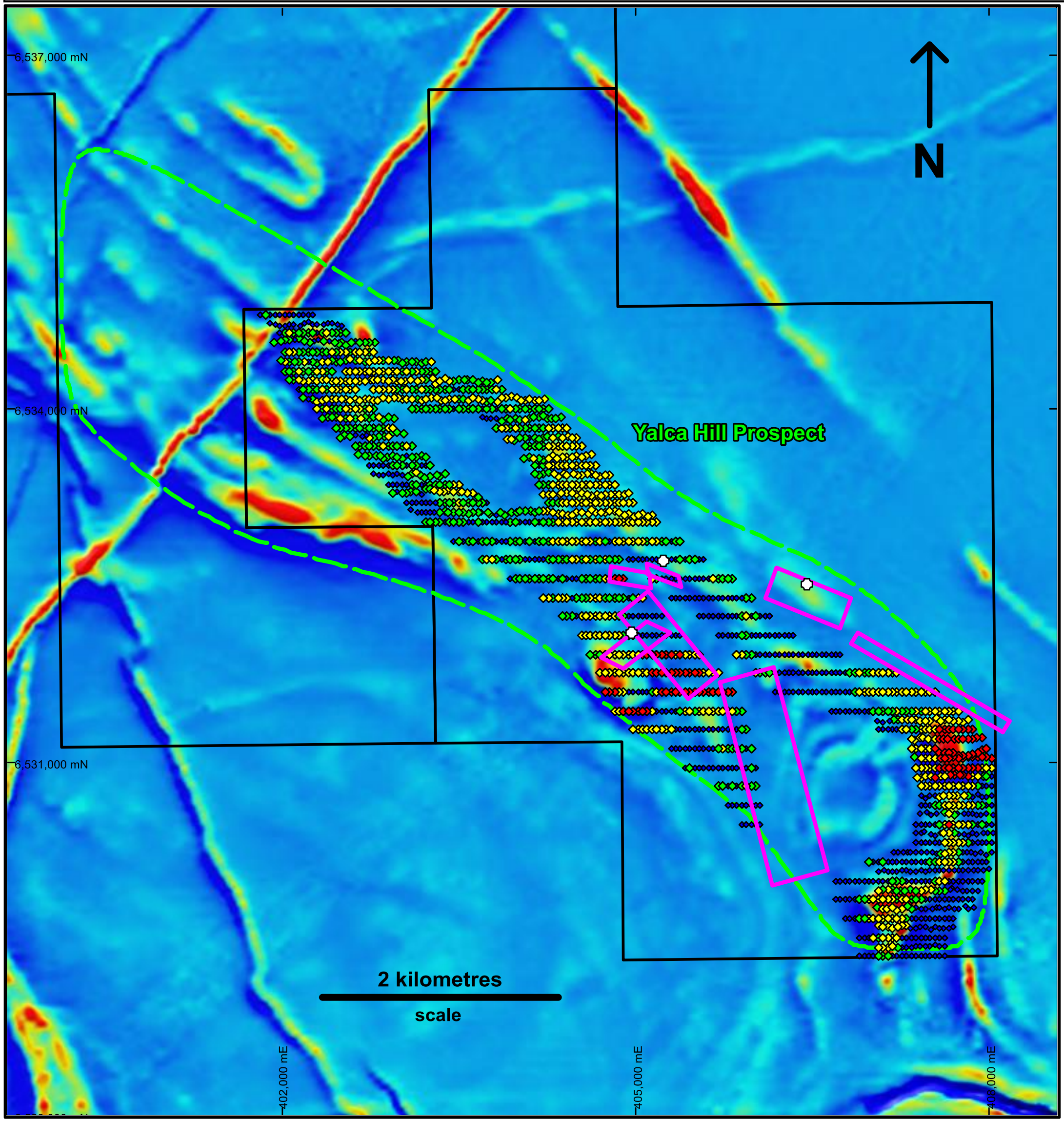

Figure 10. Yalca Hill Prospect: Nickel in soil sampling on an aeromagnetic image with surface EM conductor planes and diamond drill holes

Legend-
Mag Lag Soil Sampling
Blue diamonds: 0 – 250 ppm Ni (background)
Green diamonds: 250 – 300 ppm Ni (weakly anomalous)
Yellow diamonds: 300 – 550 ppm Ni (anomalous)
Red diamonds: > 550 ppm Ni (highly anomalous)
Magenta polygons: surface electromagnetic conductor planes
White dots: location of diamond holes

Summary of Tenements

State	Tenement	Equity	Status	Holder
HOGAN'S PROJECT				
WA	E15/1097	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%	Granted	Octagonal Resources (WA) Pty Ltd

Resources & Reserves Statement

The following statement of Mineral Resources and Ore Reserves confirms 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

The Company did not hold any Mineral Resources at 30 June 2015.

Ore Reserves

The Company did not hold any Ore Reserves at 30 June 2015.

Comparison Against Previous Year

The following statement of Mineral Resources and Ore Reserves confirms 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 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

Ore Reserves

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

Discussion

On 25 July 2015 Octagonal sold its Maldon Gold Operation, which includes the Pearl Croydon Deposit, to A1 Consolidated Gold Limited. The difference between Octagonal's 2014 and 2015 Mineral Resource Statements are a result of this sale.

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.

Caution Regarding Forward Looking Information

This document contains forward looking statements concerning Octagonal Resources Limited. Forward looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties, and other factors. Forward looking statements are inherently subject to business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Octagonal's beliefs, opinions and estimates of Octagonal's as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.

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 2015.

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 $16,253,013 (30 June 2014: $3,014,816).

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

On 24 November 2014 Octagonal entered into a binding Heads of Agreement with A1 Consolidated Gold Limited (A1 Gold) whereby A1 Gold would purchase Octagonal's Maldon Gold Operation (including all of the Company's Victorian mining, ore processing, and exploration assets held by Maldon Resources Pty Ltd, Highlake Resources Pty Ltd, and Matrix Gold Pty Ltd). In consideration Octagonal received A1 Gold shares (169,672,726 AYC shares) and one A1 Gold option for every three A1 Gold shares received (56,557,576 AYCO options) with an exercise price of 3.0 cents each and five year vesting period. A formal Share Sale Agreement was executed on 24 December 2014 and settlement took place on 25 June 2015 at which time the shares were trading at approximately 3.1 cents and the options were trading at 2.4 cents resulting in a total value of approximately $6.6 million.

There were no other 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 2015 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:

Hogan's Project, Western Australia
(Octagonal Resources (WA) Pty Ltd - 100% owned)

- Diamond drilling at the Burns Prospect.
- Aircore drilling at the Quimby Prospect.
- Review of the nickel sulphide exploration potential at the Lisa's Dune Prospect.
- Review of the nickel sulphide exploration potential at the Yalca Hill Prospect.

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 - 15.

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 Western Australia, the Department of Mines and Petroleum has assessed the ground disturbing activities completed on the consolidated entity's exploration tenements in accordance with the Mining Rehabilitation Fund Act 2012 and determined that the disturbance does not exceed the Rehabilitation Levy Estimate Threshold of $50,000 and no levy is due for the period July 2014 to June 2015.

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 2015, 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.

Information on directors

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 is also involved in privately funded exploration in his own right.
Other current directorships:	Ian is a non-executive director of Alliance Resources Ltd (appointed on 15 October 2003) and a non-executive director of Alkane Resources Ltd (appointed on 24 July 2006).
Former directorships (last 3 years):	Gippsland Ltd (Non-executive Chairman from 24 June 2009 to 14 April 2015).
Special responsibilities:	Acting Chairman of Audit & Risk Committee (from 25 August 2011).
Interests in shares:	102,207,200 ordinary shares
Interests in options:	70,276,000 unlisted options

Name:	Anthony R Gray
Title:	Managing Director
Qualifications:	BSc (Hons), MAIG
Experience and expertise:	Anthony Gray is a geologist with over 20 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:	Anthony is a non-executive director of A1 Consolidated Gold Ltd (appointed on 25 June 2015).
Former directorships (last 3 years):	N/A
Special responsibilities:	Member of Audit & Risk Committee
Interests in shares:	1,790,786 ordinary shares
Interests in options:	895,392 unlisted options

Name:	Robert P Tolliday
Title:	Non-Independent Non-Executive Director
Qualifications:	BBus, Chartered Accountant
Experience and expertise:	Robert Tolliday is a Chartered Accountant with over 27 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 3 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) 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.

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 2015, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Ian J Gandel	9	9	3	3
Anthony R Gray	9	9	3	3
Robert P Tolliday	9	9	-	-

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 2014 to 30 June 2015, the key management personnel of the consolidated entity consisted of the following directors and executives:

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

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.

The executive remuneration and reward framework has two components:

- base pay and non-monetary benefits; and
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual performance, the overall performance of the consolidated entity and comparable market remuneration.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

The consolidated entity has a performance based remuneration component built into director and executive remuneration packages in the form of Performance Rights as approved by shareholders at the AGM on 21 November 2012. The performance rights convert into ordinary shares if performance hurdles are met. (See ORS: ASX Announcement 18 December 2013). To date, no performance rights have been converted into ordinary shares.

Remuneration is currently structured to retain the most appropriate executive personnel.

Details of remuneration

Amounts of remuneration

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2015	**Cash salary and fees $**	**Other $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Ian J Gandel*	75,000	5,000	-	-	-	-	**80,000**
Robert P Tolliday**	-	-	-	-	-	-	**-**
Executive Directors:							
Anthony R Gray	226,667	-	-	21,533	-	-	**248,200**
	301,667	**5,000**	**-**	**21,533**	**-**	**-**	**328,200**

* Other - Audit & Risk 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 of $324,000 for accounting and company secretarial services including 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.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	**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 & Risk 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 of $324,000 for accounting and company secretarial services including 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.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2015	2014	2015	2014	2015	2014
Non-Executive Directors:						
Ian J Gandel	100%	100%	-%	-%	-%	-%
Robert P Tolliday	-%	-%	-%	-%	-%	100%
Executive Directors:						
Anthony R Gray	100%	97%	-%	-%	-%	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: 01/04/2015
Term of agreement: 31/03/2016
Details: Remuneration - Employment cost is $229,950 gross per annum (including superannuation). This excludes reimbursements for various expenses including subscriptions, mobile phone costs and travel expenses. The Agreement also provides for the Company to recover the $40,000 p.a payable for Mr Gray's services as a Non-executive director and representative of the Company on the A1 Gold board. Mr Gray commenced as a director of A1 Gold on 25 June 2015. The A1 Gold directors fees are payable quarterly in arrears and no fees were paid during the reporting period.

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 2015.

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 2015.

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 2015.

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 2015.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2015 are summarised below:

	2011 $	2012 $	2013 $	2014 $	2015 $
Sales Revenue	267,972	503,932	4,876,434	10,949	968,848
EBITDA	5,292,562	(2,024,757)	(1,347,333)	(3,894,913)	(3,426,567)
Profit/(Loss) after income tax	5,091,738	(1,761,688)	(1,041,388)	(3,883,800)	(3,419,450)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2011	2012	2013	2014	2015
Share price at financial year end (cents per share)	14.00	14.00	8.60	6.40	1.20
Basic earnings per share (cents per share)	7.99	(1.76)	(0.98)	(2.81)	(2.01)

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	31,831,000	-	70,376,200	-	102,207,200
Anthony R Gray	895,392	-	895,392	-	1,790,784
Robert P Tolliday	160,000	-	-	-	160,000
	32,886,394	**-**	**71,271,592**	**-**	**104,157,986**

Option holding

The number of options over ordinary 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	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Ian J Gandel	-	70,276,000	-	-	70,276,000
Anthony R Gray	-	895,392	-	-	895,392
	-	**71,171,392**	**-**	**-**	**71,171,392**

Loans to/from key management personnel and their related parties

Gandel Metals Proprietary Limited, a company associated with the Chairman, Mr Ian Gandel, had owed to it an outstanding loan of $1m as at 30 June 2015 which was secured over such number of shares held by Octagonal in A1 Gold equating to 19.9% of the number of issued ordinary shares in A1 Gold. As at 30 June interest is calculated daily at a rate of 4.33% with the charge for the period being $7,429.

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

Other transactions with key management personnel and their related parties

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

Consolidated	30 June 2015 $	30 June 2014 $
Payment for goods and services:		
Director fees	120,000	116,250
Financial & company secretarial support services*	324,000	324,000
Interest on loan	7,429	21,024
Office & administration costs	109,736	62,369

* 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.

Terms and conditions

Mr I J Gandel is a director and shareholder of Abbotsleigh Proprietary Limited (Abbotsleigh). Octagonal Resources Limited entered into a Management Service Agreement with The Gandel Metals Trust. Abbotsleigh 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. Following the sale of the Maldon Gold Operation to A1 Gold on 25 June 2015, the set fee was reduced to $13,500 per month as from 1 July 2015 (i.e. post reporting period).

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Octagonal Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
25 November 2014 & 3 December 2014	11 December 2015	$0.02	78,658,946

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

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 2015 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 25 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 25 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 partners of BDO East Coast Partnership

There are no officers of the company who are former 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. 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. 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 http://www.octagonalresources.com.au/IRM/content/corporate_corporategovernance.html

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

30 September 2015
Melbourne, Victoria

Auditors' independence declaration

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GPO Box 5099 Melbourne VIC 3001
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 2015, 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, 30 September 2015

Financial Report

For the year ended 30 June 2015

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue from continuing operations	4	968,848	10,949
Expenses			
Corporate administration expense		(474,497)	(449,441)
Employee benefits expense		(269,862)	(252,678)
Marketing expense		(11,283)	(37,012)
Depreciation and amortisation expense	5	(7,117)	(11,113)
Company secretarial expense		(73,296)	(52,225)
Tenement costs written off		(3,251,304)	(2,855,482)
Share based payment expense		-	(30,336)
Other expenses		(300,939)	(206,462)
Loss before income tax expense from continuing operations		(3,419,450)	(3,883,800)
Income tax expense	6	-	-
Loss after income tax expense from continuing operations		(3,419,450)	(3,883,800)
Loss after income tax expense from discontinued operations	7	(12,833,563)	868,984
Loss after income tax expense for the year attributable to the owners of Octagonal Resources Limited	21	(16,253,013)	(3,014,816)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Octagonal Resources Limited		(16,253,013)	(3,014,816)
Total comprehensive income for the year is attributable to:			
Continuing operations		(3,419,450)	(3,883,800)
Discontinued operations		(12,833,563)	868,984
		(16,253,013)	(3,014,816)

Earnings per share for loss from continuing operations attributable to the owners of Octagonal Resources Limited		**Cents**	**Cents**
Basic earnings per share	31	(2.01)	(2.81)
Diluted earnings per share	31	(2.01)	(2.81)
Earnings per share for loss from discontinued operations attributable to the owners of Octagonal Resources Limited		**Cents**	**Cents**
Basic earnings per share	31	(7.55)	0.63
Diluted earnings per share	31	(7.55)	0.63
Earnings per share for loss attributable to the owners of Octagonal Resources Limited		**Cents**	**Cents**
Basic earnings per share	31	(9.56)	(2.18)
Diluted earnings per share	31	(9.56)	(2.18)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
As at 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Assets			
Current assets			
Cash and cash equivalents	8	205,030	1,068,659
Trade and other receivables	9	15,638	142,046
Inventories	10	-	88,093
Other	11	39,257	177,224
Total current assets		259,925	1,476,022
Non-current assets			
Receivables	12	-	1,253,500
Investments accounted for using the equity method	13	6,617,237	-
Property, plant and equipment	14	11,921	1,496,244
Exploration and evaluation	15	249,412	19,624,581
Total non-current assets		6,878,570	22,374,325
Total assets		7,138,495	23,850,347
Liabilities			
Current liabilities			
Trade and other payables	16	1,216,157	773,516
Employee benefits	17	27,731	223,853
Total current liabilities		1,243,888	997,369
Non-current liabilities			
Provisions	18	45,386	1,284,150
Total non-current liabilities		45,386	1,284,150
Total liabilities		1,289,274	2,281,519
Net assets		5,849,221	21,568,828
Equity			
Contributed equity	19	26,916,825	22,806,945
Reserves	20	63,514	63,514
Accumulated losses	21	(21,131,118)	(1,301,631)
Total equity		5,849,221	21,568,828

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity
For the year ended 30 June 2015

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
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 19)	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
Balance at 1 July 2014	22,806,945	(1,301,631)	63,514	21,568,828
Loss after income tax expense for the year	-	(16,253,013)	-	(16,253,013)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(16,253,013)	-	(16,253,013)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	921,471	-	-	921,471
Reversal of reverse consolidation on sale of subsidiary	3,188,409	(3,576,474)	-	(388,065)
Balance at 30 June 2015	26,916,825	(21,131,118)	63,514	5,849,221

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows
For the year ended 30 June 2015

	Note	Consolidated	
		2015 $	2014 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,459,690	4,138,039
Payments to suppliers and employees (inclusive of GST)		(4,162,227)	(4,371,427)
		(1,702,537)	(233,388)
Interest received		39,043	54,840
Fuel Tax Credit Received		26,786	15,215
Refund of Rehabilitation Bond		370,000	10,000
Rehabilitation Bond		-	(21,000)
Sundry Income		-	84,562
Net cash used in operating activities	30	(1,266,708)	(89,771)
Cash flows from investing activities			
Payments for property, plant and equipment	14	-	(265,521)
Payments for exploration and evaluation	15	(1,518,392)	(2,531,026)
Payments for term deposits		-	(321,000)
Net cash used in investing activities		(1,518,392)	(3,117,547)
Cash flows from financing activities			
Proceeds from issue of shares	19	1,022,567	3,181,236
Share Issue Costs	19	(101,096)	(146,767)
Loan- Gandel Metals		1,000,000	-
Net cash from financing activities		1,921,471	3,034,469
Net decrease in cash and cash equivalents		(863,629)	(172,849)
Cash and cash equivalents at the beginning of the financial year		1,068,659	1,241,508
Cash and cash equivalents at the end of the financial year	8	205,030	1,068,659

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

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.

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 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right to set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operation decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

Going concern

The consolidated entity has incurred a loss after tax for the year ended 30 June 2015 of $16,253,013 (which is inclusive of a loss of $12,833,563 relating to discontinued operations) and had net cash outflows from operating and investing activities of $2,785,100. At 30 June 2015 the consolidated entity had cash and cash equivalents of $205,030 and net current liabilities of $983,963. The ability of the consolidated entity to continue as a going concern is in part dependent upon the successful raising of necessary funding through sale of A1 Consolidated Gold shares currently held and which can be realised as needed or the raising of necessary funding through equity or loans. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a 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 settlement of liabilities in the normal course of business for the following reasons:

- The sale of the Maldon Gold Operation provided the consolidated entity with a liquid financial asset which can be realised to meet the ongoing operation cash flow requirements.
- The company has access to a standby credit facility from Gandel Metals Pty Ltd, a company associated with the Chairman of the Board Ian Gandel, for up to $1.3 million. At 28 September 2015 $200,000 of that facility remains undrawn.
- The sale of the Maldon Gold Operation significantly reduced the amount of committed expenditure required to be made going forward. The Directors have the ability to control cash outflows in relation to exploration and evaluation expenditure, which if need be, can be deferred or eliminated by the sale, joint venture or relinquishment of mining tenements. The consolidated entity has discretion over the quantum and timing of this type of expenditure.
- The directors have prepared budgets which demonstrate that, based on the above factors, the consolidated entity has sufficient funds available to meet its commitments for at least twelve months from the date of signing this report.
- 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.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

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 28.

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 2015 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').

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 the 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 be applied 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 at 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.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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 classified as current when: it is either 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 classified as current when: it is either 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 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 of 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.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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 assets 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 assets carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an assets 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.

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 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.

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 interests. 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.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Reverse Acquisition

The previous acquisition of the Maldon Gold Operations was treated as a reverse acquisition, whereby Maldon Resources Pty Ltd, the legal subsidiary, became the parent entity for accounting purposes. Following the disposal of the Maldon Gold Operations in the 2015 financial year, Octagonal Resources Limited, the legal parent, has once again become the parent entity for accounting purposes. Accordingly, a deconsolidation adjustment has been recorded against Contributed Equity and Accumulated Losses, as presented in the Statement of Changes in Equity.

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 the 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.

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 2015. 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

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 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.

Note 4. Revenue

	Consolidated	
From continuing operations	**2015 $**	**2014 $**
Sales revenue		
Sale of goods	-	-
	-	-
Other revenue		
Interest	4,412	10,937
Gain on deconsolidation	889,070	-
Diesel fuel rebates	-	-
Other revenue	75,366	12
	968,848	10,949
Revenue from continuing operations	968,848	10,949

Note 5. Expenses

	Consolidated	
From continuing operations	2015 $	2014 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	(976)	(4,972)
Motor vehicles	(6,141)	(6,141)
Total depreciation	(7,117)	(11,113)

Note 6. Income tax expense

	Consolidated	
	2015 $	2014 $
The components of income tax expense / (benefit) comprise:		
Current income tax	(349,228)	(872,436)
Adjustments to current income tax expense in respect of prior periods	28,094	250,712
Deferred tax		
Relating to origination and reversal of temporary differences	(3,901,847)	(22,908)
Adjustments to deferred income tax expense in respect of prior periods	(60,938)	-
Deferred tax assets not brought to account	4,283,919	644,631
Income tax expense / (benefit)	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(16,253,013)	(3,014,816)
Tax at the statutory tax rate of 30%	(4,875,904)	(904,445)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	-	9,101
Accounting loss on disposal of shares	624,829	-
	(4,251,075)	(895,344)
Deferred tax assets not brought to account	4,283,919	644,631
Adjustment in respect of prior period	(32,844)	250,712
Income tax expense	-	-
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	199,999,820	18,929,372
Potential tax benefit @ 30%	5,999,946	5,678,812
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	(330)	(1,730)
Exploration and evaluation	(74,945)	(4,537,364)
Total deferred tax liabilities	(75,275)	(4,539,094)
Deferred tax assets comprises:		
Provisions and accruals	32,135	463,033
Equity raising costs	44,674	114,812
Tax losses	5,999,946	5,678,812
Total deferred tax assets	6,076,755	6,256,657

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

Note 7. Discontinued operations

On 24 November 2014 Octagonal entered into a binding Heads of Agreement with A1 Consolidated Gold Limited (A1 Gold) whereby A1 Gold would purchase Octagonal's Maldon Gold Operation (including all of the Company's Victorian mining, ore processing, and exploration assets held by Maldon Resources Pty Ltd, Highlake Resources Pty Ltd, and Matrix Gold Pty Ltd). In consideration Octagonal received A1 Gold shares (169,672,726 AYC shares) and one A1 Gold option for every three A1 Gold shares received (56,557,576 AYCO options) with an exercise price of 3.0 cents each and five year vesting period. A formal Share Sale Agreement was executed on 24 December 2014 and settlement took place on 25 June 2015 at which time the shares were trading at approximately 3.1 cents and the options were trading at 2.4 cents resulting in a total value of approximately $6.6 million.

Financial performance information

	Consolidated	
	2015 **$**	**2014** **$**
Revenue	2,462,348	3,785,241
Interest	30,023	43,903
Sundry income	14,807	95,299
Fuel tax rebate	26,786	15,215
Total revenue	2,533,964	3,939,658
Employee benefits expense	(688,377)	(539,693)
Operating and plant recommissioning expense	(1,774,407)	(1,898,618)
Impairment of tenement costs	(12,430,795)	(40,656)
Depreciation and amortisation expense	(222,229)	(231,961)
Corporate administration expense	(1,788)	(237)
Administration expense	(208,154)	(327,988)
Marketing expense	(12,992)	(18,936)
Occupancy	(28,056)	(11,877)
Company secretarial expense	(729)	(708)
Total expenses	(15,367,527)	(3,070,684)
(Loss)/ Profit before income tax expense	(12,833,563)	868,984
Income tax expense	-	-
(Loss)/ Profit after income tax expense from discontinued operations	(12,833,563)	868,984

Cash flow information

	Consolidated	
	2015 **$**	**2014** **$**
Net cash (used in)/provided by operating activities	(533,585)	805,464
Net cash used in investing activities	(1,384,277)	(2,826,392)
Net decrease in cash and cash equivalents from discontinued operations	(1,917,862)	(2,020,928)

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2015 **$**	**2014** **$**
Cash on hand	2,000	2,213
Cash at bank	183,030	1,006,446
Cash on deposit	20,000	60,000
	205,030	1,068,659

Note 9. Current assets - trade and other receivables

	Consolidated	
	2015 $	2014 $
Trade receivables	-	5,186
GST receivable	15,638	136,860
	15,638	142,046

Note 10. Current assets - inventories

	Consolidated	
	2015 $	2014 $
Raw materials - at cost	-	88,093

Note 11. Current assets - other

	Consolidated	
	2015 $	2014 $
Prepayments	39,257	177,224

Note 12. Non-current assets - receivables

	Consolidated	
	2015 $	2014 $
Term deposits*	-	1,253,500

* Related to environmental/rehabilitation performance bonds

Note 13. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2015 $	2014 $
Investment in A1 Consolidated Gold (shares)	5,259,855	-
Investment in A1 Consolidated Gold (options)	1,357,382	-
	6,617,237	-

Refer to note 30 for further information on interests in associates.

On 25 June 2015 Octagonal Resources Limited acquired a 38% interest in A1 Consolidated Gold Limited. This investment has been classified as an investment in associate and accounted for using the equity accounting method. On acquisition the investment was valued based on the share and option market values on the date of the transaction. Given the proximity of the transaction date to the reporting date, the acquisition has been accounted for as though it had taken place on 30 June 2015, as the impact of the results of the associate for the six days between acquisition date and reporting date would be immaterial.

Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	2015 $	2014 $
Property, land and buildings - at cost	-	551,091
Less: Accumulated depreciation	-	(27,528)
	-	523,563
Plant and equipment - at cost	2,928	3,659,704
Less: Accumulated depreciation	(2,196)	(2,727,004)
	732	932,700
Motor vehicles - at cost	35,726	153,865
Less: Accumulated depreciation	(24,537)	(113,884)
	11,189	39,981
	11,921	1,496,244

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 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
Disposals	(523,563)	(718,714)	(12,700)	(1,254,977)
Depreciation expense	-	(213,254)	(16,092)	(229,346)
Balance at 30 June 2015	-	732	11,189	11,921

Note 15. Non-current assets - exploration and evaluation

	Consolidated	
	2015 $	2014 $
Exploration and evaluation (Maldon Resources Pty Ltd) - at cost	-	29,989,898
Less: Impairment	-	(19,652,396)
	-	10,337,502
Exploration and evaluation (Octagonal Resources (WA) Pty Ltd) - at cost	2,611,718	3,324,088
Less: Impairment of tenements to fair value	(2,362,306)	-
	249,412	3,324,088
Exploration and evaluation (Matrix Gold Pty Ltd) - at cost	-	2,509,448
Exploration and evaluation (Highlake Resources Pty Ltd) - at cost	-	3,453,543
	249,412	19,624,581

Reconciliations

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

Consolidated	Exploration $	Total $
Balance at 1 July 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
Expenditure during the year	1,518,392	1,518,392
Impairment	(2,362,306)	-
Write off of assets	(18,531,255)	(20,893,561)
Balance at 30 June 2015	249,412	249,412

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2015 $	2014 $
Trade payables	140,451	444,205
Loan - Gandel Metals	1,000,000	-
Other payables	75,706	329,311
	1,216,157	773,516

Refer to note 23 for further information on financial instruments.

Note 17. Current liabilities - employee benefits

	Consolidated	
	2015 $	2014 $
Annual leave	27,731	144,114
Long service leave	-	79,739
	27,731	223,853

Note 18. Non-current liabilities - provisions

	Consolidated	
	2015 $	2014 $
Long service leave	45,386	30,650
Environmental rehabilitation	-	1,253,500
	45,386	1,284,150

Environmental

The provision at 30 June 2014 represented the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations. At 30 June 2015 A1 Gold had assumed full responsibility for all relevant remediation work.

Movements in provisions

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

Consolidated - 2015	Rehabilitation $
Carrying amount at the start of the year	1,253,500
Refund of Bond	(370,000)
Transfer to A1 Gold	(883,500)
Carrying amount at the end of the year	-

Note 19. Equity - Contributed equity

	Consolidated			
	2015 Shares	2014 Shares	2015 $	2014 $
Ordinary shares - fully paid	248,331,672	169,672,726	26,916,825	22,806,945

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2013	106,048,002		19,772,476
Non-Renounceable Rights Issue at $0.05 per share less costs	21 March 2014	63,624,724	$0.05	3,034,469
Balance	30 June 2014	169,672,726		22,806,945
Non-Renounceable Rights Issue at $0.013 per share less costs	3 December 2014	78,658,946	$0.013	921,471
Reversal of Reverse Consolidation on sale of Subsidiaries	25 June 2015	-	$0.00	3,188,409
Balance	30 June 2015	248,331,672		26,916,825

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 actively pursuing additional investments in the short term as it also continues to grow its existing businesses in order to maximise synergies.

The company is not subject to externally imposed capital requirements.

Note 20. Equity - reserves

	Consolidated	
	2015 $	**2014 $**
Share-based payments reserve	63,514	63,514

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 2013	33,178	**33,178**
Reserves - share-based payments	30,336	**30,336**
Balance at 30 June 2014	63,514	**63,514**
Balance at 30 June 2015	63,514	**63,514**

Note 21. Equity - accumulated losses

	Consolidated	
	2015 $	**2014 $**
(Accumulated losses)/retained profits at the beginning of the financial year	(1,301,631)	1,713,185
Loss after income tax expense for the year	(16,253,013)	(3,014,816)
Reversal of Reverse Consolidation on Sale of Subsidiaries	(3,576,474)	-
Accumulated losses at the end of the financial year	(21,131,118)	(1,301,631)

Note 22. Equity - dividends

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

Note 23. 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.

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. 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.

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

	2015		2014	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash and cash equivalents	0.13%	205,033	0.86%	1,068,659
Term Deposits	-%	-	3.47%	1,253,500
Net exposure to cash flow interest rate risk		205,033		2,322,159

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 $2,050 (2014: $23,221). 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 2015, the majority of credit risk exposure relates to cash and cash equivalents and receivables. Cash and cash equivalents amounted to $205,033 (2014: $1,068,659), while current trade and other receivables amounted to $15,638 (2014: $142,046) and non-current receivables amounted to $nil (2014: $1,253,500). 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.

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	
	2015 $	**2014 $**
30-60 days	15,638	142,046

No receivables are impaired or past due at balance date (2014: 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.

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 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
30 June 2015						
Non-derivatives						
Non-interest bearing						
Trade payables	-%	140,541	-	-	-	140,541
Other payables	-%	75,706	-	-	-	75,706
Interest-bearing - variable						
Gandel Metals Loan	4.33%	1,000,000	-	-	-	1,000,000
Total non-derivatives		1,216,247	-	-	-	1,216,247
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

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

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.

Note 24. 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	
	2015 $	2014 $
Short-term employee benefits	306,667	315,028
Post-employment benefits	21,533	21,738
Share-based payments	-	8,169
	328,200	344,935

* 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.

Note 25. 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:

	Consolidated	
	2015 $	**2014 $**
Audit services - BDO East Coast Partnership		
Audit or review of the financial statements	69,768	74,000
Other services - BDO East Coast Partnership		
Tax compliance services	37,757	13,680
	107,525	87,680

Note 26. Commitments

	Consolidated	
	2015 $	**2014 $**
Capital commitments - Intangible assets		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	109,000	1,732,200
One to five years	286,500	3,767,100
More than five years	-	6,601,300
Total	395,500	12,100,600

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 Western Australian State Government.

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.

Note 27. 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 24 and the remuneration report in the directors' report.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	2015 $	2014 $
Statement of profit or loss and other comprehensive income Loss after income tax	(11,402,382)	(7,659,777)
Total comprehensive income	(11,402,382)	(7,659,777)
Statement of financial position Total current assets	256,776	915,659
Total assets	7,136,122	16,672,323
Total current liabilities	1,241,510	295,908
Total liabilities	1,286,896	342,186
Net Assets	5,849,226	16,330,137
Equity		
Contributed equity	26,916,823	25,995,352
Share-based payments reserve	63,514	63,514
Accumulated losses	(21,131,111)	(9,728,729)
Total equity	5,849,226	16,330,137

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 2015.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2015.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2015.

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.

Note 29. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

		Ownership Interest	
Name	Principal place of business / Country of incorporation	2015 %	2014 %
A1 Consolidated Gold Limited	Australia	38.00	-

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2015 $	2014 $
Loss after income tax expense for the year	(16,253,013)	(3,014,816)
Adjustments for:		
Depreciation and amortisation	229,346	243,073
Tenement costs written off	12,310,455	2,891,195
Gain on deconsolidation	889,070	-
Long service leave expense - non-cash	-	27,147
Loss on disposal of Maldon gold operation	2,082,763	30,336
Change in operating assets and liabilities:		
Decrease in prepayments	137,697	-
Decrease/(increase) in trade and other receivables	126,408	(149,638)
Decrease in inventories	88,093	26,278
Increase/(decrease) in trade and other payables	557,359	(181,174)
Increase/(decrease) in employee benefits	(181,386)	43,828
Decrease in other provisions	(1,253,500)	(6,000)
Net cash used in operating activities	(1,266,708)	(89,771)

Note 31. Earnings per share

	Consolidated	
	2015 $	2014 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Octagonal Resources Limited	(3,419,450)	(3,883,800)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	170,078,636	138,382,137
Weighted average number of ordinary shares used in calculating diluted earnings per share	170,078,636	138,382,137
	Cents	**Cents**
Basic earnings per share	(2.01)	(2.81)
Diluted earnings per share	(2.01)	(2.81)
Earnings per share for loss from discontinued operations		
(Loss)/Profit after income tax attributable to the owners of Octagonal Resources Limited	(12,833,563)	868,984
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	170,078,636	138,382,137
Weighted average number of ordinary shares used in calculating diluted earnings per share	170,078,636	138,382,137
	Cents	Cents
Basic earnings per share	(7.55)	0.63
Diluted earnings per share	(7.55)	0.63
Earnings per share for loss		
Loss after income tax attributable to the owners of Octagonal Resources Limited	(16,253,013)	(3,014,816)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	170,078,636	138,382,137
Weighted average number of ordinary shares used in calculating diluted earnings per share	170,078,636	138,382,137
	Cents	**Cents**
Basic earnings per share	(9.56)	(2.18)
Diluted earnings per share	(9.56)	(2.18)

Note 32. 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 2015							
18/12/2013	17/12/2014	$0.00	1,733,440	-	-	(1,733,440)	-
			1,733,440	-	-	(1,733,440)	-
30 June 2014							
18/12/2013	17/12/2014	$0.00	817,190	1,733,440	-	(817,190)	1,733,440
			817,190	1,733,440	-	(817,190)	1,733,440

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

Grant date	Expiry date	2015 Number	2014 Number
18/12/2013	17/12/2014	-	1,733,440
		-	1,733,440

Note 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 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

In the directors' opinion:

- the attached financial statements and notes 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 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 give a true and fair view of the consolidated entity's financial position as at 30 June 2015 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

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Ian J Gandel
Chairman

30 September 2015
Melbourne, Victoria

Independent audit report

BDO

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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 consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Stat*ements, 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.

BDO

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.

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 2015 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 in the financial report, which indicates the ability of the consolidated entity to continue as a going concern is dependent upon the future successful realisation of A1 Consolidated Gold shares at a value required to meet cash needs or the raising of necessary funding through equity or loans. These conditions, along with other matters as set out in Note 1, 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 19 to 22 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

AMooney

James Mooney
Partner

Melbourne, 30 September 2015

Shareholder information

The shareholder information set out below was applicable as at 16 September 2015.

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	23
1,001 to 5,000	26
5,001 to 10,000	77
10,001 to 100,000	342
100,001 and over	210
	678
Holding less than a marketable parcel	289

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	102,052,000	41.10
ALLIANCE RESOURCES LIMITED	22,000,000	8.86
JP MORGAN NOMINEES AUSTRALIA LIMITED	6,408,650	2.58
JETOSEA PTY LTD	5,163,823	2.08
MR IANAKI SEMERDZIEV	4,046,129	1.63
MR KARL SABLJAK & MRS CARMEL LOUISE SABLJAK (SABREGUARD SUPER FUND A/C)	3,544,026	1.43
MR KARL SABLJAK & MRS CARMEL LOUISE SABLJAK (SABREGUARD SUPER FUND A/C)	3,480,000	1.40
MS CATHERINE PATRICIA BURROW + MR KEITH LAWRENCE BURROW (KL & CP BURROW SUPER FUND A/C)	3,209,192	1.29
MR JASON PAUL MILLS	2,464,000	0.99
MRS LILIANA TEOFILOVA	2,372,000	0.96
MR ROBERT ANTHONY GRAY & MRS DIANE JOY GRAY (KRAKATINNI SUPER FUND A/C)	1,790,784	0.72
MR TERENCE ROHDE & MRS BEVERLEY ROHDE (TM & BM ROHDE SUPER FUND A/C)	1,600,000	0.64
MR JASON PLEHN	1,500,000	0.60
COMPLETE PROPERTY PTY LTD (COMPLETE PROPERTY A/C)	1,449,919	0.58
MR RAMAMOORTHY SRINIVASAN & MRS BHANUMATHI SRINIVASAN	1,400,000	0.56
WIDDY PTY LTD (SUPERANNUATION FUND A/C)	1,350,000	0.54
MR ROSS ANTHONY WALSH (RAW SUPER A/C)	1,301,028	0.52
SABREGUARD PTY LTD (SABLJAK FAMILY A/C)	1,256,000	0.51
JBM TRADING PTY LTD	1,200,000	0.48
MR DARREN THOMAS BUTLER	1,100,000	0.44
	168,687,551	67.91

Unquoted equity securities

	Number on issue	Number of holders
Unlisted Options, exercise price $0.02, expire 11 December 2015	78,658,946	75

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
ABBOTSLEIGH PROPRIETARY LIMITED	102,052,000	41.10
ALLIANCE RESOURCES LIMITED	22,000,000	8.86

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.