

26 November 2015

No. of Pages: 2

ASX CODE: ORS

Market Cap.: \$2.23m (\$0.009 p/s)
Shares on issue: 248,331,672

Cash: \$0.05 m (30 September 2015)
Debt: \$1.1 m (30 September 2015)

ASX Investments
169,672,726 AYC shares
56,557,576 AYCO options

BOARD & MANAGEMENT

Ian Gandel, Chairman
Anthony Gray, Managing Director
Bob Tolliday, Director

MAJOR SHAREHOLDERS

Abbotsleigh – 41.1%
Alliance Resources – 8.9%

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Chairman's Address **Annual General Meeting**

26 November 2015

On behalf of the Board of Directors, I would like to welcome you to Octagonal Resources fifth Annual General Meeting.

At this time last year we announced the sale of the Maldon Gold Operation to A1 Consolidated Gold for \$5.1 million in A1 Gold shares and attaching options.

Since that time much of your Company's activities have been focussed on completing the sale process and addressing corporate and funding issues resulting from the poor market support that we have received since the transaction was announced.

The sale of the Maldon Gold Operation to A1 Gold has created a Victorian business that is due to ramp up gold production when they intersect the 1400 Stockwork Zone at the A1 Gold Mine. This stockwork zone has a 280,000 ounce resource which, if converted to mining reserves with drilling, could provide for nine years of full time ore processing at the Maldon Mill.

A1 Gold plans to produce 30,000 ounces of gold per annum, with all in sustaining costs below \$900/oz, to generate free cash in excess of \$10 million per annum and Octagonal currently owns 38% of this emerging business. I note that in the last Quarterly Report, A1 Gold advised that the A1 decline advance has met with adverse ground conditions, and they need additional funding to reach the 1400 level. Octagonal does not have the cash to be able to maintain its percentage in A1.

The sale of the Maldon Gold Operation took seven months to complete, and during this time our Company ran into funding issues.

When we announced the sale of Maldon Octagonal had the capacity to raise \$1.18 million by placing shortfall shares from the Rights Issue which closed, poorly subscribed, in November 2014. At this time we reasonably believed that the shortfall shares would be placed because the consideration being received from the Maldon sale was at a 15% premium to the fully diluted market capitalisation of the Company post the placement of shortfall shares (excluding cash and the value of the Company's West Australian tenements).

However, despite our best efforts the short fall shares could not be placed and consequently the Company required funding to complete the sale process and meet its future operating requirements. As a director, I was not eligible to take up those shares and could not assist the company by doing so.

This being the case, and with limited other fund raising options available I agreed to provide Octagonal with access to a bank standby credit facility that I have to allow the Company to complete the sale process.

What we could not foresee at the time, was how poorly the market would reflect in Octagonal's share price the value of the A1 Gold securities that we received.

The fact that Octagonal's shares have been trading at more than a 100% discount to the value of A1 Gold securities that we hold has significantly restricted our ability and desire to equity fund the Company.

Bearing this in mind, in July we prepared a modest 18 month company budget for our auditors assuming \$1.5 million of funds being available to the Company. What we found from this exercise was that despite significant cost savings being implemented across the business, the bulk of the funds available would be directed towards corporate costs and less than 40% of expenditure would go towards in-ground exploration. Your Board of Directors do not consider that this proportion of in-ground exploration expenditure is acceptable for a public-listed company. All directors have taken fee cuts, and I am picking up the shortfall of Octagonal's operating costs, trying to conserve capital for you, our shareholders. This can not continue either for the Company or for the Directors.

We therefore commenced a strategic review of our business focussed on identifying opportunities to realise the greatest value from our Company's assets for you, our shareholders.

During this review, our Managing Director, Anthony Gray has looked at various acquisition opportunities, means to repay the Company's debt, options to recapitalise the company, and methods to distribute A1 Gold securities to our shareholders, but despite his best efforts, the Company has not been able to advance any acquisition opportunity and I see that the underlying value of Octagonal is being rapidly eroded as corporate costs continue to be incurred.

It is because of these reasons that on 20 October 2015, I presented a proposal to Octagonal to privatise the Company, which I believe maximises returns to shareholders.

I am not going to talk about the proposal in this meeting, as I have a vested interest in the outcome, but after today's AGM resolutions have been voted, Bob Tolliday and I will leave the room and shareholders may ask Anthony Gray, as an independent director about the offer.

I thank you for your continued support of Octagonal over the past year and appreciate your understanding of the difficult position in which we now find our Company.

- END -

For and on behalf of the Board

Bob Tolliday

Company Secretary
OCTAGONAL RESOURCES LIMITED

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