

21 December 2015

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ASX CODE: ORS

Market Cap.: \$2.73m (\$0.011 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%

PRINCIPAL OFFICE

Octagonal Resources Limited
ABN 38 147 300 418
Suite 3, 51 – 55 City Road
Southbank VIC 3006

T +61 3 9697 9088

F +61 3 9697 9089

E info@octagonalresources.com.au

W www.octagonalresources.com.au

Registration of Scheme Booklet with ASIC

The Directors of Octagonal Resources Limited (ASX: ORS) (“**Octagonal**” or “**Company**”) are pleased to announce that the Scheme Booklet for the proposed Scheme of Arrangement with Abbotsleigh Proprietary Limited (“**Scheme**”) was today registered with the Australian Securities and Investments Commission (“**ASIC**”) for the proposed cancellation of all of the shares in ORS for all non-Gandel shareholders.

The Scheme Booklet, including the Notices of Meetings, is attached to this announcement and will also be available on the Company’s website (details below).

The Company will on 29 December 2015 despatch to shareholders the Proxy Forms and the Scheme Booklet, that includes an Independent Expert’s Report and Notices of Meetings, that set out all information material to the decision on how to vote.

Office Christmas closure and Shareholder Information Line:

The directors advise that the Company office will be officially closed as from Tuesday 22 December 2015 and will re-open on Monday 18 January 2016 however, there will be a Shareholder Information Line in operation as from the Scheme Booklet despatch date of 29 December 2015.

If shareholders have any questions regarding the Scheme they may call the ORS Shareholder Information Line Toll Free on 1300 782 305 (within Australia) or from overseas on +61 3 9415 4137 between 9.00am and 5.00pm (Melbourne time) on business days.

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

www.octagonalresources.com.au

Bob Tolliday

Company Secretary

OCTAGONAL RESOURCES LIMITED

Octagonal Resources Limited

ABN 38 147 300 418

Scheme Booklet

Scheme with Abbotsleigh Proprietary Limited (ACN 005 612 377)

A RECOMMENDED SCHEME OF ARRANGEMENT IN RELATION TO THE CANCELLATION OF ALL OF YOUR ORS SHARES

The Independent Director recommends that you **VOTE IN FAVOUR** of the Resolutions to Approve the Scheme, in the absence of a Superior Proposal.

Your Independent Director intends to **VOTE IN FAVOUR** of the Resolutions to Approve the Scheme in respect of the ORS Shares over which he has voting control, in the absence of a Superior Proposal

All Scheme Participants should note that unless all Resolutions (other than the Repayment Resolution) put to the Scheme Meeting, the Non-Gandel Meeting and the General Meeting are passed, neither the Scheme nor any of the other matters the subject of those Resolutions will proceed.

The Repayment Resolution is independent of the other Resolutions, and if passed will permit the matters the subject of that Resolution to proceed even if any of the other Resolutions are not passed.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THE DOCUMENT IN ITS ENTIRETY BEFORE YOU DECIDE HOW TO VOTE ON THE RESOLUTIONS. IF YOU ARE IN DOUBT AS TO WHAT YOU SHOULD DO, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER.

If, after reading this Scheme Booklet, you have any questions about the Scheme, please call the Shareholder Information Line on 1300 782 305 (in Australia) or +61 3 9415 4137 (outside Australia) Monday to Friday between 8.30am and 5.30pm (AEDT).

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Important Dates

Event	Indicative Date
Announcement date of the Scheme	26 November 2015
Date of this Scheme Booklet	21 December 2015
Latest time and date for lodgement of completed proxy forms for the Scheme Meeting, the Non-Gandel Meeting and the General Meeting	Date: 27 January 2016 Time: 10.00am (Scheme Meeting) 10.30am (Non-Gandel Meeting) 11.00am (General Meeting)
Time and date for determining eligibility to vote at the Scheme Meeting, Non-Gandel Meeting and General Meeting	7.00pm on 27 January 2016
Scheme Meeting to vote on the Scheme Resolution	10.00am on 29 January 2016
Non-Gandel Meeting to vote on the Selective Reduction Non-Gandel Resolution	10.30am on 29 January 2016 or, if later, 5 minutes after the end of the Scheme Meeting
General Meeting to vote on the Selective Reduction Gandel Resolution, the Related Party Resolution and the Repayment Resolution	11.00am on 29 January 2016 or, if later, 5 minutes after the end of the Non-Gandel Meeting

If the Scheme is approved by Scheme Participants

Second Court Date for approval of the Scheme	4 February 2016
Effective Date Court order lodged with ASIC and announcement to ASX Last day of trading in ORS Shares on ASX (with ORS Shares suspended from close of trading)	8 February 2016
Scheme Record Date for determining entitlements to Scheme Consideration	7.00pm on 15 February 2016
Implementation Date Payment of Cash Consideration to Scheme Participants, and despatch of transaction confirmation statements for A1 Gold Shares to Scheme Participants (other than Ineligible Foreign Shareholders)	22 February 2016
Trading of A1 Gold Shares held by Scheme Participants commences on the ASX on a normal T+3 basis	23 February 2016
For Ineligible Foreign Shareholders, last date by which the Nominee must sell A1 Gold Shares transferred by ORS to the Nominee on behalf of the Ineligible Foreign Shareholder	15 March 2016

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to receipt of all necessary approvals from the Court and any Regulatory Approvals. The actual timetable will depend on many factors outside the control of ORS, including the Court approval process and satisfaction of other Conditions Precedent. ORS reserves the right to vary the times and dates set out above. Any changes to the above timetable (which may include an earlier or later date for the Second Court Date) will be announced on ASX at www.asx.com.au

Important notices

Reading this Scheme Booklet

This Scheme Booklet is important. You should carefully read this Scheme Booklet in its entirety before making a decision as to how to vote on the Scheme Resolution to be considered at the Scheme Meeting, the Selective Reduction Non-Gandel Resolution at the -Non-Gandel Meeting, and the Selective Reduction Gandel Resolution, the Related Party Resolution and the Repayment Resolution at the General Meeting.

If you have any questions or require further information please contact the Shareholder Information Line on 1300 782 305 (in Australia) or +61 3 9415 4137 (outside Australia) on weekdays between 8.30am and 5.30pm (AEDT). If you are in any doubt about anything in this Scheme Booklet, please contact your legal, financial or other professional adviser.

Capitalised terms used in this Scheme Booklet are defined in the Glossary at Section 14. The Glossary also sets out some rules of interpretation that apply to this Scheme Booklet in Section 14.2.

Purpose of this Scheme Booklet

This Scheme Booklet sets out the effects of the Scheme (including the Selective Reduction), certain information required by law and all other information known to the Independent Director which is material to your decision as to how to vote on the Resolutions (other than information previously disclosed to ORS Shareholders) and includes the Explanatory Statements, as respectively required by Part 5.1, section 256C and section 221 of the Corporations Act in relation to the Scheme, and the ASX Listing Rules in relation to the Repayment Resolution.

Responsibility for information

Other than as set out below, this Scheme Booklet has been prepared by ORS and is the responsibility of ORS.

PPB Corporate Finance has prepared the Independent Expert's Report which is contained in Annexure A. PPB Corporate Finance takes responsibility for that report. PPB Corporate Finance does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in Annexure A.

BDO has prepared the information regarding the Australian taxation implications of the Scheme for ORS Shareholders and takes responsibility for that information, contained in Section 11. BDO does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than the general Australian taxation information contained in Section 11.

ASIC

A copy of this Scheme Booklet was registered by ASIC pursuant to section 412(6) of the Corporations Act, and was lodged with ASIC as required by sections 256C(5) and 218 of the Corporations Act.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides the no objection statement, the statement will be produced to the Court at the time of the Second Court Date. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASX

A1 Gold is listed on ASX and all of the A1 Gold Shares to be transferred to Scheme Participants under the Scrip Consideration will be tradable on ASX. If the Scheme becomes Effective, ORS Shares will cease to be quoted on ASX. ORS Shares will continue to be quoted on ASX if the Scheme does not become effective.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

A copy of this Scheme Booklet has been submitted to the Court to obtain an order of the Court approving the convening of the Scheme Meeting.

The fact that under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened does not mean that the Court:

- (a) has formed any view as to the merits of the proposed scheme or as to how you should vote (on this matter, you must reach your own decision); or
- (b) has prepared, or is responsible for the content of, the Scheme Booklet.

Investment decisions

This Scheme Booklet does not take into account your individual investment objectives, financial situation or needs. The information in this Scheme Booklet should not be relied on as the sole basis for any investment decision. You should seek independent legal, financial and other professional advice before making any investment decision.

Forward looking statements

Certain statements in this Scheme Booklet are about the future. You should be aware that there are a number of risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of ORS or A1 Gold, following implementation of the Scheme, to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause the future conduct to be materially different from historical conduct. Such risks, uncertainties, assumptions and other important factors include, among other things, the risks described in the Risk Sections. Changes to future matters are both normal and to be expected.

None of ORS, A1 Gold, Abbotsleigh and its Associated Shareholders, or their respective directors, officers and advisers, or any other person gives any assurance that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur.

The forward-looking statements in this Scheme Booklet reflect views held only as of the date of this Scheme Booklet. Subject to the Corporations Act and any other applicable laws or regulations, ORS will not update these statements other than with respect to information that they become aware of prior to the Scheme Meeting which is material to the making of a decision regarding how to vote on the Resolutions.

Status of this Scheme Booklet

This Scheme Booklet is not a prospectus lodged under Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not have effect in relation to any offer of securities if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act, approved at a meeting held as a result of an order made by the Court in accordance with section 411(1) or (1A) of the Corporations Act.

Privacy and personal information

ORS is required to collect personal information about you to implement the Scheme. That personal information may include your name, contact details and details of your holding, together with contact details of individuals appointed as proxies, representatives of bodies corporate or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

If you are an individual, you have certain rights to access the personal information collected about you. You may contact the Registry if you wish to exercise those rights.

The information may be disclosed to ORS and its related bodies corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to implement the Scheme.

If the information outlined above is not collected, ORS may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme effectively, or at all.

If you appoint an individual as your proxy, corporate representative or attorney to vote at the Scheme Meeting you should inform that individual of the matters outlined above.

Entitlement to inspect Share Register

It is noted that all persons are entitled, under section 173 of the Corporations Act, to inspect and obtain a copy of the Share Register. This Share Register contains personal information about you.

Notice to Ineligible Foreign Shareholders

This Scheme Booklet has been prepared in compliance with the disclosure requirements of Australia which may be different to those in other jurisdictions. This Scheme Booklet and the Scheme does not in any way constitute an offer of securities or a solicitation of an offer to purchase securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or solicitation. ORS Shareholders in jurisdictions outside Australia and its external territories and New Zealand should refer to Section 6.6 of this Scheme Booklet.

Explanatory statement

This Scheme Booklet constitutes an Explanatory Statement for the purposes of section 412 of the Corporations Act. This Scheme Booklet explains the effect of the Scheme between ORS and ORS Shareholders to be considered at the Scheme Meeting and provides all information that is prescribed or otherwise material to the decision of ORS Shareholders whether or not to approve the Scheme.

Date of this Scheme Booklet

This Scheme Booklet is dated 21 December 2015.

Letter from Independent Director

Dear ORS Shareholders,

Recommended Scheme of Arrangement

On behalf of ORS, I am pleased to present you with the opportunity to consider and vote on the Resolutions to Approve the Scheme and Repayment Resolution.

The Scheme Meeting will be held at HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne, Victoria, 3000 at 10.00am on 29 January 2016.

The Scheme

1. On 26 November 2015, ORS announced a Scheme with Abbotsleigh Proprietary Limited, a company associated with the Company's non-executive Chairman, Mr Ian Gandel. This proposal followed the initial proposal received from Gandel Metals Pty Ltd, another company associated with Mr Ian Gandel, on 20 October 2015 in relation to privatising ORS.
2. If any of the Scheme Resolution, the Selective Reduction Non-Gandel Resolution, the Selective Reduction Gandel Resolution or the Related Party Resolution are not passed, the Scheme will not proceed, and ORS will need to consider the options available to it, including appointing a voluntary administrator.

Reasons for Scheme

3. The Scheme is proposed as I am of the view that the Scheme is in the best interests of ORS Shareholders given the options currently available to ORS.
4. In June 2015 ORS completed the sale of the Maldon Gold Operations to A1 Gold. This transaction was entered into following ORS Shareholder approval being obtained on 30 April 2015. The Directors anticipated that the transaction would substantially reduce corporate and operating costs, while allowing ORS to refocus its efforts on exploration at the Hogan's Project in Western Australia.
5. Following the transaction, ORS continued its assessment of the Hogan's Project while also conducting a review of its overall strategy and direction. Following such review ORS now considers that its current level of operations and proposed exploration program of the Hogan's Project cannot be justified and accordingly has considered the alternatives available to it. Reasons for this decision are as follows:
 - (a) There are limited future funding sources available to ORS to pursue its exploration program:
 - (i) there was very limited participation from ORS Shareholders in the rights issue completed in December 2014;
 - (ii) since March 2015, ORS has drawn down \$1.3 million under the Existing Gandel Loan which ORS has used to fund the Company during the sale of the Maldon Gold Operation and for working capital purposes;
 - (iii) as the Company's share price has traded at greater than 100% discount to the market value of A1 Gold Shares that it received on settlement of the sale of the Maldon Gold Operation in June 2015, the Company has been restricted in its ability to raise further equity capital without significantly diluting existing Shareholders who do not participate in the equity raising;

- (iv) ORS has been restricted in its ability to sell a substantial parcel of its A1 Gold Shares on-market due to the volatility and falling value of the A1 Gold Share price, and the escrow arrangements agreed with A1 Gold.

Due to the lack of funding, ORS has had to rely on Gandel Metals to advance further funds under the Existing Gandel Loan.

- (b) The level of in-ground exploration expenditure proposed by the Company to 31 December 2016 (assuming \$1.5 million available funding) is less than 40% of the Company's total budgeted expenditure. In this regard ORS is incurring significant reporting and compliance costs as a public listed company which cannot be justified in the current equity market environment.
- (c) ORS has investigated alternative means of recapitalising the Company. No transaction is imminent and the Scheme presents greater value for ORS Shareholders than other alternatives considered.

The Resolutions

6. ORS is proposing to the Scheme Participants a scheme of arrangement under section 411 of the Corporations Act that will have the effect of, following completion of the scheme, Abbotsleigh and its Associated Shareholders holding 100% of ORS Shares (**Scheme**). Approval of the Scheme is being sought from Scheme Participants (**Scheme Resolution**). The Scheme Resolution is put to Scheme Participants as a requirement under the Corporations Act due to the nature of the proposed transaction. If the Scheme Resolution is not passed, then the Scheme will not proceed.
7. Subject to the approval of the Scheme Resolution, approval will also be sought from the Scheme Participants as a special resolution for the reduction and cancellation of the Scheme Shares held by the Scheme Participants (**Selective Reduction Non-Gandel Resolution**). The Selective Reduction Non-Gandel Resolution is put to Scheme Participants as a requirement under the Corporations Act. If the Selective Reduction Non-Gandel Resolution is not passed, then the Scheme will not proceed. The Selective Reduction Non-Gandel Resolution will be proposed at a meeting at which only the Scheme Participants may vote (**Non-Gandel Meeting**). That is, Abbotsleigh and its Associated Shareholders cannot vote at the Non-Gandel Meeting. If the Scheme Resolution is not passed, then the Non-Gandel Meeting will not be held and the Selective Reduction Non-Gandel Resolution will therefore not be proposed.
8. Subject to the Selective Reduction Non-Gandel Resolution being passed, a general meeting will be held whereby:
 - (a) Abbotsleigh and its Associated Shareholders will be asked to approve the Selective Reduction as a special resolution (**Selective Reduction Gandel Resolution**). The Selective Reduction Gandel Resolution is put to Scheme Participants as a requirement under the Corporations Act. If the Selective Reduction Gandel Resolution is not passed, then the Scheme will not proceed. No votes can be cast in favour of the Selective Reduction Gandel Resolution by the Scheme Participants (but Scheme Participants may abstain or vote against); and
 - (b) the Scheme Participants will be asked to approve the related party benefit provided to Abbotsleigh and its Associated Shareholders as part of the Scheme as an ordinary resolution (**Related Party Resolution**). The Related Party Resolution is put to Scheme Participants as Chapter 2E of the Corporations Act requires that shareholder approval be obtained where a financial benefit is provided to a related party. As Mr Ian Gandel is a director of ORS and controls Abbotsleigh, Abbotsleigh is considered a related party of ORS. As ORS facilitating the Scheme may be considered as providing a financial benefit to Abbotsleigh, Shareholder approval is required for the purposes of complying with the Corporations Act. If the Related Party Resolution is not passed, then the Scheme will not proceed. Abbotsleigh and its Associated Shareholders cannot vote on the Related Party Resolution.

9. Aside from the Scheme, Shareholder approval will also be sought at the General Meeting in respect of the form of the repayment of loan funds outstanding to Gandel Metals Pty Ltd (**Gandel Metals**), a company associated with the Company's non-executive Chairman, Mr Ian Gandel. A resolution for the repayment by way of a transfer of A1 Gold Shares held by ORS to Gandel Metals (**Repayment**) will be proposed at the general meeting as an ordinary resolution (**Repayment Resolution**).
10. Further information regarding the Resolutions and the voting restrictions that apply in respect of each Resolution are set out in Section 4.

Scheme Consideration

11. If the Scheme Resolution, Selective Reduction Resolutions and Related Party Resolution are passed, the Scheme Participants will, subject to Court approval, receive the following in consideration for their Scheme Shares:
 - (a) **Scrip Consideration** - A1 Gold Shares will be transferred to each Scheme Participant on the basis of two A1 Gold Shares for every five ORS Shares held as at the Record Date. As at 25 November 2015 (being the Pre-Announcement Trading Day), the A1 Gold closing share price on ASX was \$0.025; and
 - (b) **Cash Consideration** - ORS will pay \$0.0055 to each Scheme Participant in respect of each Scheme Share held as at the Record Date. The Cash Consideration will be funded by Abbotsleigh advancing the Cash Consideration to ORS.
12. Scheme Participants can only receive the Scrip Consideration and Cash Consideration. That is, Scheme Participants cannot elect to receive a variation to the Cash Consideration and the Scrip Consideration under the Scheme.

A1 Gold Shares

13. A1 Gold is currently undertaking an underwritten share purchase plan whereby eligible A1 Gold shareholders (being A1 Gold shareholders with a registered address in Australia and New Zealand) may apply for up to \$15,000 worth of fully paid shares in A1 Gold at an issue price of \$0.024 per share, capped at \$1 million (**SPP**). Under the SPP the A1 Gold directors have reserved the right to top-up the amount raised in the event of oversubscriptions (subject to the \$15,000 limit for eligible shareholders and 30% limit under the ASX Listing Rules). ORS and Abbotsleigh have indicated that they will not participate in the SPP. A1 Gold also proposes to hold a general meeting of its shareholders on 6 January 2016 to seek approval for the issue of A1 Gold securities to directors pursuant with the placement and the SPP Announcement on 20 November 2015.
14. ORS currently holds 169,672,726 A1 Gold Shares, representing 37.01% of the total A1 Gold Shares on issue. Out of these A1 Gold Shares, the Scheme Participants will receive approximately 58,363,789 A1 Gold Shares as part of the Scrip Consideration, representing 12.73% of the total A1 Gold Shares currently on issue.
15. If \$1 million worth of A1 Gold Shares are issued under the SPP (being 41,666,667 A1 Gold Shares) and shareholder approval is obtained for the issue of all of the securities to A1 Gold directors at the A1 Gold general meeting, then:
 - (a) the Company's total A1 Gold Shareholding will be diluted to 33.76% of the total A1 Gold Shares then on issue; and
 - (b) following the transfer of the Scrip Consideration to the Scheme Participants:
 - (i) the Scheme Participants will hold 11.61% of the total A1 Gold Shares then on issue; and
 - (ii) ORS will hold 22.15% of the total A1 Gold Shares then on issue.

16. As a result, the Scheme Participants will hold their A1 Gold Shares on a minority basis and will have limited ability to influence the decisions of A1 Gold if the Scheme is approved.

Independent Expert's Opinion

17. PPB Corporate Finance has been engaged as an independent expert to provide an opinion on the Resolutions. The Independent Expert has concluded that:
- (a) **Scheme Resolution** - the Scheme is in the best interests of Scheme Participants in the absence of a Superior Proposal;
 - (b) **Selective Reduction Resolutions** - the Selective Capital Reduction and cancellation of the Scheme Shares is fair and reasonable to the Scheme Participants;
 - (c) **Related Party Resolution** - the value of the transaction to Abbotsleigh and its Associated Shareholders is between (\$0.0075) (being a cost to the Gandel Shareholders) and \$0.0082 per ORS Share; and
 - (d) **Repayment Resolution** - the Repayment of the loan from Gandel Metals by way of a transfer of A1 Gold Shares held by ORS to Gandel Metals is fair and reasonable to the Scheme Participants.
18. A summary of the findings of the Independent Expert are set out in Section 3.12 and the Independent Expert's Report is set out in full at Annexure A.

Conditions Precedent to the Scheme

19. The Scheme is subject to a number of Conditions Precedent including:
- (a) Court and ORS Shareholder approval; and
 - (b) approval of the Selective Reduction Resolutions and the Related Party Resolution.
20. The Conditions Precedent are summarised in Section 12.10 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed (attached at Annexure B) and clause 3.1 of the Scheme of Arrangement (attached at Annexure C).
21. In accordance with the Order of the Supreme Court of Victoria, the Scheme Meeting has been convened to be held on 29 January 2016 for the purpose of considering and, if thought fit, approving the Scheme.

Recommendation

22. **As the Independent Director I believe that the Scheme is in the best interests of ORS Shareholders, in the absence of a Superior Proposal.**
23. Accordingly, for the reasons set out in this Scheme Booklet, Scheme Participants should vote in favour of the Scheme Resolution, the Selective Reduction Non-Gandel Resolution and the Related Party Resolution. I also recommend to Abbotsleigh and its Associated Shareholders that they vote in favour of the Selective Reduction Gandel Resolution, and that Scheme Participants abstain from voting on the Selective Reduction Gandel Resolution.
24. You should be aware that the other ORS Directors, Mr Ian Gandel and Mr Bob Tolliday, have abstained from providing a recommendation on voting on the Resolutions. Mr Gandel and Mr Tolliday make no recommendation as they are not independent, on the basis that Mr Gandel is a director of Abbotsleigh and Mr Tolliday is an employee of Gandel Metals.

If the Scheme is not implemented

25. If the Scheme is not implemented, ORS will continue to be listed on ASX, and Scheme Participants will not receive the Scheme Consideration for their Scheme Shares.
26. In addition, ORS will still need to repay the Existing Gandel Loan to Gandel Metals, and will require ORS Shareholder approval to do so by way of a transfer of A1 Gold Shares held by ORS to Gandel Metals.
- 27. As the Independent Director I believe that the Repayment Resolution is in the best interests of ORS Shareholders.**
28. Accordingly, for the reasons set out in this Scheme Booklet, you should vote in favour of the Repayment Resolution.

Further information

29. I urge you to read this Scheme Booklet carefully and in its entirety, including the Risk Sections and the advantages and disadvantages of the Scheme and if you do not understand this Scheme Booklet or any part of it, you should consult an expert adviser familiar with your investment circumstances before making your decision.
30. If you have any questions, please call the Shareholder Information Line on 1300 782 305 (in Australia) or +61 3 9415 4137 (outside Australia) on weekdays between 8.30am and 5.30pm (AEDT).

Alternatively, contact your financial, legal, taxation or other professional adviser.

Yours sincerely

Anthony Gray
Independent Director to the Scheme
Octagonal Resources Limited

Abbotsleigh Proprietary Limited
ACN 005 612 377
c/- Pitcher Partners
Level 19, 15 William Street
Melbourne VIC 3000

Tel 03 9697 9000
Fax 03 9697 9001

Dear ORS Shareholder,

Scheme of Arrangement

Abbotsleigh Proprietary Limited ("Abbotsleigh") is pleased to offer to the shareholders of Octagonal Resources Limited ("Octagonal" or "Company") the opportunity to have their shares in the Company cancelled in return for consideration comprising:

- A cash payment of \$0.0055 per Octagonal share, together with
- Two (2) shares in A1 Consolidated Gold Limited ("A1 Gold") (ASX Ticker Code: AYC) for every five (5) Octagonal shares held.

There are several reasons why Abbotsleigh has decided to present this proposal to Octagonal shareholders:

1. Following the sale of the Maldon Gold Operation by Octagonal to A1 Gold the value of the A1 Gold securities that Octagonal holds has not been reflected in the market capitalisation of the Company, and since settlement of the sale Octagonal's shares have traded at a greater than 100% discount to the value of the A1 Gold shares that it owns;
2. Octagonal has borrowed funds from Gandel Metals Pty Ltd ("Gandel Metals") an associate of Abbotsleigh, currently totalling \$1.3 million, to fund its activities during and following the sale of the Maldon Gold Operation and currently owes Gandel Metals a further sum of approx. \$200,000 re trade debts unpaid since May 2015 under a management services agreement, for directors fees and for loan interest owing. These funds must be repaid;
3. An equity raising or sale of A1 Gold securities to repay debt and fund the Company's exploration activities will substantially dilute shareholders interests in Octagonal's assets;
4. The level of in-ground exploration expenditure proposed by the Company to 31 December 2016 (assuming \$1.5 million available funding) at less than 40% of the Company's total budgeted expenditure is not sufficient for a public listed exploration company; and
5. The costs of reporting and compliance required by Octagonal as a public listed company is significant and cannot be justified in the current equity market environment.

Abbotsleigh is firmly of the opinion that privatising Octagonal through the proposed Selective Reduction under the Scheme is in the best interests of shareholders as this will generate a cash and scrip return for shareholders at a premium to the recent share trading history of Octagonal, it will remove shareholder exposure to the Gandel Metals debt, and it will stop eroding shareholder value as the Company will no longer need to seek funding via equity raising or sale of A1 Gold securities.

I am writing you this letter in my capacity as a director of Abbotsleigh. Although I am also the non-executive chairman of Octagonal, I am unable to make recommendations in that capacity about the Scheme, as I have an interest in the Scheme and am therefore not independent. In that regard, I refer you to the Independent Director's letter set out above.

Yours sincerely

Ian Gandel
Abbotsleigh Proprietary Limited

1. Considerations relevant to your vote on the Scheme

1.1 Summary

Reasons to vote in favour of the Resolutions to Approve the Scheme

✓	The Independent Director recommends that Scheme Participants vote in favour of the Resolutions to Approve the Scheme, in the absence of a Superior Proposal
✓	The Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of ORS Shareholders, in the absence of a Superior Proposal
✓	The fair market value of the Scheme Consideration of between \$0.0147 and \$0.0224 (as determined by the Independent Expert) generally represents a premium over recent historical trading prices of ORS Shares
✓	The Scheme Consideration represents an attractive mix of consideration types and enables ORS Shareholders to have direct exposure to the assets of A1 Gold that were previously held by ORS
✓	No Superior Proposal has emerged as at the date of this Scheme Booklet
✓	The ORS Share price may fall if the Scheme is not implemented, and no Superior Proposal emerges
✓	No brokerage or duty will be payable on the transfer of A1 Gold Shares to Scheme Participants or the cancellation of your Scheme Shares under the Scheme

These reasons are discussed in more detail in Section 1.2.

Reasons to vote against the Resolutions to Approve the Scheme

✗	You may disagree with the Independent Director's recommendation and the Independent Expert's conclusion
✗	You may wish to remain an ORS Shareholder
✗	You may consider that there is potential for a Superior Proposal to emerge later
✗	Scrip for scrip CGT rollover relief will not be available and the tax consequences may not be suitable to the individual circumstances of Scheme Participants. The tax implications for Scheme Participants will be confirmed via a Class Ruling. The outcome of the Class Ruling application may not be known at the time of the Scheme Meeting, the Non-Gandel Meeting or the General Meeting
✗	You may consider that the ORS Share price may increase in the future

These reasons are discussed in more detail in Section 1.3.

1.2 Reasons to vote in favour of the Resolutions to Approve the Scheme

- (a) The Independent Director recommends that Scheme Participants vote in favour of the Resolutions to Approve the Scheme, in the absence of a Superior Proposal

The Independent Director considers that the Scheme is in the best interests of ORS Shareholders and recommends that, in the absence of a Superior Proposal, Scheme Participants vote in favour of the Resolutions to Approve the Scheme at the Scheme Meeting. Section 4 provides more detail on how to vote on the Resolutions

The Independent Director intends to vote in favour of the Resolutions to Approve the Scheme in relation to the ORS Shares he holds or controls, in the absence of a Superior Proposal. The other ORS Directors, being Mr Ian Gandel and Mr Bob Tolliday, cannot vote on the Resolutions to Approve the Scheme as they have an interest in the outcome of the Scheme (although they may vote on the Selective Reduction Gandel Resolution). The interests of the ORS Directors in ORS are set out in Section 9.3.

In reaching his recommendation and determining how to vote on the Resolutions to Approve the Scheme, the Independent Director has assessed the Scheme having regard to the reasons to vote in favour of, or against, the Resolutions to Approve the Scheme, as set out in Sections 1.2 and 1.3 of this Scheme Booklet, as well as the risk factors set out in the Risk Sections.

- (b) The Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Participants, in the absence of a Superior Proposal

The Independent Expert has assessed the fair market value of:

- (i) an issued share in ORS, on a control basis, to be in the range of \$0.0095 to \$0.0282
- (ii) the Scheme Consideration (per ORS Share) to be in the range of \$0.0147 and \$0.0224.

The Independent Expert's Report is included in Annexure A.

In forming its opinion, the Independent Expert considered:

- (iii) whether the valuation of ORS on a control basis, and the Scheme Consideration being offered per ORS Share, is fair;
- (iv) the advantages and disadvantages to ORS Shareholders of the Scheme proceeding; and
- (v) alternatives to the Scheme.

The Independent Director encourages you to read the Independent Expert's Report, which is set out in Annexure A.

- (c) The fair market value of the Scheme Consideration of between \$0.0147 and \$0.0224 (as determined by the Independent Expert) generally represents a premium over recent historical trading prices of ORS Shares

The Scheme Consideration generally represents a premium over recent historical trading prices of ORS Shares. The fair market value of the Scheme Consideration of between \$0.0147 and \$0.0224 represents the following premiums:

	Up to and including the Pre-Announcement Trading Day*		Up to and including 19 October 2015**	
	Low (\$0.0147)	High (\$0.0224)	Low (\$0.0147)	High (\$0.0224)
Closing price of ORS Shares	63.33%	148.89%	-2.00%	49.33%
One-month VWAP of ORS Shares	29.52%	97.36%	6.86%	62.83%
Two-month VWAP of ORS Shares	14.31%	74.19%	7.24%	63.42%

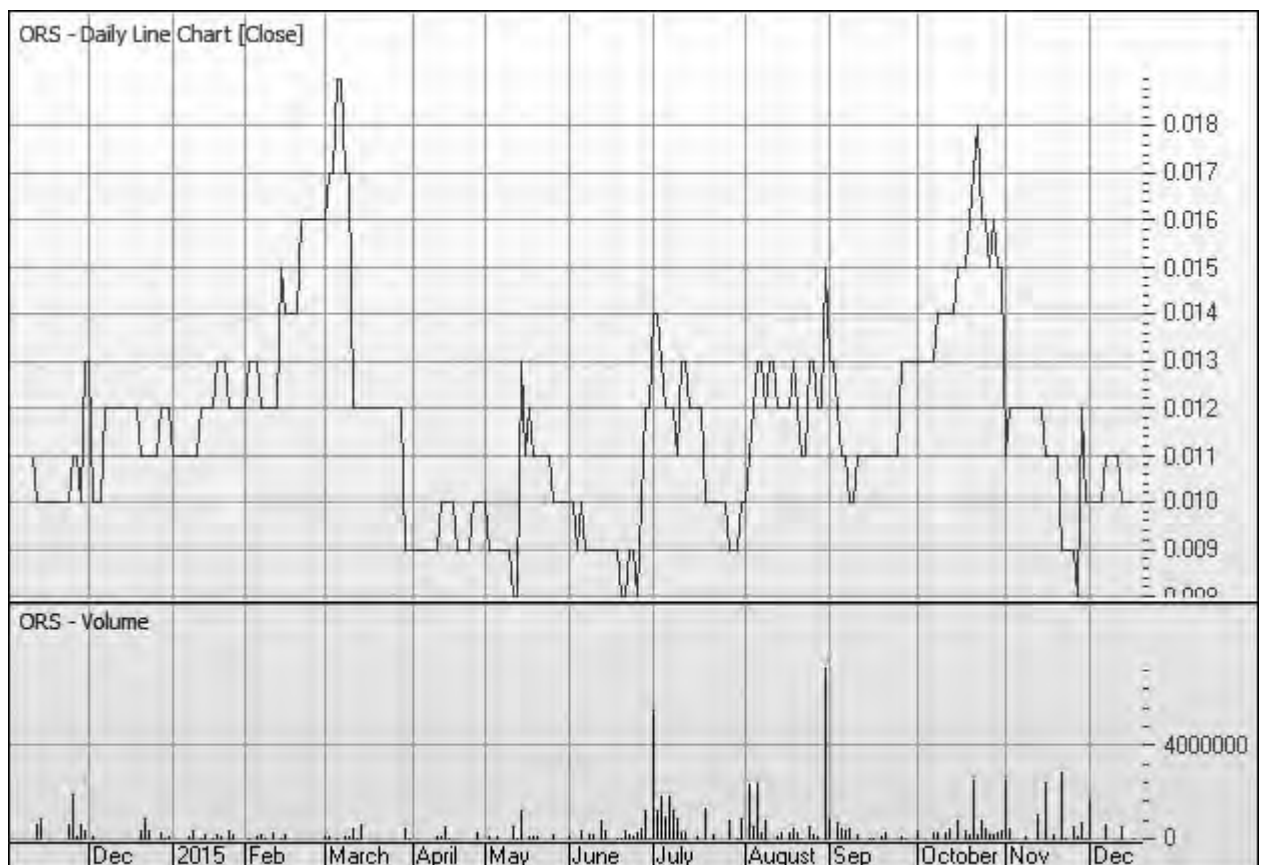
* Closing ORS Share price on 25 November 2015 was \$0.009

** Closing ORS Share price on 19 October 2015 was \$0.015

On the trading day prior to the date of this Scheme Booklet, the Company's closing share price on ASX was \$0.01. The Company's share price has also traded between:

- (i) \$0.008 to \$0.018 per share over the past 3 months; and
- (ii) \$0.008 to \$0.019 per share over the past 12 months.

The chart below sets out the ORS' Share trading price over a longer historical period:



- (d) The Scheme Consideration represents an attractive mix of cash and scrip consideration and enables ORS Shareholders to have direct exposure to the assets of A1 Gold that were previously held by ORS

The Scheme Consideration that Scheme Participants will receive in exchange for their ORS Shares if the Scheme is implemented comprises a mixture of A1 Gold Shares and cash paid by ORS.

The Independent Director considers that through receiving A1 Gold Shares (along with a cash payment), the Scheme Consideration will provide Scheme Participants with an attractive mix of investments, through exposure to a growing mining company.

The Scheme Consideration will provide Scheme Participants with the ability to:

- (i) retain exposure to the development of the projects held by the Company's previous subsidiaries, Maldon Resources Pty Ltd, Highlake Resources Pty Ltd and Matrix Gold Pty Ltd, through receiving A1 Gold Shares;
- (ii) benefit from A1 Gold's strong balance sheet and cash flow; and
- (iii) realise a cash return through the Cash Consideration.

- (e) No Superior Proposal has emerged as at the date of this Scheme Booklet

As at the date of this Scheme Booklet, the ORS Board has not received any competing proposal from a third party and there are currently no discussions underway that the Independent Director believes are likely to lead to any competing proposal being made.

Given the absence of any third party approaches since the first announcement regarding the proposal from Gandel Metals on 20 October 2015, the Independent Director believes that a competing proposal is now unlikely to emerge.

If a competing proposal is received prior to the Second Court Date, the ORS Board will carefully consider the proposal to determine whether it is a Superior Proposal, subject to the terms of the Scheme Implementation Deed, and will inform ORS Shareholders of any material developments.

- (f) The ORS Share price may fall if the Scheme is not implemented, and no Superior Proposal emerges

There are many factors which affect the price of shares, and the ORS Board is unable to predict the price at which ORS Shares will trade in the future. However, if the Scheme is not implemented and no Superior Proposal emerges, the ORS Board believes that the ORS Share price may fall, and trade at levels below the implied value of the Scheme Consideration (without further exploration success or a substantial improvement in market conditions).

- (g) No brokerage or duty will be payable on transfer of A1 Gold Shares to Scheme Participants or the cancellation of your Scheme Shares under the Scheme

You will not incur any brokerage or duty on the transfer of A1 Gold Shares to Scheme Participants and the cancellation of your ORS Shares pursuant to the Scheme.

- (h) Scheme Participants are not eligible for CGT rollover relief

If the Scheme is implemented, those eligible Scheme Participants will not receive CGT rollover relief. ORS has applied to the ATO for a Class Ruling on behalf of Scheme Participants to confirm the key tax outcomes for Scheme Participants.

The tax consequences of the Scheme will differ for each Scheme Participant, and Scheme Participants should consult their independent taxation advisers to seek advice which considers their individual circumstances.

For further detail regarding the general Australian taxation consequences of the Scheme, refer to Section 11.

1.3 Reasons to vote against the Resolutions to Approve the Scheme

Although the Independent Director recommends that Scheme Participants vote in favour of the Resolutions to Approve the Scheme, and the Independent Expert has concluded that the Scheme is in the best interests of Scheme Participants in the absence of a Superior Proposal (in both instances), there may be factors which lead you to vote against the Resolutions to Approve the Scheme, including those set out below.

- (a) You may disagree with the Independent Director's recommendation and the Independent Expert's conclusion

The Independent Director recommends that Scheme Participants vote in favour of the Resolutions to Approve the Scheme, and the Independent Expert has concluded that the Scheme is in the best interests of Scheme Participants in the absence of a Superior Proposal.

In reaching their respective conclusions, the Independent Director and the Independent Expert are making judgements based on A1 Gold's future operational performance and exploration success, trading conditions and events which cannot be predicted with certainty and which may prove to be inaccurate (either positively or negatively).

You may hold a different view from, and are not obliged to follow, the recommendation of the Independent Director, and you may not agree with the Independent Expert's conclusions.

- (b) You may wish to remain a ORS Shareholder

If the Scheme is implemented, you will cease to be an ORS Shareholder. ORS is currently exploring the Hogan's Project in Western Australia. You may view retaining an interest in the Hogan's Project as having more potential to generate future financial returns than receiving the Scheme Consideration. Following the Scheme, ORS will also hold approximately 111.3 million A1 Gold Shares and 56.6 million A1 Gold Options.

There are, however, risks associated with retaining an investment in ORS, including future movements in the market price of ORS Shares, future operational performance, exploration success, funding requirements, and gold price movements. For further information in relation to these risks, refer to Sections 9.11 to 9.13.

- (c) You may consider that there is a potential for a competing proposal to emerge

You may consider that a third party may emerge with a competing proposal in the foreseeable future. As at the date of this Scheme Booklet, the ORS Board has not received a competing proposal, nor are there any discussions currently underway that the Independent Director believes are likely to lead to any competing proposal being made.

If a competing proposal is received prior to the Second Court Date, the Independent Director will carefully consider the proposal to determine whether it is a Superior Proposal, subject to the terms of the Scheme Implementation Deed, and will inform ORS Shareholders of any material developments.

- (d) The tax consequences of the Scheme may not be suitable to your financial position

ORS has applied to the ATO for a Class Ruling on behalf of Scheme Participants to confirm the key tax outcomes for Scheme Participants.

The tax consequences of the Scheme will differ for each Scheme Participant, and Scheme Participants should consult their independent taxation advisers to seek advice which considers their individual circumstances.

The implementation of the Scheme is not conditional on the outcome of the Class Ruling. In addition, the outcome of the Class Ruling may not be known at the time Scheme Participants are expected to vote on the Scheme.

Therefore, ORS Shareholders may not have certainty in relation to the taxation consequences of the Scheme at the time of voting on the Resolutions to Approve the Scheme. For further detail regarding the general Australian taxation consequences of the Scheme, see Section 11.

- (e) You may consider that the ORS Share price may increase in the future

If the Scheme is not implemented, the ORS Share price may increase to a price above its current price.

1.4 Background to the Scheme

Following the completion of the sale of the Maldon Gold Operation on 25 June 2015, the Company's only assets are the Hogan's Project in Western Australia and the A1 Gold Shares and A1 Gold Options. The Company's share price has traded at greater than 100% discount to the market value of A1 Gold Shares that it owns. This substantial difference in market values has restricted the Company's ability to raise equity capital without significantly diluting existing Shareholders who do not participate in the equity raising.

An 18 month budget (for the period 1 July 2015 to 31 December 2016) prepared by the Company for its 2015 end of financial year audit (assuming \$1.5 million available funding) revealed that less than 40% of the Company's total budgeted expenditure is contributed to in-ground exploration costs (with the remainder being corporate costs). This proportion of in-ground exploration expenditure is unacceptable for a public listed exploration company.

Given these circumstances, as announced on 4 August 2015, the Company commenced a process of investigating investment opportunities in the resources and non-resources sectors with the objective of realising the maximum value of its existing assets. Corporate transactions considered by the Company have focussed outside of the resources sector, due to the difficult equity market conditions currently being experienced by junior exploration and mining companies, and have been structured with the objective of distributing A1 Gold Shares in-specie to Shareholders following a capital raising to fund any transaction costs. Discussions with a number of companies have failed to result in the execution of a terms sheet and no acquisition by the Company is imminent.

In the original proposal for a selective capital reduction, on the same terms as the Selective Reduction received from Gandel Metals dated 19 October 2015 and announced to the ASX on 20 October 2015, the Gandel Shareholders (being Abbotsleigh and its Associated Shareholders) state that they "consider the current structure of Octagonal is unsustainable in the current circumstances. In particular, the costs of reporting and compliance required by Octagonal as a listed company will necessitate either the gradual sell off of liquid assets, being the shares held in A1 Gold, or increasing calls on shareholders to provide additional

equity or loan capital. This ongoing burden far outweighs the advantages of Octagonal retaining its listing in the current capital markets. It is also exacerbated by the approaching deadline for the repayment of the large part of the loan made by Gandel Metals to Octagonal. The Gandel Shareholders believe this situation needs to be resolved urgently”.

Following receipt of the proposal from Gandel Metals, Octagonal sought advice from its solicitors, and liaised with ASX and ASIC concerning the legal and regulatory requirements of the proposal. Based on these discussions, and further discussions with the Gandel Shareholders, the Scheme was then proposed by Abbotsleigh. The consideration offered pursuant to the original proposal and the Scheme is unchanged.

The purpose of the Selective Reduction under the Scheme is to return to the Scheme Participants a fair and reasonable share of the current value of the Company as consideration for the cancellation of their Shares. The result of the Scheme is that the Company will be owned and controlled exclusively by Abbotsleigh and its Associated Shareholders, and thereafter de-listed from ASX.

The purpose of the Scheme is to ensure that the Selective Reduction is effected in a manner which meets all of the regulatory and statutory requirements.

1.5 Other relevant considerations

(a) The Scheme may proceed even if you vote against it

The Scheme will be implemented if it is approved by the Requisite Majorities at the Scheme Meeting, Non-Gandel Meeting and General Meeting, and by the Court at the Second Court Date, irrespective of whether you do not vote or you vote against the Resolutions to Approve the Scheme.

If this occurs, the Scheme Consideration will be provided to Scheme Participants and your ORS Shares will be cancelled on the Scheme Implementation Date.

(b) Conditions Precedent

The Scheme is subject to a number of Conditions Precedent. The Conditions Precedent are summarised in Section 12.10 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed (attached at Annexure B), and clause 3.1 of the Scheme of Arrangement (attached at Annexure C).

If these Conditions Precedent are not satisfied or (if permitted) not waived, the Scheme will not proceed, even if it is approved by ORS Shareholders at the Scheme Meeting.

As at the date of this Scheme Booklet, the Independent Director is not aware of any matter or circumstance that would result in the non-fulfilment of any of the Conditions Precedent to the Scheme.

2. Questions and Answers

This section answers some basic questions that you may have about the Scheme. The information is a summary only and should only be read in conjunction with the entire Scheme Booklet. You should read the entire Scheme Booklet before deciding how to vote on the Scheme Resolution, the Related Party Resolution, the Selective Reduction Resolutions and the Repayment Resolution.

Question	Answer
Overview of the Scheme	
Why have I received this Scheme Booklet?	<p>You have been sent this Scheme Booklet because you are an ORS Shareholder. On 26 November 2015, ORS announced the Scheme to ASX.</p> <p>The purpose of this Scheme Booklet is to explain the terms of the proposed Scheme, and provide you with information to assist you in making a decision as to whether or not to vote in favour of the Resolutions to Approve the Scheme.</p> <p>Following implementation of the Scheme, the Gandel Shareholders (being Abbotsleigh and its Associated Shareholders) will hold 100% of the ORS Shares.</p> <p>Under the Scheme, Scheme Participants will receive Cash Consideration and the Scrip Consideration (ie A1 Gold Shares) and the ORS Shares held by Scheme Participants will be cancelled.</p>
Why is the Scheme being proposed?	<p>In June 2015 ORS completed the sale of the Maldon Gold Operations to A1 Gold. This transaction was entered into as the Directors anticipated that it would substantially reduce corporate and operating costs, while allowing the Company to refocus its efforts on exploration at the Hogan's Project in Western Australia.</p> <p>Since completion, ORS has conducted a review of its overall strategy and direction. Following such review ORS now considers that its current level of operations and proposed exploration program of Hogan's Project cannot be justified.</p> <p>The Scheme is being proposed as there are currently limited future funding sources available to ORS, the level of in-ground exploration expenditure proposed by the Company to 31 December 2016 (assuming \$1.5 million available funding) is less than 40% of the Company's total budgeted expenditure and ORS is incurring significant reporting and compliance costs as a public listed company.</p> <p>ORS has sought advice from its solicitors, and liaised with ASX and ASIC concerning the legal and regulatory requirements of the proposal, and is of the view that a scheme of arrangement is the most efficient and cost effective process to effect the proposal for the Gandel</p>

Question	Answer
	Shareholders to hold 100% of the ORS Shares.
What if the Scheme is not approved?	If any of the Scheme Resolution, the Selective Reduction Non-Gandel Resolution, the Selective Reduction Gandel Resolution or the Related Party Resolution are not passed, the Scheme will not proceed, and ORS will need to consider the options available to it to (among other things) repay its debt, including appointing a voluntary administrator.
What is the Selective Reduction?	The Selective Reduction is a return of capital on and cancellation of your ORS Shares, and is an integral step in the implementation of the Scheme. The Scheme is conditional on the Selective Reduction Resolutions being approved.
What is a scheme of arrangement?	A scheme of arrangement is a statutory procedure that can be used to enable one company to acquire another company. It requires a vote in favour of the scheme by the Requisite Majorities at a meeting of shareholders and Court approval.
Is this a takeover?	The Scheme is not a takeover offer, it is a scheme of arrangement. However, if the Scheme is implemented, the outcome will be similar to a successful 100% takeover offer, in that all of the ORS Shares on issue will be held by the Gandel Shareholders.
Why is the Scheme being proposed?	<p>The Independent Director of ORS has been considering restructure possibilities as:</p> <ul style="list-style-type: none"> • the Company's current operating strategy is not economically sustainable; • the Company's market capitalisation does not reflect the value of its assets; • the value of the ORS Shares substantially restricts its ability to raise equity without substantially diluting non-participating shareholders; and • the Company has borrowed funds (currently totalling \$1.3 million) that require repayment. <p>The Independent Director has sought legal advice and tax advice on various restructure proposals and has determined that, overall, the Scheme is in the best interests of Scheme Participants.</p>
What is the effect of approving the Scheme?	If the Resolutions to Approve the Scheme are passed by the Requisite Majorities, the Scheme is subsequently approved by the Court and all other Conditions Precedent to the Scheme are satisfied or, if permitted, waived, the Scheme will be implemented.
Who is entitled to participate	ORS Shareholders, other than the Gandel

Question	Answer
in the Scheme?	Shareholders, who hold ORS Shares as at the Record Date will participate in the Scheme if it is implemented.
Do I need to make any payments or do anything else in order to be eligible to participate in the Scheme?	No, you do not need to make any payments or do anything further to be eligible to participate in the Scheme.
What will ORS Shareholders receive if the Scheme is implemented?	<p>If the Scheme is implemented, Scheme Participants will receive:</p> <ul style="list-style-type: none"> • the Cash Consideration, being \$0.0055 per ORS Share held; and • the Scrip Consideration, being the transfer by ORS of two A1 Gold Shares for every five ORS Shares held by the Scheme Participants. <p>Ineligible Foreign Shareholders will not receive A1 Gold Shares as part of the Scrip Consideration. Rather, any A1 Gold Shares that would otherwise be transferred by ORS to Ineligible Foreign Shareholders will instead be transferred to the Nominee and dealt with in accordance with the process set out in Section 6.6.</p>
How was the ratio of the Scrip Consideration determined?	<p>The ratio of two A1 Gold Shares for every five ORS Shares held by the Scheme Participants was determined based on:</p> <ul style="list-style-type: none"> (a) the Gandel Shareholders' assessment of the market value of the A1 Gold Shares over time held by the Company; (b) the Gandel Shareholders' assessment the fair value of the ORS Shares; (c) the trading price of ORS Shares over time; (d) the estimated number of A1 Gold Shares that are required to repay the Existing Gandel Loan; (e) the desire to ensure that the Scheme Participants to receive a mix of cash and scrip as consideration for the cancellation of their Scheme Shares. <p>In this regard, the Independent Director notes that the Independent Expert has provided the opinion that the Scheme is in the best interests of Scheme Participants in the absence of a Superior Proposal, and that the Selective Capital Reduction and cancellation of the Scheme Shares is fair and reasonable to the Scheme Participants. In this regard the Gandel Shareholders' assessment of the fair value of the Scheme Participant's ORS Shares is consistent with the</p>

Question	Answer
	Independent Expert's opinion.
<p>How will the Cash Consideration be funded?</p>	<p>The Cash Consideration will be funded by an advance from Abbotsleigh to ORS for \$802,502 under the Scheme Implementation Deed. The Abbotsleigh Advance will be applied by ORS to fund the payment of the Cash Consideration.</p> <p>Further terms of the Abbotsleigh Advance are set out in Section 6.5.</p> <p>Abbotsleigh will provide the Abbotsleigh Advance subject to the approval of the Scheme Resolution, the Selective Reduction Resolutions and the Related Party Resolution. The terms of the Abbotsleigh Advance are contained in Schedule 3 to the Scheme Implementation Deed. The sum of \$802,502 advanced under the Abbotsleigh Advance is to be held by Octagonal on trust for the Scheme Participants. If the Scheme becomes effective, the funds will be paid to the Scheme Participants as the Cash Consideration and the Abbotsleigh Advance becomes a liability of Octagonal, which is repayable on the later of demand from Abbotsleigh or 7 days after the Implementation Date. However Abbotsleigh must not call for the repayment of all or any part of the Advance if the payment of that call by Octagonal would result in it being unable to pay its debts (including to Abbotsleigh) as and when they become due and payable.</p> <p>If the Scheme does not become Effective, then Octagonal must refund to Abbotsleigh the Abbotsleigh Advance out of the moneys held on trust by Octagonal.</p>
<p>Is Abbotsleigh bound to provide the Abbotsleigh Advance?</p>	<p>Yes, pursuant to the terms of the Scheme Implementation Deed, Abbotsleigh is bound to provide the Abbotsleigh Advance to ORS. Abbotsleigh has also provided a Deed Poll in favour of ORS and the Scheme Participants that Abbotsleigh undertakes to do all things necessary to do under the Scheme, including providing the Abbotsleigh Advance to ORS in consideration of ORS applying such funds for the payment of the Cash Consideration in accordance with the terms of the Scheme.</p> <p>Under the Scheme, Scheme Participants appoint ORS as their agent and attorney to enforce the Deed Poll on their behalf.</p>
<p>How will the Scrip Consideration be funded?</p>	<p>The Scrip Consideration will be satisfied from the 169,672,726 A1 Gold Shares that are currently held by ORS.</p>
<p>Can I choose my form of consideration?</p>	<p>No, you can only receive the Cash Consideration and the Scrip Consideration. That is, you cannot elect to receive a variation to the Scheme Consideration.</p>
<p>What is the premium of the Scheme Consideration</p>	<p>The Independent Expert has determined that the fair market value of the Scheme Consideration is between</p>

Question	Answer
<p>compared to the market price of ORS Shares?</p>	<p>\$0.0147 and \$0.0224. This fair market value generally represents a premium over recent historical trading prices of ORS Shares.</p> <p>The premiums of these amounts as compared to:</p> <ul style="list-style-type: none"> • the ORS Shares on the Pre-Announcement Trading Day and 19 October 2015; • the VWAP of ORS Shares over the one month period prior to the Pre-Announcement Trading Day and 19 October 2015; • the VWAP of ORS Shares over the two month period prior to the Pre-Announcement Trading Day and 19 October 2015, <p>are set out in Section 1.2(c).</p>
<p>Will I be able to trade the A1 Gold Shares on ASX?</p>	<p>The A1 Gold Shares currently trade on ASX. If the Scheme becomes Effective, it is expected that you will be able to trade your A1 Gold Shares on a deferred settlement basis on or about 23 February 2016.</p> <p>See the Risk Sections for a description of risks associated with trading during this period.</p>
<p>How will fractional shares be treated?</p>	<p>If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of an A1 Gold Share, the number of A1 Gold Shares to which you would be entitled will, after aggregating all of your holdings of ORS Shares, be rounded up in the case of an entitlement to half of an A1 Gold Share or otherwise rounded up or down to the nearest whole number of A1 Gold Shares.</p>
<p>Can I keep my ORS Shares?</p>	<p>If the Scheme is implemented, your ORS Shares will be cancelled. This will be the case even if you did not vote or you voted against the Resolutions to Approve the Scheme.</p>
<p>Can I sell my ORS Shares on ASX?</p>	<p>Yes, you can sell your ORS Shares on ASX up to and including the Effective Date. Trading in ORS Shares will be suspended following close of trading on the Effective Date, so you will not be able to sell your ORS Shares on ASX after that time.</p> <p>If you sell your ORS Shares on ASX:</p> <ul style="list-style-type: none"> • you may pay brokerage on the sale; • you will not receive the Scheme Consideration; and • there may be different tax consequences compared with those that would arise if the Scheme is implemented.

Question	Answer
<p>When will I receive the Scheme Consideration?</p>	<p>If the Scheme becomes Effective the Scheme Participants will:</p> <ul style="list-style-type: none"> • have their names entered into the A1 Gold Register; and • be paid the \$0.0055 Cash Consideration, <p>on or very soon after the Implementation Date.</p> <p>You should be aware that if the Scheme Meeting, Non-Gandel Meeting or General Meeting is adjourned or the Effective Date is otherwise delayed, the payment of the Scheme Consideration will also be delayed.</p>
<p>Recommendation and voting</p>	
<p>Who is the Independent Director?</p>	<p>The Independent Director is Mr Anthony Gray.</p> <p>As Mr Gray does not have an interest in Abbotsleigh or its Associated Shareholders, he is considered to be independent of Abbotsleigh. Mr Gray also has a relevant interest in 1,790,786 ORS Shares.</p> <p>The other ORS Directors, Mr Ian Gandel and Mr Bob Tolliday, are not considered to be independent. This is on the basis that Mr Gandel is a director of Abbotsleigh, and Mr Tolliday is as an employee of Gandel Metals.</p>
<p>What does the Independent Director recommend?</p>	<p>In the absence of a Superior Proposal, the Independent Director encourages all eligible ORS Shareholders to vote in favour of:</p> <ul style="list-style-type: none"> • the Scheme Resolution at the <u>Scheme Meeting</u>; • the Selective Reduction Non-Gandel Resolution at the <u>Non-Gandel Meeting</u>; and • the Related Party Resolution at the <u>General Meeting</u>. <p>The Independent Director also encourages ORS Shareholders other than the Gandel Shareholders to abstain from voting on the Selective Reduction Gandel Resolution at the <u>General Meeting</u>.</p> <p>The Independent Director further encourages ORS Shareholders to vote in favour of the Repayment Resolution at the <u>General Meeting</u>.</p> <p>The Gandel Shareholders have indicated that they will vote in favour of the Selective Reduction Gandel Resolution at the <u>General Meeting</u>. The Gandel Shareholders are not entitled to vote on the other Resolutions.</p> <p>The table below sets out voting options for Scheme</p>

Question	Answer																				
	Participants who are in favour of the Scheme and those opposed to the Scheme:																				
		If you are in favour of the Scheme, you should vote	If you are opposed to the Scheme, you should vote																		
	At the Scheme Meeting																				
	Scheme Resolution	For	Against																		
	At the Non-Gandel Meeting																				
	Selective Reduction Non-Gandel Resolution	For	Against																		
	At the General Meeting																				
	Selective Reduction Gandel Resolution	Abstain	Against																		
	Related Party Resolution	For	Against																		
	In addition, the Independent Director recommends that you vote For the Repayment Resolution.																				
Who is eligible to vote on the Resolutions?	The following are eligible to vote on the Resolutions:																				
	<table border="1"> <thead> <tr> <th data-bbox="692 1420 1054 1482">Resolution</th> <th colspan="2" data-bbox="1054 1420 1423 1482">Eligibility</th> </tr> </thead> <tbody> <tr> <td data-bbox="692 1482 1054 1545">Scheme Resolution</td> <td colspan="2" data-bbox="1054 1482 1423 1545">Scheme Participants</td> </tr> <tr> <td data-bbox="692 1545 1054 1639">Selective Reduction Non-Gandel Resolution</td> <td colspan="2" data-bbox="1054 1545 1423 1639">Scheme Participants</td> </tr> <tr> <td data-bbox="692 1639 1054 1863">Selective Reduction Gandel Resolution</td> <td colspan="2" data-bbox="1054 1639 1423 1863">The Gandel Shareholders, and Scheme Participants (Scheme Participants may only abstain or vote against)</td> </tr> <tr> <td data-bbox="692 1863 1054 1926">Related Party Resolution</td> <td colspan="2" data-bbox="1054 1863 1423 1926">Scheme Participants</td> </tr> <tr> <td data-bbox="692 1926 1054 1993">Repayment Resolution</td> <td colspan="2" data-bbox="1054 1926 1423 1993">Scheme Participants</td> </tr> </tbody> </table>			Resolution	Eligibility		Scheme Resolution	Scheme Participants		Selective Reduction Non-Gandel Resolution	Scheme Participants		Selective Reduction Gandel Resolution	The Gandel Shareholders, and Scheme Participants (Scheme Participants may only abstain or vote against)		Related Party Resolution	Scheme Participants		Repayment Resolution	Scheme Participants	
Resolution	Eligibility																				
Scheme Resolution	Scheme Participants																				
Selective Reduction Non-Gandel Resolution	Scheme Participants																				
Selective Reduction Gandel Resolution	The Gandel Shareholders, and Scheme Participants (Scheme Participants may only abstain or vote against)																				
Related Party Resolution	Scheme Participants																				
Repayment Resolution	Scheme Participants																				
How does the Independent	The Independent Director proposes to vote the ORS																				

Question	Answer
Director intend to vote in respect of the ORS Shares in which he has a relevant interest?	Shares in which he has a relevant interest in favour of the Scheme Resolution, the Selective Reduction Non-Gandel Resolution, the Related Party Resolution and the Repayment Resolution, and abstain on the Selective Reduction Gandel Resolution.
Why does the Independent Director encourage ORS Shareholders to ABSTAIN in the Selective Reduction Gandel Resolution at the General Meeting?	<p>At the General Meeting, Scheme Participants are only entitled to abstain or vote against the Selective Reduction Gandel Resolution (in this regard the Corporations Act imposes restrictions on the ability of members who are to receive a benefit in connection with their shares being cancelled from voting in favour of the relevant resolution).</p> <p>One of the Conditions Precedent to the Scheme becoming Effective is the approval of the Selective Reduction Gandel Resolution at the General Meeting by the Requisite Majorities under the Corporations Act.</p> <p>In order to ensure that the Selective Reduction Gandel Resolution is passed with the Requisite Majorities at the General Meeting, the Independent Director encourages Scheme Participants to abstain from voting on the Resolution, rather than voting against the Resolution. Any votes cast in favour of the resolution by anyone other than the Gandel Shareholders will be disregarded.</p>
What is the opinion of the Independent Expert?	<p>The Independent Expert has considered the merits of the Scheme and has concluded that the Scheme Consideration is fair and reasonable and that, in the absence of a Superior Proposal, the Scheme is in the best interests of the Scheme Participants.</p> <p>Further details of the findings of the Independent Expert are set out in Section 3.12 and the Independent Expert's Report is set out in full at Annexure A.</p>
Implementation of the Scheme	
How will the Scheme be implemented?	<p>The Scheme will be implemented by way of a scheme of arrangement between ORS and Scheme Participants. Scheme Participants will be asked to consider and vote on:</p> <ul style="list-style-type: none"> • the Scheme Resolution at the Scheme Meeting; • the Selective Reduction Non-Gandel Resolution in the Non-Gandel Meeting; and • the Related Party Resolution and abstain from voting on the Selective Reduction Gandel Resolution at the General Meeting. <p>As part of the Scheme, ORS will undertake the Selective Reduction. ORS will:</p> <ul style="list-style-type: none"> • transfer A1 Gold Shares (that are currently held by it) as the Scrip Consideration component of

Question	Answer
	<p>the Scheme Consideration; and</p> <ul style="list-style-type: none"> • pay the Cash Consideration component of the Scheme Consideration. <p>All ORS Shares other than those held by the Gandel Shareholders will then be cancelled.</p> <p>The Scheme is subject to (amongst other things) receipt of all necessary approvals; the approval of relevant ORS Shareholders in the Scheme Meeting, the Non-Gandel Meeting and the General Meeting, and the approval of the Court.</p> <p>Further details on how the Scheme will be implemented are set out in Section 12.</p>
<p>When and where will the Scheme Meeting, Non-Gandel Meeting and General Meeting be held?</p>	<p>The Scheme Meeting, Non-Gandel Meeting and General Meeting are scheduled to be held at HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne, Victoria on 29 January 2016 at:</p> <ul style="list-style-type: none"> • 10.00am (for the Scheme Meeting); • 10.30am (for the Non-Gandel Meeting); and • 11.00am (for the General Meeting).
<p>What is the purpose of the General Meeting and the Non-Gandel Meeting?</p>	<p>In addition to the Court ordered Scheme Meeting, ORS must hold a Non-Gandel Meeting and a General Meeting to approve the Selective Reduction Resolutions. The Related Party Resolution will also need to be approved at the General Meeting.</p> <p>The Selective Reduction Resolutions will effect the reduction and cancellation of all ORS Shares except those held by the Gandel Shareholders.</p> <p>Approval at the Non-Gandel Meeting is required in addition to approval at the General Meeting because of voting restrictions that apply under the Corporations Act.</p> <p>At the General Meeting, ORS Shareholders whose ORS Shares are to be cancelled may not vote in favour of the Selective Reduction Gandel Resolution (although they may abstain or vote against). This means that only the Gandel Shareholders may vote in favour of the Selective Reduction Gandel Resolution at the General Meeting.</p> <p>The Non-Gandel Meeting will be comprised only of those ORS Shareholders whose ORS Shares are being cancelled. This means that the Gandel Shareholders will not be eligible to vote at the Non-Gandel Meeting.</p> <p>The Corporations Act thus requires that the Selective</p>

Question	Answer
	Reduction Resolutions be passed by both groups of ORS Shareholders. The splitting of the approval process means that no dominant ORS shareholder controls the share cancellation process.
Who is entitled to participate in the Scheme?	<p>Only persons registered as holders of ORS Shares on the Record Date, other than the Gandel Shareholders, may participate in, and will be bound by, the Scheme. It is anticipated that the Record Date will be 7.00pm on 15 February 2016.</p> <p>This date may change. Any changes will be announced to the ASX and notified on the ASX announcements platform.</p>
When will the Scheme become Effective?	<p>Subject to satisfaction or waiver (in accordance with the Scheme Implementation Deed) of the Conditions Precedent to the Scheme, it is expected that the Scheme will become Effective on 8 February 2016.</p> <p>The Cash Consideration will be paid, and the Scrip Consideration transferred, on 22 February 2016.</p>
What are the advantages of the Scheme?	Potential advantages of the Scheme are considered in Section 1.2. You should consider each of these reasons in considering whether to vote in favour of the Resolutions to Approve the Scheme.
What are the disadvantages of the Scheme?	Potential disadvantages of the Scheme are considered in Section 1.3. You should consider each of these reasons in considering whether to vote against the Resolutions to Approve the Scheme.
What are the risks of the Scheme?	Risks that directly relate to the implementation of the Scheme for Scheme Participants are set out in the Risk Sections. You should consider each of these risks in considering whether to vote for or against the Resolutions to Approve the Scheme.
What happens if the Scheme does not proceed?	<p>If the Scheme does not proceed, the ORS Directors intend to review the business of ORS as it is currently conducted. The Directors will continue to review alternative options for maximising the value of the Company's assets for its shareholders, and may consider alternative restructure proposals, appointing an administrator or liquidating the business.</p> <p>In addition, the Repayment Resolution will be proposed at the General Meeting for the repayment of the Existing Gandel Loan owed by ORS to Gandel Metals. Approval will be sought for the total amount of the Existing Gandel Loan of approximately \$1.5 million. This amount comprises of \$1.3 million lent up to the date of this Scheme Booklet, and approximately \$0.2 million to be lent for the purposes of the costs incurred by ORS for the Scheme and the corporate costs.</p>

Question	Answer
<p>What will be the effect of the Scheme on Scheme Participants?</p>	<p>If the Scheme is implemented:</p> <ul style="list-style-type: none"> • Scheme Participants will have their Scheme Shares cancelled and will receive the Scheme Consideration in return; and • ORS will become wholly owned by the Gandel Shareholders and will be delisted from ASX.
<p>What are the options for ORS Shareholders?</p>	<p>Scheme Participants may:</p> <ul style="list-style-type: none"> • vote in favour of the Scheme Resolution at the Scheme Meeting; • vote against the Scheme Resolution at the Scheme Meeting; • sell their Scheme Shares; or • do nothing. <p>Scheme Participants may vote for or against, or may abstain from voting, on the Selective Reduction Non-Gandel Resolution in the Non-Gandel Meeting.</p> <p>Additionally, ORS Shareholders may:</p> <ul style="list-style-type: none"> • abstain from voting, or vote against the Selective Reduction Gandel Resolution, in the General Meeting, and • vote for or against, or may abstain from voting, on the Related Party Resolution in the General Meeting; and • vote for or against, or may abstain from voting, on the Repayment Resolution in the General Meeting <p>Scheme Participants should be aware that the Scheme will not be implemented if any of the Resolutions put at the Scheme Meeting, the Non-Gandel Meeting and the General Meeting (excluding the Repayment Resolution) are not approved by the Requisite Majorities. If the Scheme is not implemented, Scheme Participants will not receive the Scheme Consideration for their Scheme Shares.</p>
<p>What approvals are required at the Scheme Meeting?</p>	<p>For the Scheme to be approved, votes in favour of the Scheme Resolution must be received from ORS Shareholders as follows:</p> <ul style="list-style-type: none"> • a majority in number (more than 50%) of ORS Shareholders present and voting at the

Question	Answer
	<p>Scheme Meeting (whether in person, by proxy, by attorney or by corporate representative); and</p> <ul style="list-style-type: none"> • at least 75% of the total number of votes cast on the Scheme Resolution (whether in person, by proxy, by attorney or by corporate representative).
<p>What approvals are required for the Non-Gandel and General Meeting?</p>	<p>In order for the Scheme to be implemented, the Selective Reduction Resolutions must be approved by special resolution (at least 75%) in two separate meetings: the General Meeting and the Non-Gandel Meeting. The separate meetings are a requirement of the Corporations Act and ensure that no dominant ORS Shareholder can pass the Selective Reduction Resolutions.</p> <p>In order for the Scheme to be implemented, the Related Party Resolution must also be approved by ordinary resolution at the General Meeting.</p> <p>The Repayment Resolution must also be approved by ordinary resolution at the General Meeting</p>
<p>Are there any conditions to the Scheme proceeding?</p>	<p>There are a number of outstanding Conditions Precedent that will need to be satisfied or waived (as applicable) before the Scheme can become Effective. These Conditions Precedent include obtaining approvals from relevant ORS Shareholders at the Non-Gandel Meeting and the General Meeting, approval from the Court, and other approvals.</p> <p>Further details on the Conditions Precedent to the Scheme are set out in Section 12.10.</p>
<p>What are the key conditions to be satisfied before the Scheme can proceed?</p>	<p>The key conditions that must be satisfied in order for the Scheme to proceed are:</p> <ul style="list-style-type: none"> • Scheme Participants approving the Scheme Resolution at the Scheme Meeting; • the Scheme Participants approving the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting; • the Gandel Shareholders approving the Selective Reduction Gandel Resolution at the General Meeting. Abbotsleigh is required to vote in favour of this resolution under clause 3.1 of the Deed Poll. Scheme Participants can only abstain or vote against this resolution; • the Scheme Participants approving the Related Party Resolution at the General Meeting; and

Question	Answer
	<ul style="list-style-type: none"> • the Court approving the Scheme. <p>These are not the only Conditions Precedent. Each of the Conditions Precedent is summarised in Section 12.10. The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed (which is reproduced in Annexure B), and clause 3.1 of the Scheme of Arrangement (which is reproduced in Annexure C).</p>
Questions about Abbotsleigh	
Who is Abbotsleigh?	Abbotsleigh is a private investment company owned by the Company's non-executive chairman, Mr Ian Gandel.
Why does Abbotsleigh wish to acquire ORS?	<p>The Scheme is proposed by ORS and Abbotsleigh to allow Scheme Participants the opportunity to realise a benefit that is superior to the alternatives currently available in what is a relatively illiquid market for ORS Shares and a poor equity market for junior exploration and mining companies. In this regard, the Gandel Shareholders wish to pursue the exploration of Hogan's Project which, in the view of the Gandel Shareholders, would be more appropriately pursued through a private company (rather than as a listed company). As a public company, ORS is incurring administrative and compliance costs which would not be incurred under a private company structure.</p> <p>If the Scheme is not approved, then ORS will need to repay its creditors including the Existing Gandel Loan. To fund these payments ORS will need to sell the A1 Gold Shares that it holds (as other funding sources such as a capital raising or loan funds are not viable options available to ORS). It is likely that the A1 Gold Share sale price under such sale would be less than the then A1 Gold Share price (and possibly significantly less).</p> <p>In such circumstance it is likely that the ORS Share price will further decrease due to the fall in the A1 Gold Share price, and realisable value of the A1 Gold Shares held by ORS.</p> <p>Further, ORS could sell the Hogan's Project. ORS has engaged in high level discussions and has not received any offers for those tenements, and it is unclear for how much ORS would be able to sell those assets (if at all). In this regard the Independent Expert has attributed a preferred value of \$0.31 million to those assets.</p> <p>There is the possibility that if the Scheme is not approved, the Directors will need to appoint a voluntary administrator due to the Company's financial circumstance. The costs involved in appointing an administrator, and the likely decrease in the realisable value of the ORS Shares or the underlying assets for ORS Shareholders, would very likely not deliver an outcome to ORS Shareholders superior to that proposed under the Scheme.</p>

Question	Answer
Questions about A1 Gold	
Who is A1 Gold?	<p>A1 Gold was incorporated on 14 February 2011 and was admitted to the official list of ASX on 19 June 2012.</p> <p>A1 Gold was incorporated for the purpose of entering into an agreement to acquire 100% ownership of the A1 Gold Project. On 25 June 2015, A1 Gold purchased the Maldon Gold Operation from ORS. A1 Gold's objective is to operate as a junior resources company focused on developing its gold projects.</p> <p>ORS currently holds approximately 37.01% of the total A1 Gold Shares on issue. As at the date of this Scheme Booklet, A1 Gold is currently undertaking a SPP and a general meeting is proposed to be held on 6 January 2016 to seek approval for the issue of A1 Gold securities. ORS and Abbotsleigh have indicated that they will not participate in the SPP.</p> <p>ORS currently holds 169,672,726 A1 Gold Shares, representing 37.01% of the total A1 Gold Shares on issue. Out of these A1 Gold Shares, the Scheme Participants will receive approximately 58,363,789 A1 Gold Shares as part of the Scrip Consideration, representing 12.73% of the total A1 Gold Shares currently on issue.</p> <p>If \$1 million worth of A1 Gold Shares are issued under the SPP (being 41,666,667 A1 Gold Shares) and shareholder approval is obtained for the issue of all of the to directors securities at upcoming the A1 Gold general meeting, then:</p> <ul style="list-style-type: none"> (a) the Company's total A1 Gold Shareholding will be diluted to 33.76% of the total A1 Gold Shares then on issue; and (b) following the transfer of the Scrip Consideration to the Scheme Participants: <ul style="list-style-type: none"> (i) the Scheme Participants will hold 11.61% of the total A1 Gold Shares then on issue; and (ii) ORS will hold 22.15% of the total A1 Gold Shares then on issue. This calculation does not take into consideration the transfer of A1 Gold Shares to Gandel Metals in repayment of the Existing Gandel Loan if the Repayment Resolution is approved (estimated to be approximately 60,000,000 A1 Gold Shares). <p>As a result, the Scheme Participants will hold their A1 Gold Shares on a minority basis and will have limited</p>

Question	Answer
	<p>ability to influence the decisions of A1 Gold if the Scheme is approved.</p> <p>Further information about A1 Gold is set out in Section 10, and further information in relation to the proposed issue of securities by A1 Gold is set out at Section 10.4.</p>
Questions about implementation of the Scheme	
Will I be required to pay broker fees or stamp duty?	You will not have to pay either brokerage or stamp duty if the Scheme is implemented unless you are an Ineligible Foreign Shareholder.
When will I receive my A1 Gold Shares?	<p>Scheme Participants will receive their A1 Gold Shares on the Implementation Date, and an advice detailing Scheme Participant's new holding is expected to be sent on that date. At this stage, the Implementation Date is expected to be 22 February 2016.</p> <p>If the Scheme becomes Effective, it is expected that trading in ORS Shares on ASX will be suspended at close of trade on 8 February 2016, and that you will be able to trade in your A1 Gold Shares on a normal settlement basis from the start of trade on 23 February 2016. These dates may change. Any change will be announced to ASX and notified on the ASX announcements platform.</p>
When will I receive my Cash Consideration?	Scheme Participants will be sent a cheque, or will have their Cash Consideration direct transferred to their nominated bank account (if notified by the Scheme Participant) within 5 Business Days after the Implementation Date.
Can I sell my ORS Shares now?	You can offer to sell your ORS Shares on ASX at any time prior to trading in ORS Shares being suspended. If the Scheme becomes Effective, it is expected that trading in ORS Shares on ASX will be suspended at close of trade on 8 February 2016.
Who is an Ineligible Foreign Shareholder?	Each Scheme Participant whose address on the Share Register at the Record Date is in a jurisdiction other than Australia or its external territories or New Zealand is an Ineligible Foreign Shareholder under the Scheme.
What if I am an Ineligible Foreign Shareholder?	<p>Ineligible Foreign Shareholders will be paid the Cash Consideration on the same terms as other Scheme Participants.</p> <p>Ineligible Foreign Shareholders will not receive the Scrip Consideration (being the transfer of A1 Gold Shares) to which they would otherwise be entitled under the Scheme. Instead, those A1 Gold Shares will be transferred by ORS to the Nominee who will sell them on ASX.</p> <p>The Nominee will pass the proceeds of sale to the</p>

Question	Answer
	<p>Company which will then remit to each Ineligible Foreign Shareholder an amount equal to the average net proceeds of the A1 Gold Shares (after deduction of any applicable brokerage, stamp duty and other taxes or charges).</p> <p>For further information on the treatment of Ineligible Foreign Shareholders, please refer to Section 3.13.</p>
<p>What are the tax implications of the Scheme for Scheme Participants?</p>	<p>The taxation implications of the Scheme will differ depending on the individual circumstances of each Scheme Participant. General information on the taxation effect of the Scheme on Scheme Participants who are residents of Australia for tax purposes is set out in Section 11. The information is expressed in general terms and does not constitute taxation advice in respect of the particular circumstances of any Scheme Participant. Your decision on how to vote on the Scheme should be made only after consultation with your financial, legal, taxation and other professional advisers based on your own investment objectives, financial situation, taxation position and particular needs.</p>
<p>Questions about voting at the Scheme Meeting</p>	
<p>Who is entitled to vote at the Scheme Meeting?</p>	<p>To be entitled to vote at the Scheme Meeting, you will need to be registered as an ORS Shareholder by 7.00pm (AEDT) 27 January 2016.</p>
<p>What is the purpose of the Scheme Meeting?</p>	<p>The purpose of the Scheme Meeting is for Scheme Participants to vote on the Scheme Resolution.</p> <p>One of the Conditions Precedent to the Scheme becoming Effective is the Scheme Resolution being approved by the Requisite Majorities.</p>
<p>How do I vote by Proxy?</p>	<p>Accompanying this Scheme Booklet is a personalised Proxy Form for voting by proxy at the Scheme Meeting. If you wish to vote on the Scheme Resolution but are not able to attend the Scheme Meeting, you should appoint a proxy by following the instructions on the Proxy Form. You do not need to complete the Proxy Form if you intend to vote in person, by attorney or by representative at the Scheme Meeting.</p> <p>In order to be valid, your proxy must be appointed by 10.00am on 27 January 2016. If you intend to appoint your proxy by returning the completed Proxy Form by mail or fax, your Proxy Form must be received by the Registry before 10.00am on 27 January 2016.</p>
<p>Is voting compulsory?</p>	<p>No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting to be held at 10.00am on 29 January 2016, you should appoint a proxy.</p>

Question	Answer
	For further details regarding voting and appointing a proxy for the Scheme Meeting, see Section 4.
What happens if I vote against the Scheme Resolution?	<p>If the Scheme becomes Effective it will bind all Scheme Participants, including those who vote against the Scheme Resolution (and those who do not vote at all). You should be aware that the approval of the Scheme Resolution at the Scheme Meeting is a condition of the Scheme becoming Effective. If you vote against the Scheme Resolution, the Scheme may not become Effective.</p> <p>If the Scheme does not become Effective, you will not receive the Scheme Consideration, and you will retain the rights associated with your ORS Shares.</p>
Questions about voting at the Non-Gandel Meeting	
Who is entitled to vote at the Non-Gandel Meeting?	<p>To be entitled to vote at the Non-Gandel Meeting, you will need to be registered as an ORS Shareholder by 7.00pm (AEDT) 27 January 2016.</p> <p>Only Scheme Participants are eligible to vote at the Non-Gandel Meeting. The Gandel Shareholders are not eligible to vote at the Non-Gandel Meeting.</p>
How do I vote by Proxy?	<p>Accompanying this Scheme Booklet is a personalised Proxy Form for voting at the Non-Gandel Meeting. If you wish to vote on the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting but are not able to attend the Non-Gandel Meeting, you should appoint a proxy by following the instructions on the Proxy Form. You do not need to complete the Proxy Form if you intend to vote in person, by attorney or by representative at the Non-Gandel Meeting.</p> <p>In order to be valid, your proxy must be appointed by 10.30am on 27 January 2016. If you intend to appoint your proxy by returning the completed Proxy Form by mail or fax, your Proxy Form must be received by the Registry before 10.30am on 27 January 2016.</p>
Is voting compulsory?	<p>No, voting is not compulsory. However, your vote is important. If you cannot attend the Non-Gandel Meeting to be held at 10.30am on 29 January 2016, you should appoint a proxy.</p> <p>For further details regarding voting and appointing a proxy for the Non-Gandel Meeting, see Section 4 of this Scheme Booklet.</p>
What happens if I vote against the Selective Reduction Non-Gandel Resolution?	<p>If the Scheme becomes Effective it will bind all Scheme Participants, including those who voted against the Selective Reduction Non-Gandel Resolution (and those who do not vote at all).</p> <p>You should be aware that the approval of the Selective Reduction Non-Gandel Resolution at the Non-Gandel</p>

Question	Answer
	<p>Meeting is a condition of the Scheme becoming Effective. If you vote against the Selective Reduction Non-Gandel Resolution, the Scheme may not become Effective.</p> <p>If the Scheme does not become Effective, you will not receive the Scheme Consideration, and you will retain the rights associated with your ORS Shares.</p>
Questions about voting at the General Meeting	
Who is entitled to vote at the General Meeting?	To be entitled to vote at the General Meeting, you will need to be registered as an ORS Shareholder by 7.00pm (AEDT) 27 January 2016.
How do I vote by Proxy?	<p>Accompanying this Scheme Booklet is a personalised Proxy Form for voting by proxy at the General Meeting. If you wish to vote on the Selective Reduction Gandel Resolution, the Related Party Resolution and the Repayment Resolution, but are not able to attend the General Meeting, you should appoint a proxy by following the instructions on the Proxy Form. You do not need to complete the Proxy Form if you intend to vote in person, by attorney or by representative at the General Meeting.</p> <p>In order to be valid, your proxy must be appointed by 11.00am on 27 January 2016. If you intend to appoint your proxy by returning the completed Proxy Form by mail or fax, your Proxy Form must be received by the Registry before 11.00am on 27 January 2016.</p>
Is voting compulsory?	<p>No, voting is not compulsory. However, your vote is important. If you cannot attend the relevant meeting you should appoint a proxy.</p> <p>For further details regarding voting and appointing a proxy for the General Meeting, see Section 4 of this Scheme Booklet.</p>
What happens if I vote against the Related Party Resolution or the Selective Reduction Gandel Resolution?	<p>If the Scheme becomes Effective it will bind all Scheme Participants, including those who vote against the Scheme Resolution, the Related Party Resolution and/or the Selective Reduction Gandel Resolution (and those who do not vote at all).</p> <p>You should be aware that the approval of the Related Party Resolution and the Selective Reduction Resolutions is a condition of the Scheme becoming Effective. If you vote against the Related Party Resolution and/or the Selective Reduction Resolutions, the Scheme may not become Effective.</p> <p>If the Scheme does not become Effective, you will not receive the Scheme Consideration, and you will retain the rights associated with your ORS Shares</p>
What happens if I vote against	If the Repayment Resolution is passed the Company

Question	Answer
the Repayment Resolution?	<p>may meet its obligation to repay the loans outstanding from Gandel Metals by transferring A1 Gold Shares.</p> <p>If the Repayment Resolution is not passed the Company will still have the obligation to repay the loans. The Company is not expected to have cash resources sufficient to make that repayment and will have to take steps to raise those funds, such as by selling A1 Gold Shares. The Company may have to sell more A1 Gold Shares in order to raise sufficient cash than would be transferred in accordance with the Repayment Resolution.</p>
Other information	
What other information is available?	<p>This Scheme Booklet provides detailed information in relation to the Scheme that all Scheme Participants should read.</p> <p>If you have any questions or require further information, you can call the Shareholder Information Line on:</p> <p>1300 782 305 (within Australia)</p> <p>+61 3 9415 4137 (outside Australia)</p>

3. Summary of the Scheme

This section provides a summary of the Scheme, the reasons for the Scheme, the Independent Director's recommendation in relation to how you should vote on the Resolutions to Approve the Scheme and the key terms of the Scheme Implementation Deed.

The Scheme Implementation Deed is set out in full in Annexure B.

3.1 How the Scheme will be implemented

(a) Scheme summary

The primary object of the Scheme is to provide that ORS will undertake the Selective Reduction, under which the Scheme Shares will be cancelled on the Implementation Date for the Scheme Consideration.

Upon provision of the Scheme Consideration (including the transfer of the A1 Gold Shares) and cancellation of the Scheme Shares, ORS will become owned by the Gandel Shareholders.

The Scheme Implementation Deed contains a series of Conditions Precedent that must be satisfied or waived. These Conditions Precedent are summarised in Section 3.1(f).

(b) Scheme Resolution

Scheme Participants will be asked to vote on a Scheme Resolution to approve the Scheme. The Scheme Meeting will be held at 10.00am on 29 January 2016. In order to be passed, the Scheme Resolution must be approved by:

- (i) a majority in number (more than 50%) of Scheme Participants present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or by corporate representative); and
- (ii) at least 75% of the total number of votes cast on the Scheme Resolution (whether in person, by proxy, by attorney or by corporate representative).

Voting restrictions apply to votes being cast on the Scheme Resolution. See Section 4 for more information on the applicable voting restrictions.

(c) Related Party Resolution

The Related Party Resolution will be proposed at the General Meeting. If it is not passed, the Scheme will not become Effective. The Related Party Resolution seeks Shareholder approval for the implementation of the overall transaction under Chapter 2E of the Corporations Act. Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of a public company.

As Mr Ian Gandel, an ORS Director, is also a director of Abbotsleigh, Abbotsleigh is considered to be a related party of ORS. As there may be a financial benefit given to Abbotsleigh as a result of the overall transaction, shareholder approval is sought for the purposes of Chapter 2E of the Corporations Act.

Voting restrictions apply to votes being cast on the Related Party Resolution. See Section 4 for more information on the applicable voting restrictions.

(d) Selective Reduction Resolutions

The Selective Reduction Resolutions will be proposed at both the Non-Gandel Meeting and the General Meeting. If either of the Selective Reduction Resolutions are not passed, the Scheme will not become Effective. Voting restrictions apply to votes being cast on the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting and the Selective Reduction Gandel Resolution at the General Meeting. See Section 4 for more information on the applicable voting restrictions.

Under the Selective Reduction Resolutions (subject to the approval of the Scheme by the Supreme Court of Victoria), the Scheme Participants will receive the Scheme Consideration and the Scheme Shares will be cancelled on the Implementation Date.

(e) Scheme Implementation Deed

ORS and Abbotsleigh entered into the Scheme Implementation Deed on 26 November 2015 and varied the Scheme Implementation Deed on 14 December 2015. A copy of the Scheme Implementation Deed is in Annexure B.

The Scheme Implementation Deed can be terminated by either party if the other party is in material breach of the Scheme Implementation Deed or a Court or Government Agency has taken action to restrain or prohibit the Scheme.

(f) Conditions Precedent and status

Implementation of the Scheme is subject to the satisfaction or waiver of the Conditions Precedent set out in clause 3.1 of the Scheme Implementation Deed and clause 3.1 of the Scheme of Arrangement. These include:

- (i) **(ASIC and ASX Approvals)** before 8.00am on the Second Court Date, ASIC and ASX issue or provide such consents or approvals as are necessary or which the Company and Abbotsleigh agree are desirable to implement the Scheme and such consent, approval or other act has not been withdrawn or revoked before 8.00am on the Second Court Date;
- (ii) **(No Company Material Adverse Change)** no Company Material Adverse Change occurs or is announced or disclosed between the date of this deed and 8.00am on the Second Court Date;
- (iii) **(Shareholder approval)** the Resolutions are approved by the ORS Shareholders by the Requisite Majorities;
- (iv) **(Court approval)** the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act;
- (v) **(Independent Expert)** the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interests of the ORS Shareholders on or before the date on which the Scheme Booklet is registered by ASIC under the Corporations Act and the Independent Expert not having notified ORS in writing that it has withdrawn or qualified this conclusion as at 8.00am on the Second Court Date;
- (vi) **(No Company material breach)** before 8.00am on the Second Court Date, the Company has not breached any material provision of this deed to a material extent in the context of the Scheme taken as a whole;

- (vii) **(No Abbotsleigh material breach)** before 8.00am on the Second Court Date, Abbotsleigh has not breached any material provision of this deed to a material extent in the context of the Scheme taken as a whole;
- (viii) **(Restraining orders)** no judgment, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Regulatory Authority of competent jurisdiction remains in effect as at 8.00am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme or the Scheme Implementation Deed, the Deed Poll and the Scheme of Arrangement; and
- (ix) **(Scheme Implementation Deed)** as at 8:00am on the Second Court Date the Scheme Implementation Deed having not been terminated in accordance with its terms.

3.2 When the Scheme comes into Effect

The Scheme will come into effect on the Effective Date. The Effective Date is the date on which a copy of the Order of the Court approving the Scheme is lodged with ASIC, which is expected to be 8 February 2016.

3.3 End date

If the Scheme Resolution is approved by Scheme Participants at the Scheme Meeting, the Scheme may still not be implemented if all the Conditions Precedent are not satisfied or waived (in accordance with the Scheme Implementation Deed and the Scheme of Arrangement).

The Scheme will lapse and be of no further force and effect (and no Scheme Consideration will be distributed) if the Scheme has not become Effective on or before 31 March 2016.

3.4 Rationale for the Scheme

The Independent Director has considered the Company's options and is of the view that the Scheme is the most efficient and cost effective option available to the Company. This is on the basis of the following:

- (a) the Company's alternative strategic options are constrained without the support of the Company's largest shareholder. The Independent Director believes that shareholder support is a necessary precondition to any new business strategy for ORS;
- (b) the Company's current operating strategy is not economically sustainable and is destroying shareholder value;
- (c) ORS has negative cash flow with expenses greater than revenue and, at the date of this Scheme Booklet, it has no significant capital appreciating assets;
- (d) the Scheme allows for Scheme Participants to realise some or all of their investment in ORS as cash and A1 Gold Shares; and
- (e) the Scheme Consideration represents a premium to the Company's share price as at the close of market on 25 November 2015 (being the last Business Day prior to the announcement of the Scheme on 26 November 2015), the ORS one and two month VWAPs.

The Independent Director has sought legal advice and tax advice on various restructure proposals and has determined that the Scheme is in the best interests of Scheme Participants.

If the Scheme is not approved, then ORS will need to repay its creditors including the Existing Gandel Loan. To fund these payments ORS will need to sell the A1 Gold Shares that it holds (as other funding sources such as a capital raising or loan funds are not viable options available to ORS). It is likely that the A1 Gold Share sale price under such sale would be less than the then A1 Gold Share price (and possibly significantly less).

In such circumstance it is likely that the ORS Share price will further decrease due to the fall in realisable value of the A1 Gold Shares held by ORS.

Further, ORS could sell the Hogan's Project. ORS engaged in high level discussions and has not received any offers for those tenements, and it is unclear for how much ORS would be able to sell those assets. In this regard the Independent Expert has attributed a preferred value of \$0.31 million to those assets.

There is the possibility that if the Scheme is not approved, the Directors will need to appoint a voluntary administrator due to the Company's financial position. The costs involved in appointing an administrator, and the likely decrease in the realisable value of the ORS Shares or the underlying assets for ORS Shareholders, would very likely not deliver an outcome to ORS Shareholders superior to that proposed under the Scheme.

Accordingly, the Scheme is proposed to allow Scheme Participants to realise a benefit that is superior to the alternatives available to them.

3.5 Independent Director's recommendation

The Independent Director recommends that Scheme Participants vote in favour of the Resolutions to Approve the Scheme, in the absence of a Superior Proposal.

In making this recommendation, the Independent Director has considered the Scheme against other options for restructuring ORS, including conducting a buy-back and the wind up and liquidation of ORS.

The Independent Director has also considered:

- (a) the advantages and disadvantages of the Scheme set out in Sections 1 and 5;
- (b) the risks factors associated with the Scheme set out in the Risk Sections; and
- (c) the opinion of the Independent Expert, whose report is included in Annexure A.

After considering the information available to the Independent Director, the Independent Director considers that the Scheme is the best option available to ORS, and recommends that Scheme Participants (being ORS Shareholders other than the Gandel Shareholders):

- (i) vote in favour of the Scheme Resolution at the Scheme Meeting;
- (ii) vote in favour of the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting;
- (iii) vote in favour of the Related Party Resolution at the General Meeting; and
- (iv) abstain from voting on the Selective Reduction Gandel Resolution at the General Meeting.

3.6 Scheme Consideration and funding arrangements

If the Scheme becomes Effective, Scheme Participants will receive:

- (a) the Scrip Consideration, by receiving two A1 Gold Shares for every five ORS Shares held, described further in Section 3.9(a); and
- (b) the Cash Consideration, by receiving \$0.0055 per ORS Share, described further in Section 3.9(b).

If the Scheme becomes Effective, the Scheme Consideration will be provided in respect of each Scheme Share held at the Record Date, which is currently expected to be at 7.00pm (AEDT) on 15 February 2016.

ORS proposes to fund the Cash Consideration by funds advanced under the Abbotsleigh Advance for \$802,502. Subject to the approval of the Resolutions at the General Meeting and the Non-Gandel Meeting, and immediately following the Scheme becoming Effective, Abbotsleigh will provide the Abbotsleigh Advance to ORS, and those funds will be held on trust for the Scheme Participants until the earlier of:

- (a) the payment of the Cash Consideration to Scheme Participants occurring in accordance with the Scheme, at which point the amount of the Abbotsleigh Advance will become a liability owing from the Company to Abbotsleigh; or
- (b) the End Date or such other earlier date on which the parties agree in writing that the Scheme has not become Effective, in which case the Abbotsleigh Advance will be immediately refunded to Abbotsleigh out of the moneys held on trust by the Company.

ORS will ensure that it will continue to have access to sufficient funds under the Company's cash reserves to pay the Cash Consideration when required.

3.7 Determination of Scheme Consideration

The ratio of two A1 Gold Shares for every five ORS Shares held by the Scheme Participants was determined by the Company and the Gandel Shareholders' based on:

- (a) an assessment of the market value of the A1 Gold Shares over time held by the Company;
- (b) an assessment of the fair value of the ORS Shares;
- (c) the trading price of ORS Shares over time;
- (d) the estimated number of A1 Gold Shares that are required to repay the Existing Gandel Loan; and
- (e) the desire to ensure that of the Scheme Participants to receive a mix of cash and scrip as consideration for the cancellation of their Scheme Shares.

In this regard, the Independent Director notes that the Independent Expert has provided the opinion that the Scheme is in the best interests of Scheme Participants in the absence of a Superior Proposal, and that the Selective Capital Reduction and cancellation of the Scheme Shares is fair and reasonable to the Scheme Participants. In this regard the Gandel Shareholders' assessment of the fair value of the Scheme Participant's ORS Shares is consistent with the Independent Expert's opinion.

3.8 A1 Gold Shareholdings

ORS currently holds 169,672,726 A1 Gold Shares, representing 37.01% of the total A1 Gold Shares on issue. Out of these A1 Gold Shares, the Scheme Participants will receive approximately 58,363,789 A1 Gold Shares as part of the Scrip Consideration, representing 12.73% of the total A1 Gold Shares currently on issue.

If \$1 million worth of A1 Gold Shares are issued under the SPP (being 41,666,667 A1 Gold Shares) and shareholder approval is obtained for the issue of all of the securities to directors at the A1 Gold general meeting, then:

- (a) the Company's total A1 Gold Shareholding will be diluted to 33.76% of the total A1 Gold Shares then on issue; and
- (b) following the transfer of the Scrip Consideration to the Scheme Participants:
 - (i) the Scheme Participants will hold 11.61% of the total A1 Gold Shares then on issue; and
 - (ii) ORS will hold 22.15% of the total A1 Gold Shares then on issue. This calculation does not take into consideration the transfer of A1 Gold Shares to Gandel Metals in repayment of the Existing Gandel Loan if the Repayment Resolution is approved (estimated to be approximately 60,000,000 A1 Gold Shares).

If the Repayment Resolution is passed, and assuming that:

- (c) the five trading day volume weighted average price of A1 Gold Shares up to the trading day immediately prior to such transfer is \$0.025 (being the A1 Gold Share closing trading price prior to the date of this Scheme Booklet); and
- (d) \$1.5 million is outstanding under the Existing Gandel Loan as at the date of repayment,

then ORS will transfer 60,000,000 A1 Gold Shares to Gandel Metals as repayment of the Existing Gandel Loan, equal to 11.94% of the total A1 Gold Shares then on issue.

3.9 Key dates relating to the Scheme Consideration

(a) Scrip Consideration

The A1 Gold Shares will be transferred by ORS to Scheme Participants (other than Ineligible Foreign Shareholders) on the Implementation Date, which is currently expected to be 22 February 2016.

Confirmation of the transfer of A1 Gold Shares will be despatched to Scheme Participants (other than Ineligible Foreign Shareholders) on 22 February 2016.

It is anticipated that Scheme Participants (other than Ineligible Foreign Shareholders) will be able to commence trading in their A1 Gold Shares on the ASX on 23 February 2016.

(b) Cash Consideration

Scheme Participants will be sent a cheque, or will have their Cash Consideration direct transferred to their nominated bank account (if notified by the Scheme Participant). In the case of payment by way of cheque, ORS will post the cheque to your address as it is shown on the Share Register on the Record Date.

Distribution of the Cash Consideration (by cheque or by way of direct transfer) will take place within five Business Days of the Implementation Date.

3.10 Cash Consideration

A cash payment of \$0.0055 will be made to each Scheme Participant for each Scheme Share held. As there are 145,909,472 Scheme Shares on issue, a total payment of approximately \$802,502 will be made by ORS to Scheme Participants.

All entitlements to the Cash Consideration will be rounded up or down to the nearest whole cent (with fractions of 0.5 being rounded up) in order to avoid fractions.

3.11 Scrip Consideration

(a) Effects of rounding

All entitlements to A1 Gold Shares under the Scheme will be rounded up or down to the nearest whole number (with fractions of 0.5 being rounded up) in order to avoid fractions.

If ORS reasonably believes that a Scheme Participant has split or divided its shareholding to obtain an advantage because of the calculation of this rounding provision, then ORS reserve the right to round the entitlement of such holdings so that only that number of A1 Gold Shares that would have been received but for the splitting or division will be distributed.

(b) Scheme Consideration Comparison to Recent Share Price

The Independent Expert has assessed the fair market value of:

- (i) an issued share in ORS, on a control basis, to be in the range of \$0.0095 to \$0.0282
- (ii) the Scheme Consideration (per ORS Share) to be in the range of \$0.0147 and \$0.0224.

The fair market value of the Scheme Consideration of between \$0.0147 and \$0.0224 (as determined by the Independent Expert) is generally at a premium to the price per Scheme Share as at the Pre-Announcement Trading Day and 19 October 2015 (being the date prior to the initial privatisation announcement).

(c) Terms of A1 Gold Shares

A1 Gold Shares will be fully paid and will rank equally with other ordinary A1 Gold Shares on issue as at the Implementation Date.

The A1 Gold Shares are quoted on ASX. Section 10.10 sets out additional information about the A1 Gold Shares.

3.12 Independent Expert's Report

ORS engaged PPB Corporate Finance to provide an Independent Expert's Report assessing the merits of the Scheme for Scheme Participants. The Independent Expert's Report is included in this Scheme Booklet as Annexure A.

The Independent Expert found that (as more particularly set out on page three of the Independent Expert's Report) the Scheme Consideration is fair and reasonable to Scheme Participants.

The Independent Director recommends that, in the absence of a Superior Proposal, eligible ORS Shareholders to vote in favour of:

- the Scheme Resolution at the Scheme Meeting;
- the Related Party Resolution at the General Meeting;
- the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting;
and
- the Independent Director encourages ORS Shareholders other than the Gandel Shareholders to abstain from voting on the Selective Reduction Gandel Resolution at the General Meeting.

3.13 Ineligible Foreign Shareholders

Like other Scheme Participants, Ineligible Foreign Shareholders will receive Scrip Consideration as part of the Scheme.

However, the A1 Gold Shares that would otherwise be transferred to the Ineligible Foreign Shareholders will be transferred by ORS to the Nominee who will sell them on ASX. The Nominee will then pay to the Company the net proceeds (after deduction of any applicable brokerage, stamp duty and other taxes or charges), which will remit to each Ineligible Foreign Shareholder an amount equal to the average net proceeds per A1 Gold Share.

For further information on the treatment of Ineligible Foreign Shareholders, please refer to section 6.6.

3.14 Questions

If you have any questions or would like any further information about the Scheme, please call the Shareholder Information Line on 1300 782 305 (within Australia) or +61 3 9415 4137 (outside Australia).

4. Voting at the Scheme Meeting, the Non-Gandel Meeting and the General Meeting

This Section 4 provides you with information on the Scheme Meeting, the Non-Gandel Meeting and the General Meeting, and on how to vote at each of the relevant Meetings.

Additional information about voting by proxy is set out in the Proxy Forms accompanying this Scheme Booklet.

4.1 Scheme Meeting

Your vote is important

In order for the Scheme to be implemented, the Scheme Resolution must be approved by Scheme Participants at the Scheme Meeting. This means that in order for it to be passed, votes in favour of the Scheme Resolution must be received from:

- (a) a majority in number (more than 50%) of Scheme Participants present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, by corporate representative); and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution (whether in person, by proxy, by attorney or, by corporate representative).

The Independent Director recommends that Scheme Participants vote in favour of the Scheme Resolution.

The Scheme Resolution proposes that, subject to the passing of the Selective Reduction Non-Gandel Resolution, the Selective Reduction Gandel Resolution and the Related Party Resolution, the proposed Scheme is agreed to by the Scheme Participants.

If the Scheme Resolution is not passed, the Scheme will not proceed, and ORS will need to consider the options available to it to (among other things) repay its debt, including appointing a voluntary administrator.

4.2 Non-Gandel Meeting

Your vote is important

In order to ensure that the reduction and cancellation of the Scheme Shares under the Scheme is not approved solely by one dominant shareholder of ORS, the Corporations Act requires that the Selective Reduction Non-Gandel Resolution be approved by the Scheme Participants as a special resolution in the Non-Gandel Meeting.

The Selective Reduction Non-Gandel Resolution will therefore be put to the Non-Gandel Meeting as a special resolution, and in order for it to be passed, must be approved by those Scheme Participants who vote at the Non-Gandel Meeting (in person, by proxy, representative or attorney) and hold at least 75% of the total number of ORS Shares voted on the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting.

Voting restrictions on the Selective Reduction Non-Gandel Resolution in the Non-Gandel Meeting

Pursuant to the Corporations Act, only those ORS Shareholders whose ORS Shares are to be cancelled are eligible to vote at the Non-Gandel Meeting. This means that the Gandel Shareholders (as the only ORS Shareholders whose ORS Shares will not be cancelled) are not eligible to vote at the Non-Gandel Meeting.

The Independent Director recommends that you vote in favour of the Selective Reduction Non-Gandel Resolution.

4.3 General Meeting

Your vote is important

In order for the Scheme to be implemented:

- (a) the Related Party Resolution must be approved by ordinary resolution of the ORS Shareholders at the General Meeting; and
- (b) the Selective Reduction Gandel Resolution must be passed by special resolution in the General Meeting.

ORS Shareholders will be asked to vote on the Related Party Resolution in order to approve the overall benefit provided to the Gandel Shareholders by facilitating the Scheme transaction. The Related Party Resolution to be put to the General Meeting is an ordinary resolution, and to be passed must be approved by a majority (more than 50%) of the total number of votes cast on the Related Party Resolution at the General Meeting (whether in person, by proxy, representative or attorney).

ORS Shareholders will also be asked at the General Meeting to vote on the Selective Reduction Gandel Resolution. The Selective Reduction Gandel Resolution is to be put to the General Meeting as a special resolution, and must be approved by a special majority (more than 75%) of the total number of votes cast on the Selective Reduction Gandel Resolution at the General Meeting (whether in person, by proxy, representative or attorney).

In addition to matters relating to the Scheme, ORS Shareholders will be asked at the General Meeting to vote on the Repayment Resolution. The Repayment Resolution to be put to the General Meeting is an ordinary resolution, and must be approved by a majority (more than 50%) of the total number of votes cast on the Related Party Resolution at the General Meeting (whether in person, by proxy, representative or attorney).

Voting restrictions on the Selective Reduction Gandel Resolution in the General Meeting

Pursuant to the Corporations Act, Scheme Participants may not vote in favour of the Selective Reduction Gandel Resolution at the General Meeting. Scheme Participants may abstain or vote against the Selective Reduction Gandel Resolution, however, the approval of the Selective Reduction Gandel Resolution at the General Meeting is a condition to the implementation of the Scheme.

The Gandel Shareholders are the only ORS Shareholders that are eligible to vote in favour of the Selective Reduction Gandel Resolution. Abbotsleigh has entered into a Deed Poll with ORS committing it to vote in favour of this resolution.

Voting restrictions on the Related Party Resolution in the General Meeting

Pursuant to the Corporations Act, a related party of the Company receiving the benefit to be approved by the Related Party Resolution, and associates of that related party, may not vote on the Related Party Resolution at the General Meeting. Accordingly Abbotsleigh and its Associated Shareholders may not vote on the Related Party Resolution.

The Independent Director recommends that you vote in favour of the Related Party Resolution, and abstain from voting on the Selective Reduction Gandel Resolution.

Voting restrictions on the Repayment Resolution in the General Meeting

ORS will disregard any votes cast on the Repayment Resolution by the Gandel Shareholders and their associates. However, ORS need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Independent Director recommends that you vote in favour of the Repayment Resolution.

4.4 Who is entitled to vote

The eligibility to vote at each of the Scheme Meeting, the General Meeting and the Non-Gandel Meeting is set out in the table below:

Meeting	Who can vote?	How can I vote?
Scheme Meeting	Scheme Participants (i.e. all ORS Shareholders other than the Gandel Shareholders)	For, Against or Abstain
Non-Gandel Meeting	Scheme Participants (i.e. all ORS Shareholders other than the Gandel Shareholders)	For, Against or Abstain
General Meeting	All ORS Shareholders	<p>Selective Reduction Gandel Resolution:</p> <p><i>Gandel Shareholders:</i> For (under the Deed Poll, Abbotsleigh has covenanted to vote in favour of the Selective Reduction Gandel Resolution at the General Meeting)</p> <p><i>Non-Gandel Shareholders:</i> only Abstain or Against</p> <p>Related Party Resolution: Non-Gandel Shareholders: For, Against or Abstain.</p> <p>Repayment Resolution: Non-Gandel Shareholders: For, Against or Abstain.</p>

Subject to the eligibility of each ORS Shareholder to vote in the relevant meeting set out in the above table, each person that is registered on the Share Register as an ORS Shareholder at 7.00pm (AEDT) 27 January 2016 is entitled to attend and vote either in person, by proxy or attorney. If you are a corporate ORS Shareholder, then you can appoint a corporate representative to attend and vote your ORS Shares.

In the case of ORS Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in relation to jointly held ORS Shares, only the vote of the joint shareholder whose name appears first in the Share Register will be counted.

The table below sets out voting options for Scheme Participants who are in favour of the Scheme and those opposed to the Scheme:

	If you are in favour of the Scheme, you should vote	If you are opposed to the Scheme, you should vote
At the Scheme Meeting		
Scheme Resolution	For	Against
At the Non-Gandel Meeting		
Selective Reduction Non-Gandel Resolution	For	Against
At the General Meeting		
Selective Reduction Gandel Resolution	Abstain	Against
Related Party Resolution	For	Against

In addition, the Independent Director recommends that you vote For the Repayment Resolution.

4.5 Location and details of the Scheme Meeting, General Meeting and Non-Gandel Meeting

The notices convening the Scheme Meeting, General Meeting and Non-Gandel Meeting are set out in **Annexures E, F, and G** respectively.

The details of the Scheme Meeting are as follows:

Location	HWL Ebsworth Lawyers Level 26, 530 Collins Street Melbourne Victoria 3000
Date	29 January 2016
Time	10.00am

The General Meeting and the Non-Gandel Meeting will be held on the same date and at the same location. The General Meeting will be held following the close of the Scheme Meeting, and the Non-Gandel Meeting will be held following the close of the General Meeting.

4.6 How to vote at the Scheme Meeting, the Non-Gandel Meeting and the General Non-Gandel Meeting

Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, 48 hours prior to the relevant Meeting by:

Post to: GPO Box 242, Melbourne, Victoria 3001 in the reply paid envelope provided;

Hand delivery: Octagonal Resources Limited
c/- Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria 3067;

Fax to: Octagonal Resources Limited
c/- Computershare Investor Services Pty Limited on

1 800 783 447 (within Australia) or
+61 3 9473 2555 (outside Australia);

Online: **www.investorvote.com.au**; or

Custodians: For Intermediary Online subscribers only, please visit
www.intermediaryonline.com.

4.7 Undirected proxies

If your Proxy Forms that we receive do not name the proxy or proxies in whose favour they are given, Mr Anthony Gray, as the Chairman of the Scheme Meeting (who will also act as Chairman of the General Meeting and the Non-Gandel Meeting) will act as your proxy.

Proxy appointments in favour of the Chairman of the Scheme Meeting, the company secretary of ORS or any ORS Director which do not contain a direction as to how to vote will be voted in support of the Scheme Resolution, the Related Party Resolution and the Selective Reduction Resolutions at the relevant Meeting as applicable (in the absence of a Superior Proposal in respect of Scheme Shares prior to the date of the Scheme Meeting).

4.8 Voting by attorney

ORS Shareholders wishing to vote by attorney at the Scheme Meeting, Non-Gandel Meeting or General Meeting must, if they have not already presented an appropriate power of attorney to ORS for notation, deliver to ORS the original instrument appointing the attorney or a certified copy of it by no later than 48 hours before the relevant meeting (i.e. before 10.00am (AEDT) for the Scheme Meeting, 10.30am (AEDT) for the Non-Gandel Meeting, and 11.00am (AEDT) for the General Meeting) on 27 January 2016 (or, if the Scheme Meeting, Non-Gandel Meeting and/or General Meeting is adjourned, at least 48 hours before the resumption of the relevant meeting in relation to the resumed part of that relevant meeting).

Unless the contrary is evident from the express terms of attorney, any power of attorney granted by an ORS Shareholder will, as between ORS and that ORS Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant ORS Shareholder is lodged with ORS.

4.9 Voting by corporate representative

To vote by corporate representative at the Scheme Meeting, Non-Gandel Meeting or General Meeting, a corporate ORS Shareholder or proxy should obtain an appointment of corporate representative form from the Registry and complete and sign the form in accordance with the instructions on it. The appointment of corporate representative form must then be lodged either prior to the relevant meeting with the Registry or at the registration desk on the day of the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

The Chairman of the Meetings may permit a person claiming to be a representative to exercise the appointing body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

4.10 Effect of not passing the resolutions by Requisite Majorities

Unless the Resolutions put to each of the Scheme Meeting, the Non-Gandel Meeting and the General Meeting are all passed with the requisite statutory majorities, the Scheme will not become Effective.

If the Scheme does not become Effective, Scheme Participants will not receive the Scheme Consideration, and their rights in respect of their ORS Shares will remain as they presently exist.

5. Advantages and disadvantages of the Scheme

This Section 5 identifies the material advantages, disadvantages, and other relevant matters you should consider when deciding whether to vote in favour of the Scheme Resolution, the Related Party Resolution and the Selective Reduction Resolutions.

You should carefully consider the following advantages and disadvantages of the Scheme, as well as the other information contained in this Scheme Booklet including the risks in the Risk Sections, in deciding whether or not to vote in favour of the Scheme Resolution, the Related Party Resolution and the Selective Reduction Resolutions.

5.1 Independent Director's recommendation

The Independent Director believes that the advantages of the Scheme outweigh its disadvantages and risks. The Independent Director recommends that Scheme Participants vote in favour of:

- (a) the Scheme Resolution at the Scheme Meeting;
- (b) the Related Party Resolution at the General Meeting;
- (c) the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting; and
- (d) abstain from voting on the Selective Reduction Gandel Resolution at the General Meeting.

Scheme Participants should carefully consider these matters in deciding how to vote on the Scheme Resolution, the Related Party Resolution and on the Selective Reduction Non-Gandel Resolution and Selective Reduction Gandel Resolution.

5.2 Independent Expert's Report

The Independent Director has commissioned an Independent Expert to prepare a report on the Scheme. The Independent Expert's Report concludes that, in the view of the Independent Expert, the Scheme is in the best interests of Scheme Participants, in the absence of a Superior Proposal.

The Independent Expert's Report is contained in Annexure A.

5.3 Advantages and Disadvantages of the Scheme

The advantages of the Scheme are set out in Section 1.2, and the disadvantages are set out in Section 1.3.

6. Additional Information regarding the Selective Reduction Resolutions

This Section 6 provides ORS Shareholders with further information regarding the Selective Reduction Resolutions to be proposed at the Non-Gandel Meeting and the General Meeting, and to assist Shareholders in determining how they wish to vote on those Resolutions.

6.1 Summary

This Section 6 provides additional information relevant to the following:

- (a) the Selective Reduction Resolutions proposed as:
 - (i) Resolution 1 at the Non-Gandel Meeting; and
 - (ii) Resolution 1 at the General Meeting; and
- (b) the Related Party Resolution proposed as Resolution 2 at the General Meeting.

Where terms used in this Explanatory Memorandum are defined in the accompanying notices of meeting or Scheme Booklet, they have the same meaning herein unless otherwise defined or unless repugnant to the context in which such terms are used.

6.2 The Resolutions

The Selective Reduction Resolutions seek ORS Shareholders' approval for the Company to carry out the Selective Reduction on the terms set out in this Section 6.

Approval of the Selective Reduction Resolutions and the Related Party Resolution is required under the Corporations Act.

Resolution 1 at the Non-Gandel Meeting (the Selective Reduction Non-Gandel Resolution) is required by the Corporations Act to ensure that the Requisite Majorities of ORS Shareholders whose ORS Shares are to be cancelled as part of the Selective Reduction are in favour of the Selective Reduction. Accordingly, only the Scheme Participants (being the ORS Shareholders other than the Gandel Shareholders) are entitled to attend the Non-Gandel Meeting and vote on Resolution 1 at the Non-Gandel Meeting.

Resolution 1 at the General Meeting (the Selective Reduction Gandel Resolution) is required by the Corporations Act to ensure that the Requisite Majorities of Shareholders who will not receive any consideration as part of the Selective Reduction are in favour of the Selective Reduction. Accordingly, only the Gandel Shareholders may vote in favour of Resolution 1 at the General Meeting. Scheme Participants may vote on Resolution 1 at the General Meeting only if they wish to vote against the Resolution.

If any of the Selective Reduction Non-Gandel Resolution, the Selective Reduction Gandel Resolution or the Related Party Resolution are not passed, the Scheme will not proceed, and ORS will need to consider the options available to it to (among other things) repay its debt, including appointing a voluntary administrator.

6.3 Corporations Act

A reduction of share capital occurs when any money paid to a company in respect of a member's share is returned to the member. Section 256B of the Corporations Act provides

that a company may reduce its share capital in a way that is not otherwise authorised by the Corporations Act only if:

- (a) it is fair and reasonable to the shareholders as a whole;
- (b) it does not materially prejudice the company's ability to pay its creditors; and
- (c) it is approved by shareholders in accordance with section 256C of the Corporations Act.

The Company engaged PPB Corporate Finance to complete an Independent Expert's Report to determine whether in their opinion the proposed transaction is "fair" and "reasonable" to the ORS Shareholders as a whole (being the Gandel Shareholders and Non-Gandel Shareholders). PPB Corporate Finance has determined that the Selective Reduction is fair and reasonable to the Company's Shareholders as a whole.

As explained later in this Explanatory Memorandum, the Independent Director is of the view that the Selective Reduction does not materially prejudice the Company's ability to pay its creditors.

As the Selective Reduction will not apply to the Gandel Shareholders, it is a selective reduction within the meaning of the Corporations Act. In accordance with section 256C(2) of the Corporations Act, the Selective Reduction (being a selective reduction), must, in order for it to be implemented, be approved by:

- (d) as the Selective Reduction involves the cancellation of ORS Shares, a special resolution passed at a meeting of the ORS Shareholders whose ORS Shares are to be cancelled as part of the reduction (being Resolution 1 at the Non-Gandel Meeting); and
- (e) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction, or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates (being Resolution 1 at the General Meeting).

The Selective Reduction and Scheme will proceed only if:

- (f) Resolution 1 at the Non-Gandel Meeting is passed by at least 75% of the votes cast by ORS Shareholders entitled to vote on that Resolution; and
- (g) Resolution 1 at the General Meeting is passed by at least 75% of the votes cast by ORS Shareholders entitled to vote on that Resolution.

As the Gandel Shareholders are the only ORS Shareholders who are not receiving any consideration as part of the Selective Reduction and whose ORS Shares are not being cancelled as part of the Selective Reduction, the Gandel Shareholders are the only ORS Shareholders not entitled to vote at the Non-Gandel Meeting, and are the only ORS Shareholders who may vote in favour of Resolution 1 at the General Meeting.

None of the Gandel Shareholders is an associate of any of the Scheme Participants.

6.4 Terms of the Selective Reduction

If the Selective Reduction Resolutions are passed (and the Scheme becomes Effective), the Company will:

- (a) pay each Scheme Participant a cash payment of \$0.0055 for each ORS Share held as at the Record Date (the Cash Consideration);

- (b) as an in-specie distribution, transfer to each Scheme Participant two A1 Gold Shares for every five Shares held as at the Record Date (rounded up or down to the nearest whole A1 Gold Share, and rounded up in the case of an entitlement to half of an A1 Gold Share) (the Scrip Consideration); and
- (c) cancel the ORS Shares held by the Scheme Participants.

As part of the Scheme, the Company will request that the Company be delisted from ASX.

Under the Corporations Act the Implementation Date, when the above actions will be taken, must be at least 14 days after lodgement with ASIC of a copy of the Resolutions as passed.

The A1 Gold Options held by the Company will not be transferred to the Scheme Participants as part of the in-specie distribution.

6.5 Abbotsleigh Advance

On 26 November 2015 and as varied on 14 December 2015, Abbotsleigh and ORS entered into the Scheme Implementation Deed pursuant to which Abbotsleigh will advance \$802,502 to ORS (**Abbotsleigh Advance**). The Scheme Implementation Deed includes the following key terms in respect of the Abbotsleigh Advance:

- (a) Abbotsleigh will advance the Abbotsleigh Advance only if the Scheme is Effective;
- (b) ORS will use the Abbotsleigh Advance funds to fund the payment of the Cash Consideration;
- (c) no interest will accrue on the amount outstanding;
- (d) the Abbotsleigh Advance will be held on trust by the Company for Scheme Participants until the earlier of:
 - (i) the payment of the Cash Consideration to Scheme Participants occurring in accordance with the Scheme, at which point the amount of the Advance will become a liability owing from the Company to Abbotsleigh in accordance with this Schedule; or
 - (ii) the End Date or such other earlier date on which the parties agree in writing that the Scheme has not become Effective, in which case the Advance will be immediately refunded to Abbotsleigh out of the moneys held on trust by the Company.
- (e) subject to the Abbotsleigh Advance becoming a liability of ORS in accordance with the above, the Abbotsleigh Advance is repayable on the later of demand from Abbotsleigh or 7 days after the Implementation Date. However Abbotsleigh must not call for the repayment of all or any part of the Abbotsleigh Advance if the payment of that call by Octagonal would result in it being unable to pay its debts (including to Abbotsleigh) as and when they become due and payable; and
- (f) the Abbotsleigh Advance is not secured.

6.6 Ineligible Foreign Shareholders

If the Scheme proceeds, the provision of the Scrip Consideration will be subject to the legal and regulatory requirements in an Ineligible Foreign Shareholder's relevant jurisdiction. Unless the Company is satisfied that the laws of the Ineligible Foreign Shareholder's country of residence (as shown in the Share Register) permit the transfer of A1 Gold Shares to the Ineligible Foreign Shareholder either unconditionally or after compliance with terms which the Company reasonably regards as acceptable and practical, the Company will be under no

obligation under the Scheme to transfer any A1 Gold Shares to the Ineligible Foreign Shareholders, and instead will:

- (a) transfer the A1 Gold Shares that would otherwise have been transferred to the Ineligible Foreign Shareholders (**A1 Gold Sale Facility Shares**) to the Nominee;
- (b) as soon as reasonably practicable and in any event no more than 15 Business Days after the Implementation Date, procure that the Nominee sells the A1 Gold Sale Facility Shares on-market in such manner, at such price and on such other terms as the Nominee determines in good faith;
- (c) promptly after the last sale of A1 Gold Sale Facility Shares, procure that the Nominee pays the net proceeds from the sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges) to the Company;
- (d) receive and hold those net proceeds on trust for each Ineligible Foreign Shareholder whose Scrip Consideration was transferred to the Nominee in proportion to their respective entitlements to Scrip Consideration; and
- (e) promptly remit the proceeds it receives from the Nominee to each such Ineligible Foreign Shareholder in accordance with their entitlement.

As the Selective Reduction includes being represented and satisfied by the in-specie distribution of A1 Gold Shares and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Non-Gandel Shareholder may be more or less than the notional value of the in specie component of the Consideration.

It will be the responsibility of each Non-Gandel Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

If you are a Non-Gandel Shareholder resident outside of Australian and New Zealand, then you will have your A1 Gold Shares sold in accordance with the process set out in this Section 6.6.

The Non-Gandel Shareholders should note that there is no guarantee that the Company will be able to sell any A1 Gold Shares on a Non-Gandel Shareholder's behalf or that the net proceeds of any sale will equal or exceed the notional value of the reduction in capital represented by those A1 Gold Shares.

6.7 Gandel Shareholders' intentions

If the Selective Reduction proceeds, then the Gandel Shareholders intend to continue exploring the Hogan's project, retaining the A1 Shares (following the transfer of the Scrip Consideration) and the A1 Options and delisting ORS from ASX.

7. Related Party Resolution

This Section 7 provides ORS Shareholders with further information regarding the Related Party Resolution to be proposed at the General Meeting, and to assist ORS Shareholders in determining how they wish to vote on that Resolution.

7.1 The Resolution

Resolution 2 of the General Meeting requires ORS Shareholder approval for the proposed financial benefit to be given by the Company to the Gandel Shareholders for the purposes of Chapter 2E of the Corporations Act.

7.2 Necessary for Scheme

The financial benefit to be approved by the Related Party Resolution will be given if the Scheme is implemented. Under the Corporations Act, this financial benefit may not be given if it is not approved by the Related Party Resolution. Accordingly the Scheme is conditional on the Related Party Resolution being passed and the Scheme will be implemented if the Related Party Resolution is passed.

7.3 Further information

The Notice of General Meeting that accompanies this Scheme Booklet includes specific information required under section 219 of the Corporations Act. Section 219 of the Corporations Act sets out the information that must be included in the notice of meeting provided to ORS Shareholders for the purpose of obtaining shareholder approval pursuant to Chapter 2E of the Corporations Act.

ORS Shareholders should read the Notice of General Meeting (as well as this Scheme Booklet) in full in considering whether to vote in favour of the Related Party Resolution.

8. Repayment Resolution

This Section 8 provides ORS Shareholders with further information regarding the Repayment Resolution, and to assist ORS Shareholders in determining how they wish to vote on that Resolution.

8.1 The Resolution

Resolution 3 of the General Meeting relates to the form of repayment by ORS of loan monies owed by ORS to Gandel Metals. It proposes that ORS Shareholder approval be obtained for the Company to repay loan monies owed by ORS to Gandel Metals by transferring shares in A1 Gold. The number of A1 Gold Shares to be transferred will be calculated based on the five trading day volume weighted average price of ordinary shares in A1 Gold up to the trading day immediately prior to such transfer. The amount outstanding will be approximately \$1.5 million, equal to:

- (a) \$1.3 million loaned to ORS as at the date of this Scheme Booklet; and
- (b) approximately \$0.2 million loaned for the costs incurred by ORS in relation to the Scheme and corporate costs.

Based on A1 Gold's closing share price of \$0.025 as at 25 November 2015 (being the Pre-Announcement Trading Day), this would result in the transfer of approximately 60,000,000 A1 Gold Shares to Gandel Metals.

8.2 Further information

The Notice of General Meeting that accompanies this Scheme Booklet includes specific information required under Listing Rule 10.10. Listing Rule 10.10 sets out the information that must be included in the explanatory statement provided to ORS Shareholders for the purpose of obtaining shareholder approval pursuant to Listing Rule 10.10.

ORS Shareholders should read the Notice of General Meeting (as well as this Scheme Booklet) in full in considering whether to vote in favour of the Repayment Resolution.

9. Information on ORS

This Section 9 provides information on ORS.

9.1 Current status

Following the completion of the sale of the Maldon Gold Operation on 25 June 2015, the Company's only assets are the Hogan's Project in Western Australia and the A1 Gold Shares and A1 Gold Options. The Company's share price has traded at on average a 126% discount to the market value of A1 Gold Shares that it owns. This substantial difference in market values has restricted Octagonal's ability to raise equity capital without significantly diluting existing ORS Shareholders who do not participate in the equity raising.

An 18 month budget (for the period 1 July 2015 to 31 December 2016) prepared by the Company for its 2015 end of financial year audit (assuming \$1.5 million available funding) revealed that less than 40% of the Company's total budgeted expenditure is contributed to in-ground exploration costs (with the remainder being corporate costs). This proportion of in-ground exploration expenditure is unacceptable for a public listed exploration company.

Given these circumstances, as announced on 4 August 2015, the Company commenced a process of investigating investment opportunities in the resources and non-resources sectors with the objective of realising the maximum value of its existing assets. Corporate transactions considered by the Company have focussed outside of the resources sector, due to the difficult equity market conditions currently being experienced by junior exploration and mining companies, and have been structured with the objective of distributing A1 Gold Shares in-specie to ORS Shareholders following a capital raising to fund any transaction. Discussions with a number of companies have failed to result in the execution of a terms sheet and no acquisition by the Company is imminent.

In the original proposal for a selective capital reduction on the same terms as the Selective Reduction received from Gandel Metals dated 19 October 2015 and announced to the ASX on 20 October 2015, the Gandel Shareholders (being Abbotsleigh and its Associated Shareholders) state that they "consider the current structure of Octagonal is unsustainable in the current circumstances. In particular, the costs of reporting and compliance required by Octagonal as a listed company will necessitate either the gradual sell off of liquid assets, being the shares held in A1 Gold, or increasing calls on shareholders to provide additional equity or loan capital. This ongoing burden far outweighs the advantages of Octagonal retaining its listing in the current capital markets. It is also exacerbated by the approaching deadline for the repayment of the large part of the loan made by Gandel Metals to Octagonal. The Gandel Shareholders believe this situation needs to be resolved urgently".

Following receipt of the proposal from Gandel Metals, Octagonal sought advice from its solicitors, and liaised with ASX and ASIC concerning the legal and regulatory requirements of the proposal. Based on these discussions, and further discussions with the Gandel Shareholders, the Scheme was then proposed by Abbotsleigh. The consideration offered pursuant to the original proposal and the Scheme is unchanged.

The purpose of the Selective Reduction under the Scheme is to return to the Scheme Participants a fair and reasonable share of the current value of the Company as consideration for the cancellation of their Shares. The result of the Scheme is that the Company will be owned and controlled exclusively by Abbotsleigh and its Associated Shareholders, and thereafter de-listed from ASX.

9.2 Dividend Policy

ORS has never declared a dividend and has no intention to develop a dividend policy. Other than in relation to the Scheme, ORS has not sought to return capital and proceeds of asset disposals to ORS Shareholders.

9.3 Directors

The ORS Directors, as at the date of this Scheme Booklet are set out below:

Name: Ian J Gandel

Title: Non-Independent Non-Executive Chairman

Qualifications: LLB, BEc, FCPA, FAICD

Experience: 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).

Directorships (last 3 years): Gippsland Ltd (now Arrowhead Resources 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: 102,220,600 ordinary shares

Interests in options: Nil

Name: Anthony R Gray

Title: Managing Director

Qualifications: BSc (Hons), MAIG

Experience: 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).

Directorships (last 3 years): N/A
Special responsibilities: Member of Audit & Risk Committee
Interests in shares: 1,790,786 ordinary shares
Interests in options: Nil

Name: Robert P Tolliday

Title: Non-Independent Non-Executive Director

Qualifications: BBus, Chartered Accountant

Experience: 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 is Company Secretary and Chief Financial Officer (CFO) of Octagonal Resources Limited.
Interests in shares: 160,000 ordinary shares
Interests in options: Nil

9.4 ORS Capital Structure and Ownership

As at the date of this Scheme Booklet, there were a total of 248,331,672 ordinary ORS Shares on issue held by approximately 645 ORS Shareholders.

The top 20 of these ORS Shareholders in the Share Register held approximately 70.37% of all issued ORS Shares.

There are no other securities on offer as at the date of this Scheme Booklet.

(a) Substantial holder

As at the date of this Scheme Booklet, the Company's substantial shareholders are:

Name	Number of Shares	%
Abbotsleigh Proprietary Limited	102,052,000	41.10
Alliance Resources Limited	22,000,000	8.86

(b) Top 20 Shareholders

As at the date of this Scheme Booklet, the Company's Top 20 shareholders are:

Rank	Name	Shares	% of Shares
1.	ABBOTSLEIGH PTY LTD	102,052,000	41.10
2.	ALLIANCE RESOURCES LIMITED	22,000,000	8.86
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	6,408,650	2.58
4.	JETOSEA PTY LTD	5,680,198	2.29
5.	MR IANAKI SEMERDZIEV	4,046,129	1.63
6.	MR KARL SABLJAK + MRS CARMEL LOUISE SABLJAK <SABREGUARD SUPER FUND A/C>	3,544,026	1.43
7.	MS CATHERINE PATRICIA BURROW + MR KEITH LAWRENCE BURROW <KL&CP BURROW SUPER FUND A/C>	3,509,192	1.41
8.	MR KARL SABLJAK + MRS CARMEL LOUISE SABLJAK <SABREGUARD SUPER FUND A/C>	3,480,000	1.40
9.	MR MARTIN ROWNEY	3,250,000	1.31
10.	MR ALAN BRIEN + MRS MELINDA BRIEN <A & M BRIEN SUPER FUND A/C>	2,718,080	1.09
11.	MR JASON PLEHN	2,500,000	1.01
12.	MR JASON PAUL MILLS	2,464,000	0.99
13.	MRS LILIANA TEOFILOVA	2,372,000	0.96
14.	MR ROSS ANTHONY WALSH <RAW SUPER A/C>	2,044,715	0.82
15.	MR ANTHONY ROBERT GRAY + MRS DIANE JOY GRAY <KRAKATINNI SUPER FUND A/C>	1,790,784	0.72
16.	COMPLETE PROPERTY PTY LTD <COMPLETE PROPERTY A/C>	1,449,919	0.58
17.	MR SHANE DELANY	1,430,849	0.58
18.	MR RAMAMOORTHY SRINIVASAN + MRS BHANUMATHI SRINIVASAN	1,400,000	0.56
19.	WIDDY PTY LTD <SUPERANNUATION FUND A/C>	1,350,000	0.54

Rank	Name	Shares	% of Shares
20.	SABREGUARD PTY LTD <SABLJAK FAMILY A/C>	1,256,000	0.51
Totals: Top 20 holders		174,746,542	70.37
Total Remaining Holders Balance		73,585,130	29.63

9.5 ORS Directors' intentions

If the Scheme becomes Effective, ORS will become wholly-owned by the Gandel Shareholders. On the Implementation Date, the Company's board of directors will be reconstituted with the Gandel Shareholders' nominees. Abbotsleigh will then determine the future direction for ORS.

Abbotsleigh's current intentions for ORS are set out in Section 6.7.

If the Scheme is not implemented, the ORS Directors immediate intention is to continue the business of ORS as it is currently conducted. The Directors will continue to review alternative options for maximising the value of the Company's assets for its Shareholders, and may consider alternative restructure proposals, appointing an administrator or liquidating the business.

9.6 Financial overview of ORS

This Section 9.6 sets out summary historical financial information in relation to ORS. The summary historical financial information has been extracted from the Company's audited financial statements for the financial years ended 30 June 2014 and 30 June 2015.

The Company's historical financial statements have been prepared in accordance with Australian Accounting Standards and the Corporations Act and do not take into account the effects of the Scheme.

The financial information contained in this Section 9.6 is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Copies of the relevant annual reports from which the following historical financial information has been extracted can be found on the Company's website at <http://www.octagonalresources.com.au>. The annual reports contain details of the Company's accounting policies, notes to the accounts for the note numbers referred to in the financial reports below, and in each case detailed discussion and analysis by the Company's directors of the financial results for the relevant period.

Shareholders without internet access can obtain copies of these reports by contacting ORS directly.

All amounts disclosed are presented in Australian dollars and rounded to the nearest thousand dollars, except earnings per share which are disclosed in cents.

A. ORS Statement of Comprehensive Income

	Note	Consolidated	
		2015 \$	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)/profit 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)

B. ORS Statement of Financial Position

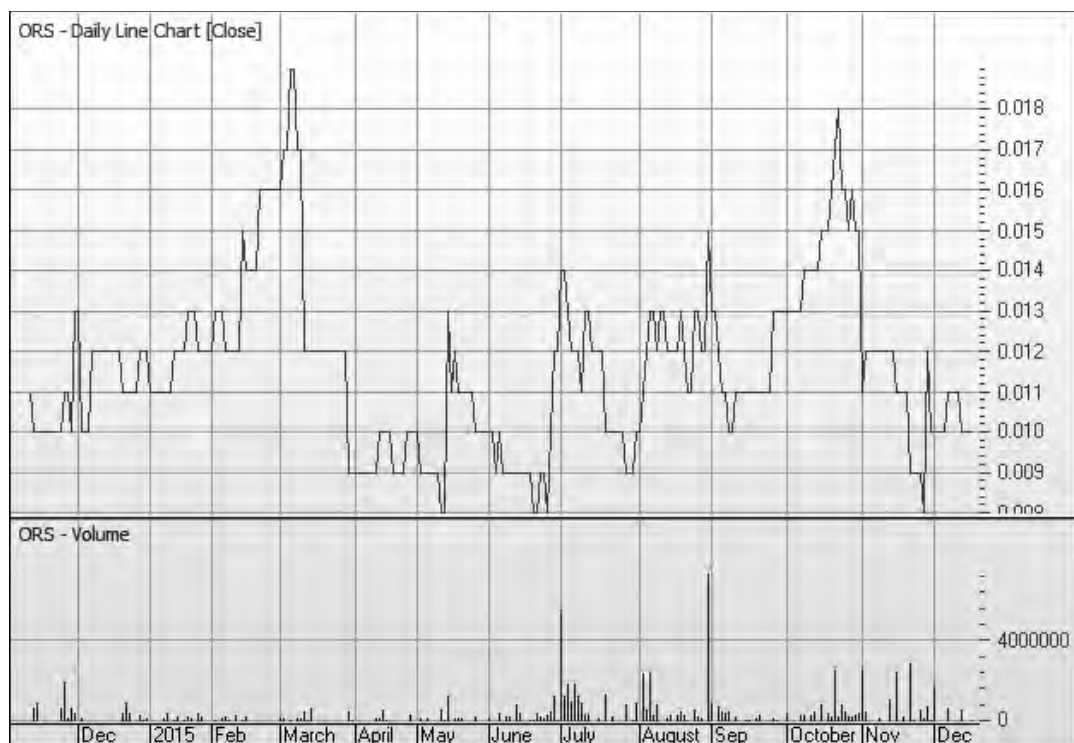
	Note	Consolidated	
		2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	8	205,030	1,068,659
Trade and other receivables	9	15,638	142,046
Inventories	10	-	88,093
Other	11	39,257	177,224
Total current assets		259,925	1,476,022
Non-current assets			
Receivables	12	-	1,253,500
Investments 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

C. ORS Statement of Cash Flows

	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

9.7 ORS recent share price performance

The Company's share price has traded between \$0.008 to \$0.019 per share over the past 12 months.



9.8 Franking Credits

The ORS franking credit account balance is zero.

9.9 ORS Tax Losses

The ORS tax consolidated group had revenue losses as at 30 June 2015 for which no deferred tax asset is recognised on the Statement of Financial Position of \$19,999,820 (2014: \$18,929,372) which are available for offset against future taxable income subject to continuing to meet relevant statutory tests. Estimated current year tax losses to 30 September 2015 are \$187,000.

9.10 Further information

ORS is subject to regular reporting and disclosure obligations under the ASX listing rules and as a “disclosing entity” under the Corporations Act. These require ORS to announce information that would have a material effect on the price of ORS Shares as soon as it becomes aware of the information, subject to exceptions for certain confidential information.

The Company's recent announcements are available from its website at <http://www.octagonalresources.com.au/IRM/content/home.html> or from the ASX website www.asx.com.au. ORS will continue to make public announcements as required on these websites after the date of this Scheme Booklet.

ORS is required to prepare and lodge with ASIC and ASX both annual and half year financial statements accompanied by a statement and report from the Company's directors and an audit or review report. ORS also lodges quarterly activity reports with ASX.

Copies of these and other documents lodged with ASIC and ASX may be obtained from an ASIC office and are accessible from ASX's website at www.asx.com.au. Copies of these documents will also be made available free of charge on a request in writing at any time before the Scheme Meeting to the Registry.

9.11 Risks

There are a range of factors (including risk factors specific to ORS and risks of a general nature) which may, either individually or in combination, affect the future operating performance, financial position, regulation, legal position, implementation of strategy or reputation of ORS, their business, their prospects and/or value.

This Section sets out some of these potential risks, as well as some of the potential risks associated with implementation of the Scheme.

Some of the risks set out in this Section are either risks related to mining companies generally, or risks that already relate to the Company's business. Therefore, Scheme Participants already have exposure to some of the risks. However, a number of the risks will be new or potentially greater in impact than is currently the case in relation to ORS alone. The risks set out in this Section do not take into account the investment objectives, financial situation, tax position or particular needs of a Scheme Participant and are not exhaustive.

(a) General economic conditions

Material adverse changes in general economic conditions may have an adverse impact on the operations and performance of ORS.

The various general domestic and international economic factors that shareholders in ORS are exposed to include, but are not limited to:

- economic growth;

- interest rates;
- inflation;
- currency exchange rates;
- employment levels;
- consumer and business sentiment; and
- market volatility.

(b) Share price movements

An investment in ORS will be subject to fluctuations in share price which are normal for ASX listed entities. These fluctuations are due to a wide variety of factors, some of which ORS may seek to mitigate while others are outside the control of ORS.

(c) Future capital requirements

There are limited future funding sources available to ORS to pursue its exploration program:

- (i) since March 2015, ORS has drawn down \$1.3 million under the Existing Gandel Loan which ORS has used to fund the Company during the sale of the Maldon Gold Operation and for working capital purposes;
- (ii) as the Company's share price has traded at greater than 100% discount to the market value of A1 Gold Shares that it received on settlement of the sale of the Maldon Gold Operation in June 2015, the Company has been restricted in its ability to raise further equity capital without significantly diluting existing Shareholders who do not participate in the equity raising;
- (iii) ORS has been restricted in its ability to sell a substantial parcel of its A1 Gold Shares on-market due to the volatility and falling value of the A1 Gold Share price, and the escrow arrangements agreed with A1 Gold.

There can be no assurance that the Company will not seek to exploit business opportunities of a kind which will require it to raise additional funding from equity or debt sources. There can be no assurance that the Company will be able to raise such funding on favourable terms or at all.

Any additional equity raising may dilute the interest of Shareholders and any debt financing may involve financial covenants which limit the Company's operations. If the Company is unable to obtain such additional funding, the Company may be required to reduce the scope of any expansion, which could adversely affect its financial performance.

(d) Continuation of business operations

If the Scheme does not proceed, there is no guarantee that a superior strategic alternative will be forthcoming. There is a risk that if the Scheme is not implemented and a Superior Proposal or an alternative source of financing is completed or the due date of repayment of the Existing Gandel Loan is negotiated, then ORS may be impaired in its ability to continue its business and operations. The consequences of this will be significant and could include the requirement for ORS to consider, amongst other things, appointing an administrator or conducting an orderly winding up of its operations.

(e) Equity dilution

As announced on 20 November and 11 December 2015, A1 Gold is undertaking a SPP. Dispatch of holding statements for the SPP is due to occur on or around 12 January 2016.

As announced on 2 December 2015, A1 Gold is also seeking shareholder approval at a general meeting to be held on 6 January 2016 for the issue of further securities, including for the issue of securities to the A1 Gold directors and the underwriter of the SPP.

ORS currently holds approximately 37.01% of the total A1 Gold Shares on issue and has indicated that it will not participate in the SPP. If the maximum number of 41,666,667 A1 Gold Shares are issued under the SPP, and shareholder approval is obtained for the issue of the other securities at the general meeting (and all those securities are also issued), the Company's A1 Gold Shareholding will be diluted to 33.76% of the total A1 Gold Shares then on issue. Section 10.4 sets out further information in relation to the capital structure of A1 Gold.

Other than the SPP and the items set out in the notice of general meeting, the Company is not aware of A1 Gold undertaking any planned offerings of securities and does not expect A1 Gold to require any further equity financing in the near term. However, A1 Gold may undertake offerings of securities in the future. The increase in the number of securities issued and the possible sale of these securities may have the effect of depressing the price of A1 Gold securities already on issue. In addition, the issue of additional securities may dilute the voting power of persons holding A1 Gold securities prior to such issue of securities.

(f) Exploration risk

There can be no guarantee that planned exploration programs will lead to positive exploration results and the discovery of a commercial deposit or further, a commercial mining operation. By its nature the business of mineral exploration, which the Company will be undertaking, contains risks. The Company's exploration activities may not result in the discovery of any sufficient level of mineralisation which is commercially viable or recoverable.

For its part, exploration is a speculative endeavour and can be hindered by the unpredictable nature of mineral deposits, particularly with respect to predicated extrapolations to depth from known mineralisation, poor drilling techniques, incorrect grade estimates, unforeseen and adverse ground conditions, flooding, inclement weather, poor equipment availability, force majeure circumstances and cost overruns from unforeseen events. Resource estimates themselves are necessarily imprecise and depend on interpretations that can prove to be inaccurate. Any future successful mining operation will depend on exploration success, mineral resource calculations, appropriate economic circumstances, ore reserve calculations, successful statutory planning approvals, mine design and the construction of efficient processing facilities, competent operation and management and efficient financial management.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its exploration licences, and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a decrease in the value of the

tenements, a reduction in the cash reserves of the Company and possible loss of tenements.

(g) Environment risks

The Company's operations are subject to laws and regulations regarding environmental matters, including the discharge of any hazardous wastes or materials. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company or any of its subsidiaries for damages, clean-up costs, or penalties in the event of certain discharges into the environment, or non-compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and accepted industrial practices.

(h) Changes in commodity price

The Company's possible future revenues will likely be derived mainly from the sale of resources or commodities and products derived from tenements. Consequently, the Company's potential future earnings could be closely related to the price of these commodities. Mineral prices fluctuate and are affected by numerous industry factors including demand for forward selling producers, production cost levels in major producing regions and macroeconomic factors, eg, inflation, interest rates and currency exchange rates. If the market price of derivatives sold by the Company were to fall below the costs of production and remain at such a level for any sustained period, the Company would experience losses and could have to limit or suspend some or all of its proposed mining activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

(i) Industry downturn

The Company's financial performance is sensitive to the level of demand within the mining industry. The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of the Company. In addition, the Company may not be able to predict the timing, extent or duration of the activity cycles in the industry.

(j) Unforeseen expenditure risk

There is a risk that there may be an unforeseen increase in costs for the items of the use of funds as set out in this offer document. Any increase in the actual costs may impact the Company's ability to fully undertake the work that it proposes to undertake as set out in this offer document.

(k) Litigation risk

Exposure to litigation brought by third parties such as investors, regulators, employees or business associates could negatively impact operations and financial performance through increased costs, payment of damages and damage to reputation.

(l) Insurance

The Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by

insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining activities is not always available and where available the costs can be prohibitive.

(m) Economic

The financial performance and value of the Company may be influenced by various economic factors such as commodity prices, inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, political stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations and acts of terrorism.

(n) Market

The market price of the Company's securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, mining and mining services stocks, which may be unrelated to the operating performances of such companies. Applicants should be aware that there are risks associated with any securities investment. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(o) Reliance on key personnel and employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

To manage its operations and future growth, the Company needs to retain its existing key personnel and may need to attract and retain additional highly qualified management, corporate and operational personnel. The loss of key personnel, or the failure to recruit high calibre additional personnel, could have a materially adverse effect on the Company.

(p) Liquidity and realisation

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be a relatively limited number of buyers, or a relatively large number of sellers, on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

(q) Changes in government policies and legislation

Any material adverse changes in government policies or legislation of Australia or any other country where the Company may acquire economic interests may affect the viability and profitability of the Company.

(r) Dividends

ORS does not currently have a dividend policy. Payment of dividends (if any) by ORS is determined by the directors of ORS from time to time at its discretion, and is dependent upon factors including the profitability and cash flow of the Company's business at the relevant time.

9.12 Risk factors specific to the Scheme

(a) Conditions Precedent not met

The Scheme is subject to a number of Conditions Precedent, as summarised in Section 12.10. Scheme Participants will be kept advised of the status of the Conditions Precedent. At the date of this Scheme Booklet, ORS is not aware of any circumstances which would cause the Conditions Precedent not to be satisfied or (if applicable) waived. However, there is a possibility that one or more of the Conditions Precedent will not be met or waived (in accordance with the Scheme Implementation Deed and the Scheme of Arrangement) and the Scheme does not proceed as a result.

If the Scheme is not implemented, costs in connection with the Scheme of approximately \$0.2 million will still need to be paid and will be funded by advances from Gandel Metals, which will be repayable by ORS to Gandel Metals in accordance with the Existing Gandel Loan Agreement.

(b) The ability of Scheme Participants (other than Ineligible Foreign Shareholders) to vote on and affect the future direction of A1 Gold

The Scheme, if implemented, will result in Scheme Participants (other than Ineligible Foreign Shareholders) having smaller voting interests in A1 Gold than their voting interests in ORS. As at the date of this Scheme Booklet, the Scheme Participants (being the ORS Shareholders other than the Gandel Shareholders) have a collective voting interest of 145,909,472 ORS Shares or 58.76% in ORS. This calculation does not take into consideration the transfer of A1 Gold Shares to Gandel Metals in repayment of the Existing Gandel Loan if the Repayment Resolution is approved.

Illustratively, if the Scheme is implemented, based on the current A1 Gold capital structure Scheme Participants (without adjusting for Ineligible Foreign Shareholders) would have a collective voting interest of 12.73% in A1 Gold. If the maximum number of 41,666,667 A1 Gold Shares are issued under the SPP and the other securities are issued as set out in the A1 Gold notice of general meeting dated 2 December 2015, Scheme Participants' A1 Gold Shareholding will be diluted to 11.61% of the total A1 Gold Shares then on issue.

(c) Fluctuation of Scheme Consideration

The value of the Scrip Consideration will be dependent on the market value of A1 Gold Shares traded on ASX. The market prices of A1 Gold Shares may move, up or down, as a result of any number of different factors, including but not limited to general economic conditions, fluctuations in domestic and international financial markets, movements in domestic interest rates and market expectations. Any fluctuation in market price will directly impact the equivalent dollar value of the Scheme Consideration to which Scheme Participants will be entitled.

Neither the Company nor the Independent Director warrants the future share price performance of A1 Gold Shares.

Scheme Participants who receive A1 Gold Shares may not wish to retain their shareholding and may sell their A1 Gold Shares soon after receiving them. This may have an adverse impact on the market price of A1 Gold Shares traded on ASX in the short term.

9.13 Risks and implications for ORS if the Scheme is not implemented

(a) Implications

If the Scheme does not proceed:

- (i) ORS Shareholders will retain their ORS Shares;
- (ii) ORS Shareholders will not receive the Scheme Consideration;
- (iii) ORS will remain listed on ASX as a standalone entity;
- (iv) the Existing Gandel Loan will still be repayable on 5 February 2016; and
- (v) the price of ORS Shares on ASX may decline.

See also Section 12.4.

(b) Risks for ORS as a standalone entity

If the Scheme does not proceed, and no Superior Proposal is forthcoming, the ORS Board's immediate intention is to continue the business of ORS as it is currently conducted. The Directors will continue to review alternative options for maximising the value of the Company's assets for its shareholders, and may consider alternative restructure proposals, appointing an administrator or liquidating the business.

(c) Transaction costs already incurred

Before the Meetings, ORS estimates that it will have incurred or committed one-off transaction costs of approximately \$0.2 million in relation to the Scheme. These costs have already been incurred or will be payable by ORS regardless of whether or not the Scheme is implemented.

10. Information on A1 Gold

This Section 10 provides information on A1 Gold. If the Scheme is implemented, Scheme Participants will have a direct shareholding in A1 Gold.

10.1 About A1 Gold

The information on A1 Gold and A1 Gold Shares contained in this Explanatory Statement has been prepared based on a review of publicly available information and should not be considered comprehensive. Information in this Explanatory Statement concerning A1 Gold and A1 Gold Shares has not been independently verified by the Company. None of the Company, the Board, nor any ORS Shareholder or their respective officers or employees make any representation or warranty (express or implied) as to the accuracy or completeness of this information.

(a) Background

A1 Gold was incorporated on 14 February 2011 and was admitted to the official list of ASX on 19 June 2012.

The principal activity of A1 Gold is stated in the 2015 A1 Gold Annual Report as gold exploration, development and mining activities in central and eastern Victoria.

A1 Gold is an emerging junior Victorian gold producer that is developing the A1 Gold Mine near Woods Point and the Union Hill Mine at Maldon to mine ore for processing at A1 Gold's fully permitted 150,000 tpa Maldon gold processing plant. A1 Gold has also entered into a binding Terms Sheet to acquire the Tubal Cain and Eureka gold deposits near Walhalla.



Figure 1: Location of A1 Gold's Operations

(b) A1 Gold Mine

The A1 Gold Mine is located in the Woods Point – Walhalla Goldfield, 120 kilometres east-northeast of Melbourne, in north-eastern Victoria. The mine historically produced more than 450,000 ounces of gold at an average grade of 30 g/t Au and was one of Australia's longest operating mines, having been worked from 1861 through to 1992. Gold at the A1 Mine is hosted by quartz reefs and quartz vein stockworks located within mafic dykes that are between 30 and 60 metres wide.

A1 Gold is focused on extending the underground decline at the A1 Mine to access and mine the 1400 Stockwork Zone.

In January 2015 A1 Gold released the results of a Stage 1 Scoping Study for the A1 Gold Mine assuming ore processing at the Maldon gold processing plant (refer to AYC ASX Announcement dated 13 January 2015).

Stage 1 Scoping Study¹

Stage 1 mining of the A1 Gold Mine stockworks is constrained to the area of the mine between 1420 RL and 1310 RL, which contains the deposits Indicated Mineral Resource (refer to A1 Gold Mineral Resource Statement below).

The Scoping Study was completed by independent mining consultants, Mining One, and targets 378,000 tonnes of production over a three year period. This production target equates to 67% of the Mineral Resource Estimate between the 1420 RL and 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource¹.

Following the completion of decline development to the 1420 Level stoping has been scheduled to be mined at an annual rate of 150,000 tonnes per annum grading 6.52 g/t Au to produce 30,000 ounces of gold.

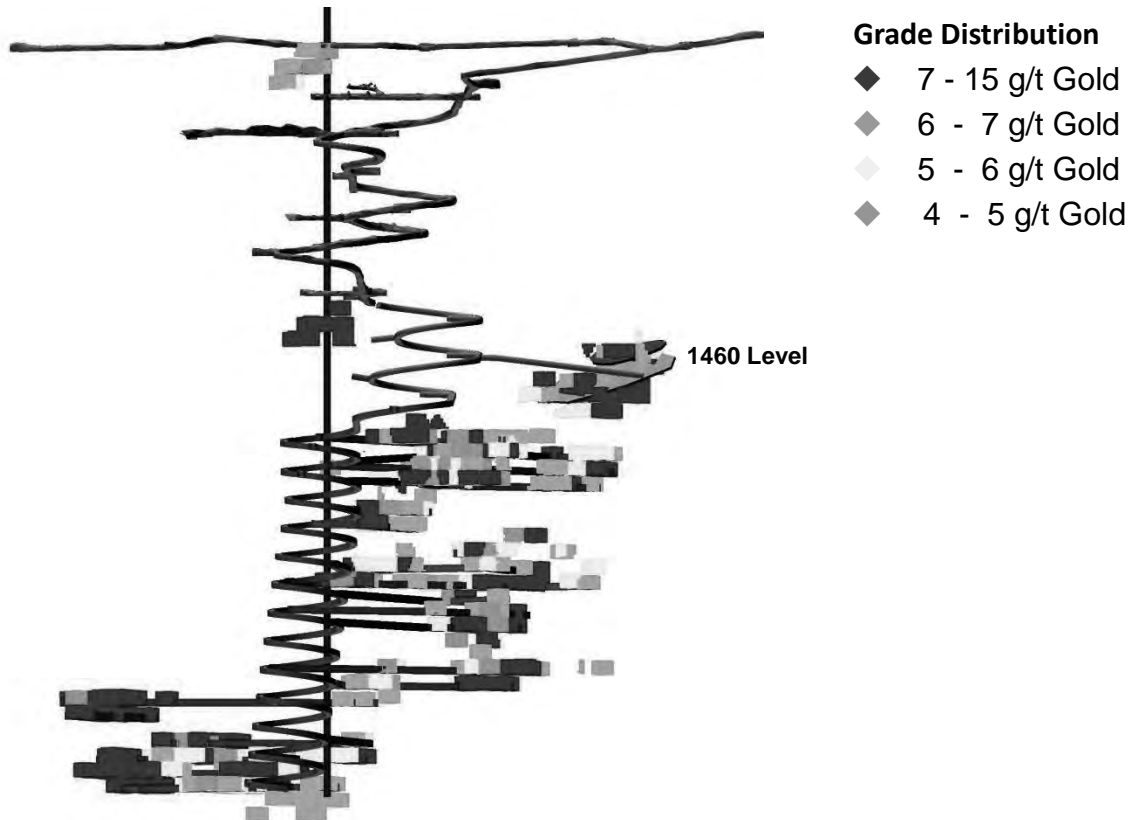
The Scoping Study assumes 90% gold recovery from the Maldon gold processing plant and a gold price of A\$1,300 per ounce.

Based on these assumptions a Life of Mine Cost Model estimates All in Sustaining Cost of A\$849 per ounce gold and demonstrates the robust nature of the mineral resource.

The Stage 1 Scoping Study forms a basis for A1 Gold's ongoing mine plans and to assess A1 Gold's financial requirements moving into production.

Note 1. Cautionary Statement

The Scoping Study referred to in this report is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic production mining case at this stage or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised. This production target equates to 67% of the JORC Code 2012 compliant Mineral Resource Estimate between the 1420 RL and the 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource. During the critical first 2 years, 42% of production is from Indicated Mineral Resources.



(This figure is a screen capture and not to scale. It is provided for illustration purposes only.)

Figure 2. A1 Gold Mine: Long Section View of Mineral Resource Grade Distribution

(c) **Maldon Gold Operations**

The Maldon Gold Operation is located 140 kilometres northwest of Melbourne in central Victoria. The operation is centred around the Maldon gold processing plant and consists of eleven exploration and mining licences overlying the historic Maldon, Wehla, Campbelltown, Amherst, and Dunolly 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 Au).

In June 2015 A1 Gold purchased the Maldon Gold Operation from Octagonal to gain access to the 150,000tpa Maldon CIL gold processing plant, which is ideally suited to process ore from the A1 Gold Mine as outlined in the A1 Gold Mine Stage 1 Scoping Study.

The Maldon Gold Operations also own the Union Hill underground mine at Maldon, which has a decline developed to the Alliance South Deposit, and a near-surface Inferred Mineral Resource at the Pearl Croydon Deposit, near Amherst, of 571,000 tonnes grading 2.9 g/t Au for 53,000 ounces of gold (refer to A1 Gold Mineral Resource Statement below).

The Union Hill Mine presents a medium term narrow-vein high-grade gold mining opportunity for A1 Gold to supplement the moderate-grade ore produced from the A1 Mine.

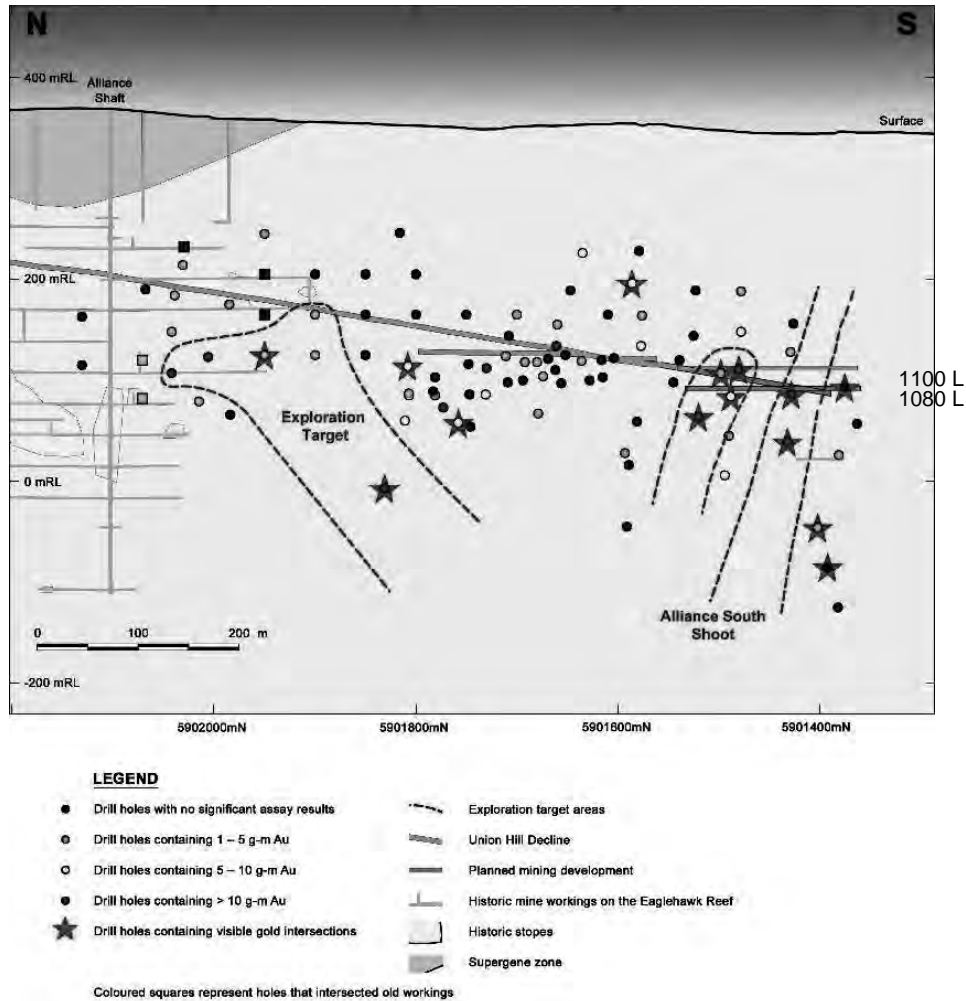


Figure 3. Eaglehawk Reef: Longsection showing position of Union Hill Decline relative to the Alliance South Shoot

(d) Walhalla Project

On 11 August 2015 A1 Gold announced to the ASX that it had entered into a binding Terms Sheet with Orion Gold NL (ASX: ORN) to acquire mining licence MIN 5487 for total consideration of \$850,000.

Mining licence MIN 5487 is located in the Woods Point – Walhalla Goldfield, 150 kilometres east of Melbourne, and overlies the Eureka and Tubal Cain gold deposits.

The Tubal Cain and Eureka gold deposits are predominantly dyke-hosted, with visible and disseminated gold associated with parallel ladder veins similar to the A1 Gold Mine. Eureka was mined from 1867 to 1915 to a depth of approximately 150 metres and produced 70 kilograms of gold, whereas Tubal Cain was worked from 1866 to 1911 to a depth of 100 metres and produced 120 kilograms of gold.

The deposits have a combined Inferred Mineral Resource of 1,085,000 tonnes grading 4.93 g/t Au for 172,100 ounces of gold (refer to A1 Gold Mineral Resource Statement below).

The Eureka Mine presents a medium term narrow-vein high-grade gold mining opportunity for A1 Gold to supplement the moderate-grade ore produced from the A1 Mine.

(e) A1 Gold Mineral Resource Statement

The following statement of Mineral Resources² 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 (refer to Appendix 1 in AYC ASX Announcement dated 27 November 2015).

A1 Gold Mineral Resource Statement												
	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
A1 Gold Mine ³	-	-	-	250	5.1	41.2	1,170	6.4	240	1,420	6.2	281.2
Pearl Croydon ⁴	-	-	-	-	-	-	571	2.9	53	571	2.9	53
Tubal Cain ^{5,6}	-	-	-	-	-	-	932	4.1	122.9	932	4.1	122.9
Eureka ^{5,6}	-	-	-	-	-	-	153	9.9	49.2	153	9.9	49.2
Total	-	-	-	250	5.1	41.2	2,826	5.1	465.1	3,076	5.1	506.3

Note 2. Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, operational cost, metal price, mining control, dilution or other relevant issues. There has been insufficient exploration at this date to define these Mineral Resources as a Measured Mineral Resources or an Ore Reserve. It is uncertain if further exploration will result in upgrading the Mineral Resources to a Measured Mineral Resource category or to an ore Reserve.

Note 3. Refer to AYC ASX Announcement dated 12 May 2014. A1 Gold has stated that it is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

Note 4. Refer to ORS ASX Announcement dated 20 January 2014. A1 Gold has stated that it is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

Note 5. MIN 5487 is being purchased by A1 Gold, subject to a binding Terms Sheet announced to the ASX on 11 August 2015.

Note 6. Refer to ORN ASX Announcement dated 31 January 2014. A1 Gold has stated that it is not aware of any new information or data that materially affects the information provided in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

10.2 Status of Tenements

The A1 Gold 2015 annual report sets out the following status of its tenements:

Tenement Reference	Equity	Status	Holder
Woods Point – Walhalla Goldfield (Victoria)			
MIN 5294	100%	Granted	A1 Consolidated Gold Limited
EL 5109	100%	Granted	A1 Consolidated Gold Limited
MIN 5487	0% ¹	Granted	Orion Gold NL
Maldon Goldfield (Victoria)			
EL 3422	100%	Granted	Maldon Resources Pty Ltd
EL 5177	100%	Granted	Maldon Resources Pty Ltd
EL 5499	100%	Granted	Maldon Resources Pty Ltd
MIN 5146	100%	Granted	Maldon Resources Pty Ltd
MIN 5528	100%	Granted	Maldon Resources Pty Ltd
MIN 5529	100%	Granted	Maldon Resources Pty Ltd
Wehla Goldfield (Victoria)			
MIN 5433	100%	Granted	Matrix Gold Pty Ltd
MIN 5574	100%	Application	Matrix Gold Pty Ltd
Campbelltown Goldfield (Victoria)			
MIN 5464	100%	Granted	Highlake Resources Pty Ltd
Amherst Goldfield (Victoria)			
MIN 5465	100%	Granted	Highlake Resources Pty Ltd
Dunolly Goldfield (Victoria)			
MIN 5563	100%	Granted	Highlake Resources Pty Ltd

Note 1. MIN 5487 is being purchased by A1 Gold, subject to a binding Terms Sheet announced to the ASX on 11 August 2015.

10.3 Financial Information

This Section 10.3 sets out summary historical financial information in relation to A1 Gold. The summary historical financial information has been extracted from A1 Gold's audited financial statements for the financial years ended 30 June 2014 and 30 June 2015.

The financial information contained in this Section 10.3 is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Copies of the relevant annual reports from which the following historical financial information has been extracted can be found on A1 Gold's website at <http://a1consolidated.com.au/>. The annual reports contain details of A1 Gold's accounting policies, notes to the accounts for the note numbers referred to in the financial reports below, and in each case detailed discussion and analysis by A1 Gold's directors of the financial results for the relevant period.

All amounts disclosed are presented in Australian dollars and rounded to the nearest thousand dollars, except earnings per share which are disclosed in cents.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
Revenue	2a	24,658	78,721
Accounting and taxation services		(80,340)	(56,150)
Auditor's remuneration	23	(42,500)	(35,850)
Company secretary fees		(141,578)	(78,407)
Consulting fees		-	(34,672)
Depreciation expense		(12,908)	(17,526)
Directors' fees		(37,857)	(59,450)
Employee benefits expense		(100,460)	(132,023)
Finance costs	2b	(18,523)	(70,107)
Impairment of development costs	10	(12,842,007)	-
Insurance		(114,455)	(121,899)
Loss on disposal of fixed assets		(80,414)	(5,126)
Maldon operating expenses		(451,361)	-
Other expenses		(133,192)	(171,414)
Share based payment expense	17b	(4,664)	(222,876)
Share registry and listing fees		(36,299)	(70,712)
Loss before income tax expense		(14,071,900)	(997,491)
Income tax expense	3	-	-
Loss for the year		(14,071,900)	(997,491)
Other comprehensive income		-	-
Total comprehensive loss for the year		(14,071,900)	(997,491)
Basic and diluted loss per share	4	(5.9) cents	(0.61) cents

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Notes	2015 \$	2014 \$
Assets			
Current Assets			
Cash and cash equivalents	5	2,013,371	232,027
Trade and other receivables	6	131,455	40,766
Inventories	7	102,643	-
Other	8	165,913	54,899
Total Current Assets		2,413,382	327,692
Non-Current Assets			
Property, plant and equipment	9	8,254,291	2,013,897
Exploration, evaluation and development assets	10	22,018,618	31,485,900
Other	8	1,006,500	123,000
Total Non-Current Assets		31,279,409	33,622,797
Total Assets		33,692,791	33,950,489
Liabilities			
Current Liabilities			
Trade and other payables	11	942,913	526,726
Borrowings	12	173,441	41,155
Provisions	14	159,732	73,903
Share application funds pending allotment		40,800	40,071
Total Current Liabilities		1,316,886	681,855
Non-Current Liabilities			
Borrowings	12	1,561,220	-
Provisions	14	1,050,554	-
Total Non-Current Liabilities		2,611,774	-
Total Liabilities		3,928,660	681,855
Net Assets		29,764,131	33,268,634
Equity			
Issued capital	15	42,606,668	35,279,194
Reserves	16	5,453,605	2,213,682
Accumulated losses		(18,296,142)	(4,224,242)
Total Equity		29,764,131	33,268,634

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<u>Inflows/(Outflows)</u>			
Cash flows from operating activities			
Payments to suppliers and employees		(954,554)	(704,673)
Interest received		11,145	33,578
Finance costs		(4,925)	(4,731)
Net cash used in operating activities	5(ii)	<u>(948,334)</u>	<u>(675,826)</u>
Cash flows from investing activities			
Proceeds from sale of non-current assets		-	45,963
Purchase of non-current assets		(11,717)	(41,567)
Exploration and evaluation expenditure		(241,614)	(359,822)
Development expenditure		(1,044,219)	(3,439,459)
Loan to Maldon Resources Pty Limited (pre-acquisition)		(519,724)	-
Purchase shares in subsidiary companies, net of cash acquired	5(iii)	(225,233)	-
Loan repaid by related party		-	109,000
Refund of bond		80	-
Net cash used in investing activities		<u>(2,042,427)</u>	<u>(3,685,885)</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,498,025	3,744,897
Proceeds from issue of convertible notes		2,445,443	-
Share application funds pending allotment		-	40,071
Payments for share issue and listing costs		(541,149)	(112,063)
Loans from directors and others		295,000	-
Proceeds from borrowings		199,464	54,933
Repayment of borrowings		(124,678)	(54,352)
Net cash provided by financing activities		<u>4,772,105</u>	<u>3,673,486</u>
Net increase / (decrease) in cash and cash equivalents		1,781,344	(688,225)
Cash and cash equivalents at beginning of year		232,027	920,252
Cash and cash equivalents at end of year	5(i)	<u>2,013,371</u>	<u>232,027</u>

The accompanying notes form part of these financial statements.

10.4 A1 Gold Securities

A1 Gold also has the following securities on issue as at the date of this Scheme Booklet:

Security	Number on issue	Number held by ORS
A1 Gold Shares	458,439,601	169,672,726
Listed A1 Gold Options (exercisable at \$0.03 on or before 30 November 2019)	227,778,164	56,557,576
Unlisted A1 Gold options (exercisable at \$0.05 on or before 30 November 2019)	9,000,000	-
Unlisted A1 Gold options (exercisable at \$0.045 on or before 30 November 2019)	24,000,000	-
Unlisted convertible notes, face value \$0.035, maturity 25 June 2018)	71,428,565	-

A1 Gold is currently undertaking a SPP and a general meeting is proposed to be held on 6 January 2016 to seek approval for the issue of A1 Gold securities to directors pursuant with the placement and SPP announced on 20 November 2015.

The A1 Gold notice of meeting dated 2 December 2015 sets out the capital structure of A1 Gold under certain assumptions. The notice states assuming that:

- (a) Resolutions 1 through 5 of the A1 Gold meeting are approved and implemented;
- (b) 14,583,338 A1 Gold Placement Shares and 4,861,109 A1 Gold Listed Options are issued pursuant to the Placement;
- (c) 41,666,667 A1 Gold Shares are issued under the SPP;
- (d) 9,027,778 Underwriter Options are issued under the SPP pursuant to the Underwriting Agreement; and
- (e) no other A1 Gold Shares are issued, including on exercise of existing A1 Gold Options,

the capital structure of A1 Gold will be as follows:

	A1 Gold Shares	A1 Gold Listed Options	Unlisted Options (\$0.05, expire 31/12/2019)	Unlisted Options (\$0.045, expire 31/12/2019)	Convertible Notes (\$0.0035, mature 25/06/2018)	\$ Raised
Securities on issue prior to Capital Raising	446,356,265*	223,750,389*	9,000,000	24,000,000	71,428,565	N/A
Securities issued to Directors pursuant to the Placement and past issue of securities	14,583,338	4,861,109	0	0	0	350,000
Shares issued pursuant to the SPP	41,666,667	0	0	0	0	1,000,000
Underwriter Options issued pursuant to the Underwriting Agreement	0	9,027,778	0	0	0	0
Total	502,606,270	237,639,276	9,000,000	24,000,000	71,428,565	1,350,000

* These numbers differ to the current capital structure as the notice of general meeting seeks approval for the past issue of securities pursuant to ASX Listing Rules 7.4 and 10.11, and such securities (for which approval is sought) are included in the next row (being the securities issued to Directors pursuant to the Placement and past issue of securities)

Defined terms used above have the meanings given to them in the A1 Gold notice of meeting dated 2 December 2015.

ORS has indicated that it will not participate in the SPP.

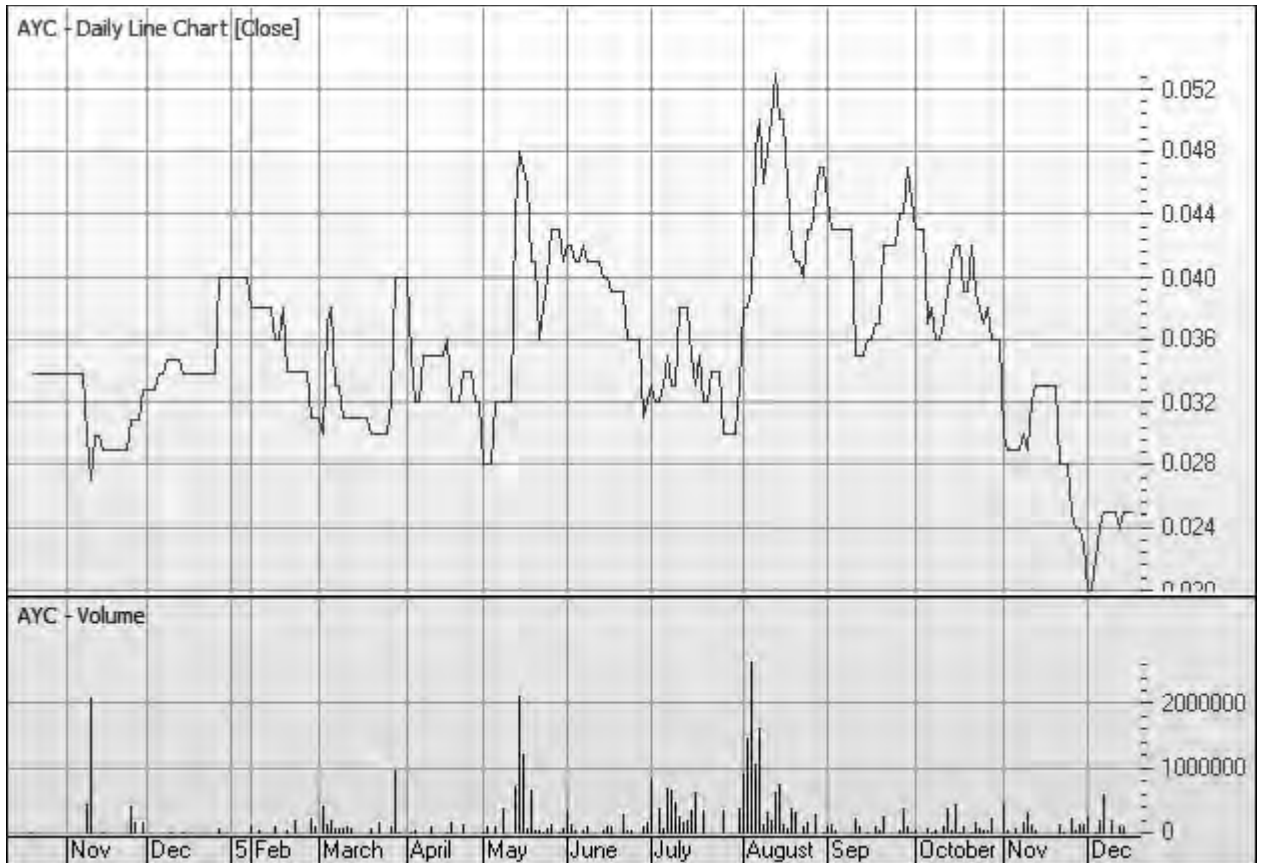
10.5 A1 Gold dividends

The A1 Gold Annual Report for the year ended 30 June 2015 states that no dividends have been paid or declared since the start of the financial year and the directors of A1 Gold do not recommend the payment of a dividend in respect of the financial year.

10.6 A1 Gold's recent share price performance

On the trading day prior to the date of this Scheme Booklet, A1 Gold's closing share price on ASX was \$0.025. A1 Gold's share price has also traded between:

- (a) \$0.02 to \$0.047 per share over the past 3 months; and
- (b) \$0.02 to \$0.054 per share over the past 12 months.



10.7 Access to other A1 Gold information

A1 Gold is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require A1 Gold to:

- (a) prepare and lodge with ASX both yearly and half yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify ASX of any information concerning A1 Gold of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in A1 Gold, subject to certain limited exceptions related mainly to confidential information.

Copies of financial statements and reports lodged at ASX in relation to A1 Gold may be downloaded from ASX and are also available on ASIC's register.

Not all information that is already in the public domain in relation to A1 Gold has been included in this Explanatory Statement. Copies of documents lodged with ASX in relation to A1 Gold may be downloaded from ASX.

Further information relating to A1 Gold is available on A1 Gold's website:

<http://www.a1consolidated.com.au/>

10.8 A1 Gold Capital Structure and Ownership

As at the date immediately before the date of this Scheme Booklet, there were a total of 446,356,265 A1 Gold Shares on issue held by 605 shareholders. The top 20 of these A1 Gold shareholders in the A1 Gold share register held approximately 78.59% of all issued A1 Gold shares.

(a) A1 Gold substantial holder

As set out in A1 Gold's 2015 annual report, A1 Gold had three substantial shareholders as at 30 June 2015:

Shareholder	Shares	% of total
Octagonal Resources Limited	169,672,726	38.01%
Gaffneys Creek Gold Mine	33,333,333	7.47%
Heron Resources Limited	30,366,666	6.80%

(b) Top 20 Shareholders of A1 Gold

As set out in A1 Gold's 2015 annual report, A1 Gold had the following Top 20 shareholders as at 30 June 2015:

Rank	Name	Number of A1 Gold Shares	%
1	OCTAGONAL RESOURCES LTD	169,672,726	38.01%
2	GAFFNEYS CREEK GOLD MINE	33,333,333	7.47%
3	HERON RESOURCES LTD	30,366,666	6.80%
4	LIONGOLD AUSTRALIA PTY LTD	25,862,069	5.79%
5	A1 CONSOLIDATED MINING PL	14,696,588	3.29%
6	BOND STREET CUSTS LTD	11,982,758	2.68%
7	ABBOTSLEIGH PL	7,769,908	1.74%
8	BOND STREET CUSTS LTD	6,672,728	1.49%
9	CLARK DJ & CROKER PF	6,564,376	1.47%
10	TT NICHOLLS PL	6,000,000	1.34%
11	COLBERN FIDUCIARY NOM PL	5,768,800	1.29%
12	INVIA CUSTODIANS PL	5,533,334	1.24%
13	WRITE FAMILY INVESTMENTS PTY LTD	5,403,334	1.21%
14	PAREKH ASHOK AARON	4,875,000	1.09%
15	AUSTRALIAN EXECUTOR TTEES LTD	4,213,444	0.94%
16	BOND STREET CUSTS LTD	4,181,476	0.94%
17	CHRIS ROY TOIFL	4,000,000	0.90%
18	JASPER HILL RES PL	3,859,151	0.86%

Rank	Name	Number of A1 Gold Shares	%
19	PORTER SIMON ROSS	3,818,524	0.86%
20	JP MORGAN NOMINEES	3,487,320	0.78%
	Total Top 20 Holder	358,061,535	80.2%
	Total Remaining Holders Balance	88,294,730	19.8%

10.9 Further information

As a company listed on the ASX and a 'disclosing entity' under the Corporations Act, A1 Gold is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. A1 Gold's most recent announcements are available from its website <http://a1consolidated.com.au/> and on the ASX website www.asx.com.au. Further announcements concerning A1 Gold will continue to be made available on these websites after the date of this Scheme Booklet.

ASX maintains publicly available information about entities listed on their exchange. Information about A1 Gold is available for inspection at ASX during normal business hours and are available on their website www.asx.com.au.

A1 Gold is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by A1 Gold may be obtained from, or inspected at ASIC offices.

10.10 Information about the A1 Gold Shares

A1 Gold is incorporated in Australia and is subject to the Corporations Act. As a company listed on the ASX, A1 Gold is also regulated by the Listing Rules.

The rights attaching to ownership of A1 Gold Shares are:

- (a) described in A1 Gold's Constitution; and
- (b) regulated by the Corporations Act, Listing Rules and the general law (applicable law).

Full details of the rights attaching to A1 Gold Shares are set out in A1 Gold's Constitution, a copy of which can be inspected, free of charge, at A1 Gold's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all A1 Gold Shares. This summary is not exhaustive and does not constitute a definitive statement of rights and liabilities of A1 Gold Shareholders.

(a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of A1 Gold Shares (at present there are none), at meetings of A1 Gold Shareholders of A1 Gold:

- (i) each A1 Gold Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is an A1 Gold Shareholder or a proxy, attorney or representative of an A1 Gold Shareholder has one vote; and

- (iii) on a poll, every holder of A1 Gold Shares who is present in person or by proxy, attorney or

representative has one vote for every fully paid A1 Gold Share held by him or her, and a proportionate vote for every partly paid A1 Gold Share, registered in such A1 Gold Shareholder's name on A1 Gold's share register.

- (b) Dividends

Dividends are payable out of A1 Gold's profits and are declared by the Directors. Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), dividends declared will be paid according to the amounts paid on the shares for which the dividends are paid.

- (c) Winding Up

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of A1 Gold all assets that may be legally distributed among members will be distributed in proportion to the number of A1 Gold Shares held by them, irrespective of the amount paid-up or credited as paid up on the A1 Gold Shares.

- (d) Transfer of A1 Gold Shares

Subject to A1 Gold's Constitution, the Corporations Act, the ASX Settlement Operating Rules and Listing Rules, A1 Gold Shares are freely transferable.

- (e) Issue of further A1 Gold Shares

The allotment and issue of any A1 Gold Shares is under the control of the Directors. Subject to restrictions on the allotment of A1 Gold Shares to Directors or their associates, the Listing Rules, A1 Gold's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of A1 Gold Shares on such terms and conditions as they see fit.

- (f) General Meetings

Each A1 Gold Shareholder is entitled to receive notice of and to attend general meetings for A1 Gold and to receive all notices, accounts and other documents required to be sent to A1 Gold Shareholders under A1 Gold's Constitution or the Corporations Act.

- (g) Variation of Rights

Subject to the terms of issue of shares in a particular class, A1 Gold, with the sanction of a special resolution passed at a meeting of A1 Gold Shareholders or with the consent in writing of members who are entitled to at least three quarters of the votes that may be cast in respect of A1 Gold Shares in that class, may vary or cancel the rights attached to shares in that class or convert shares from one class to another class.

- (h) A1 Gold Shareholder Liability

As the A1 Gold Shares issued on exercise of the Loyalty Options will be fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(i) Alteration to A1 Gold's Constitution

A1 Gold's Constitution can only be amended by a special resolution passed by at least three quarters of A1 Gold Shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(j) Listing Rules

As long as A1 Gold is admitted to the Official List, then despite anything in A1 Gold's Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. If as a result of an amendment to the Listing Rules, there is an inconsistency between A1 Gold's Constitution and the Listing Rules, A1 Gold shall, subject to the Corporations Act, do all things necessary to change A1 Gold's Constitution to remove the inconsistency as soon as possible and in any event, at the first general meeting of A1 Gold held after the date on which the relevant amendment the Listing Rules comes into operation.

10.11 Risk factors for A1 Gold

There are a range of factors (including risk factors specific to A1 Gold and risks of a general nature) which may, either individually or in combination, affect the future operating performance, financial position, regulation, legal position, implementation of strategy or reputation of A1 Gold, its business, their prospects and/or value.

This Section sets out some of these potential risks, as well as some of the potential risks associated with implementation of the Scheme.

Some of the risks set out in this Section are either risks related to mining companies generally, or risks that already relate to A1 Gold's business. Therefore, Scheme Participants already have exposure to some of the risks. However, a number of the risks will be new or potentially greater in impact than is currently the case in relation to ORS alone. The risks set out in this Section do not take into account the investment objectives, financial situation, tax position or particular needs of a Scheme Participant and are not exhaustive.

(a) General economic conditions

Material adverse changes in general economic conditions may have an adverse impact on the operations and performance of A1 Gold.

The various general domestic and international economic factors that shareholders in A1 Gold are exposed to include, but are not limited to:

- economic growth;
- interest rates;
- inflation;
- currency exchange rates;
- employment levels;
- consumer and business sentiment; and
- market volatility.

(b) Share price movements

An investment in A1 Gold will be subject to fluctuations in share price which are normal for ASX listed entities. These fluctuations are due to a wide variety of factors, some of which A1 Gold may seek to mitigate while others are outside the control of A1 Gold.

(c) Equity dilution

As announced on 20 November and 11 December 2015, A1 Gold is undertaking a SPP. Dispatch of holding statements for the SPP is due to occur on or around 12 January 2016.

As announced on 2 December 2015, A1 Gold is also seeking shareholder approval at a general meeting to be held on 6 January 2016 for the issue of further securities, including for the issue of securities to the A1 Gold directors and the underwriter of the SPP.

ORS currently holds 169,672,726 A1 Gold Shares, representing 37.01% of the total A1 Gold Shares on issue. Out of these A1 Gold Shares, the Scheme Participants will receive approximately 58,363,789 A1 Gold Shares as part of the Scrip Consideration, representing 12.73% of the total A1 Gold Shares currently on issue.

If \$1 million worth of A1 Gold Shares are issued under the SPP (being 41,666,667 A1 Gold Shares) and shareholder approval is obtained for the issue of all of the securities to A1 Gold directors at the A1 Gold general meeting, then:

- (i) the Company's total A1 Gold Shareholding will be diluted to 33.76% of the total A1 Gold Shares then on issue; and
- (ii) following the transfer of the Scrip Consideration to the Scheme Participants:
 - (A) the Scheme Participants will hold 11.61% of the total A1 Gold Shares then on issue; and
 - (B) ORS will hold 22.15% of the total A1 Gold Shares then on issue. This calculation does not take into consideration the transfer of A1 Gold Shares to Gandel Metals in repayment of the Existing Gandel Loan if the Repayment Resolution is approved (estimated to be approximately 60,000,000 A1 Gold Shares).

As a result, the Scheme Participants will hold their A1 Gold Shares on a minority basis and will have limited ability to influence the decisions of A1 Gold if the Scheme is approved.

Section 10.4 sets out further information in relation to the capital structure of A1 Gold.

Other than the SPP and the items set out in the notice of general meeting, the Company is not aware of A1 Gold undertaking any planned offerings of securities and does not expect A1 Gold to require any further equity financing in the near term. However, A1 Gold may undertake offerings of securities in the future. The increase in the number of securities issued and the possible sale of these securities may have the effect of depressing the price of A1 Gold securities already on issue. In addition, the issue of additional securities may dilute the voting power of persons holding A1 Gold securities prior to such issue of securities.

(d) Dividends

A1 Gold is an emerging gold producer and does not currently have a dividend policy. Payment of dividends (if any) by A1 Gold is determined by the directors of A1 Gold from time to time at its discretion, and is dependent upon factors including the profitability and cash flow of A1 Gold's business at the relevant time.

A1 Gold will operate in a cyclical sector, in which financial characteristics (such as commodity prices, foreign exchange rates and energy costs) vary and as a result will have an impact on profit and cash flow generation. This may result in variations in the capability of the A1 Gold to make dividend payments to shareholders through varying business cycles.

(e) Operating and business risks

Mineral exploration and mining operations and development may be hampered by circumstances beyond the control of A1 Gold and by their nature, are subject to a number of inherent risks.

Factors which may impact the operations and business of A1 Gold are outlined in greater detail below.

(i) Commodity price volatility

A1 Gold's revenues and cash flows are largely derived from the sale of a variety of commodities, including gold. The financial performance of A1 Gold will be exposed to fluctuations in the prices of these commodities.

Commodity prices may be influenced by numerous factors and events which are beyond the control of A1 Gold, including supply and demand fundamentals, currency exchange rates, interest rates, general economic, political and regulatory conditions, speculative activities and other factors. These factors may have a positive or negative effect on A1 Gold's product development and production plans and activities, together with the ability to fund those plans and activities.

A1 Gold cannot provide any assurance as to the prices that it will achieve for its commodities in the future.

(ii) Operational uncertainty

A1 Gold's assets and mining operations, as any others, will be subject to uncertainty with respect to (among other things): ore tonnes, mine grade, ground conditions, metallurgical recovery or unanticipated metallurgical issues (which may affect extraction costs), in fill resource drilling, mill performance, the level of experience of the workforce, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, storms, floods, bushfires or other natural disasters.

The occurrence of any of these circumstances could result in A1 Gold not realising its operational or development plans, or plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on A1 Gold's financial and operational performance.

(iii) Speculative nature of resource exploration and development

As mining activities will deplete the reserves and resources of A1 Gold, the ability to continually find or replace reserves and resources is important for the ongoing stability of A1 Gold's operations.

Exploration on A1 Gold's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of A1 Gold and possible relinquishment of the exploration and mining tenements.

The success of A1 Gold depends on successful exploration and acquisition of reserves, design and construction of efficient processing facilities, competent operation and management, proficient financial management, access to required development capital, movement in the price of commodities, securing and maintaining title to A1 Gold's pre-existing exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Failure in any of these areas will adversely impact the profitability and financial position of A1 Gold.

(iv) Ability to exploit successful discoveries

It may not always be possible for A1 Gold to exploit successful discoveries which may be made in areas in which A1 Gold has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied.

Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as A1 Gold's interests and objectives.

It is necessary to effectively manage the competing needs of various stakeholders, including that of governments and communities, or A1 Gold will run the risk of damaging its corporate reputation, enduring project approval delays, protests or violent opposition and increased operating costs.

(v) Commercial viability of development projects

A1 Gold is in the process of conducting feasibility studies and explorations relating to potential developments. The commercial viability of any such endeavours is based upon estimates of the potential size and grade of mineral resources or ore reserves, proximity to infrastructure and other required resources (such as energy and water), potential production rates, the feasibility of recovery of metals, capital and operating costs, and metal demand and prices. Some projects also remain subject to the completion of favourable environment assessments, further feasibility studies, the grant and maintenance of necessary permits and authorisations, and receipt of adequate financing.

It is possible that certain projects may be delayed, cancelled or otherwise adjusted due to a lack of commercial viability associated with such factors.

Despite careful evaluation that includes the factors set out above, it is possible that development projects do not realise their predicted value or revenue due to circumstances beyond the control of A1 Gold.

(vi) Joint venture and other arrangements

A1 Gold may hold assets, developments or undertake projects through incorporated and unincorporated joint ventures with third parties. There is a risk of financial failure or default by a participant in any joint venture to which A1 Gold is or may become a party. Disagreements between co-venturers or a failure of co-venturer to adequately manage a project poses a further risk of financial loss or legal or other disputes with the other participants in such a joint venture.

Projects held and run through joint ventures impose a number of restrictions on A1 Gold's ability to sell its interest in any assets held through such a structure and may require prior approval of the other joint venture partner or may be subject to pre-emptive rights.

In addition, it is common practice in the mining exploration industry to operate tenement farm-ins initially on the basis of a letter or heads of agreement while negotiations on the formal agreement proceed. In these circumstances there is a risk that the negotiations on a formal agreement are unsuccessful and a formal agreement is not reached, which may affect A1 Gold's rights in respect of the relevant tenements.

(vii) Financing risks and capital requirements

A1 Gold's capital requirements will depend on a number of factors. While A1 Gold has sufficient funding (based on existing estimates of funding requirements) in relation to its existing operations, substantial further financing may be required in the future for A1 Gold's exploration, development or ongoing activities.

A1 Gold, other than the SPP announced to the ASX on 20 November and 11 December 2015 and the items set out in the notice of general meeting dated 2 December 2015, may be required to seek alternative or further financing (either in the form of debt or equity), and there is no guarantee that A1 Gold will be able to secure the required level of funding. Any debt financing, if available, may involve restrictions on A1 Gold's financing and operating activities, or its business strategy and additional equity financing may dilute shareholders and may be undertaken at lower prices than the current market price. No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to A1 Gold or at all. If A1 Gold is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on A1 Gold's operations and financial position.

(viii) Mineral Resource and Ore Reserve estimates

The volume and quality of the commodities that A1 Gold recovers may be less than the estimates included in this Scheme Booklet. Mineral resources and ore reserves estimates are expressions of judgement based on knowledge, experience and industry practice, and may ultimately prove to be inaccurate and require adjustment. In addition, estimates which were valid when originally calculated may alter significantly when new information, market conditions or techniques are available including during the process of mine development. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change.

Adjustments to resource estimates could affect the future development and mining plans of A1 Gold and, in turn, its operations and financial performance. Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates,

discount rates, production and transportation costs for future cash flows. Estimates also require interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period.

Contained metal (tonnes and grades) are normally estimated annually and published in resource and reserve statements, however actual production in terms of tonnes and grade often vary as ore bodies can be complex and inconsistent.

Gold price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

If A1 Gold's actual Mineral Resources and Ore Reserves are less than current estimates, A1 Gold's prospects, value, business, results of operations and financial condition may be materially adversely affected.

(ix) Infrastructure, transportation and remoteness of operations

The commodities expected to be produced by A1 Gold will be required to be transported to customers internationally. Each stage of the transportation process poses risks. Fuel costs, unexpected delays and accidents could materially impact upon A1 Gold's financial position.

Further, there are risks associated with the availability of adequate trucking, rail and port facilities and the process for obtaining approvals to access these facilities (including the timing and conditions on which access may be granted). If A1 Gold is not able to access the required infrastructure within a certain time period or at a reasonable cost, this could adversely affect A1 Gold's operations and financial performance.

The price of sea freight, smelting and refining charges are market driven and can vary throughout the life of each project. These will also impact on the overall profitability of A1 Gold.

(x) Land access arrangements

Mineral exploration, development and mining generally require consultation and agreement with landholders or other third parties in relation to access arrangements regarding underlying land. A1 Gold may be subject to restrictions associated with such land access arrangements, and may be required to pay compensation or adhere to other attached conditions. There is the further risk that landholders or other third parties may refuse access to the relevant land, which may negatively impact A1 Gold's capacity to further explore or develop any projects the subject of such land.

(xi) Availability and cost of key equipment

A1 Gold requires specific consumables, spare parts, plant and equipment and construction materials for its exploration, development and mining activities. Any delay, lack of supply or increase in price in relation to such equipment and material could adversely impact the financial position of A1 Gold.

(xii) Fluctuations in the price and availability of energy and other resources

Fluctuations in the price and availability of resources required for the operations of A1 Gold, including materials required for operations, water and energy resources such as diesel, gas and other fossil fuels may materially impact the operations and financial position of A1 Gold.

(xiii) Environmental risks and hazards

The operations of A1 Gold may be materially affected by adverse weather conditions and other environmental hazards such as fires, floods and water ingress and seismic activity which may delay or prevent operations from taking place and cause A1 Gold to incur significant costs to rectify any damage or consequences arising from those hazards.

(xiv) Legal and regulatory risks

A1 Gold will be subject to a broad range of laws and regulations in Australia and in other jurisdictions in which it may operate or have investment interests. Any enforcement or other government action or changes to governmental or legal regulatory frameworks may adversely impact A1 Gold.

Additional capital commitments or investment may be required to ensure compliance, and operational activities may be delayed or prevented entirely.

(xv) Title risks

The *Native Title Act 1993* (Cth) (**NTA**) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. Native title may impact A1 Gold's operations and future plans. Native title is not generally extinguished by the grant of exploration and mining tenements, as they are not generally considered to be grants of exclusive possession. However, a valid exploration or mining tenement prevails over native title to the extent of any inconsistency for the duration of the title.

There may be areas in relation to tenements which A1 Gold has an existing interest in, or will acquire an interest in the future, over which common law Native Title rights exist, or may be found to exist, which may preclude or delay exploration, development or production activities.

(xvi) Regulatory requirements including exploration and mining permits and licences

A1 Gold's operations will be subject to various Federal, State and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health.

Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. A1 Gold will be required to obtain government permits to commence or expand operations, which can be a costly and time-consuming process that can be cross-jurisdictional and may involve public hearings and costly undertakings.

No assurance can be given that A1 Gold will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a

timely manner or at all, A1 Gold may be curtailed or prohibited from continuing or proceeding with production and exploration.

(xvii) Renewal of mining authorisations

A1 Gold cannot guarantee that all or any licences or permits in which A1 Gold has interests will be renewed. Such renewals are at the discretion of relevant government bodies and ministries in the jurisdiction, and often depends on A1 Gold being successful in obtaining other required statutory approvals for its proposed activities.

There is no assurance that such renewals or grants will be granted, nor that they will be granted without different or further conditions attached.

(xviii) Environment, rehabilitation and restoration

The operations and activities of A1 Gold will be subject to the environmental laws and regulations of Australia and the other jurisdictions in which A1 Gold may conduct business. As with most exploration projects and mining operations, A1 Gold's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. A1 Gold will attempt to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations.

Climate change regulation is not currently expected to change significantly in the sectors or jurisdictions in which A1 Gold operates. However, the nature of the activities of A1 Gold are highly energy intensive and depend on the use of fossil fuels. Any changes to government regulation or policy relating to climate change, including relating to greenhouse gas emissions or energy intensive assets, may directly or indirectly impact A1 Gold's costs and operational efficiency.

The activities of A1 Gold are subject to the reporting obligations of the *National Greenhouse and Energy Reporting Act 2007* (Cth), under which A1 Gold reports its greenhouse emissions, energy consumption and production. A1 Gold has systems in place to comply with these reporting requirements.

The provision for rehabilitation and restoration costs to which A1 Gold is subject is based on the net present value of the estimated cost of restoring the environmental disturbance caused by operations that has occurred up to the reporting date. A1 Gold is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase A1 Gold's cost of doing business or affect its operations in any area.

(xix) Export and import regulations

The import and export policies of any jurisdiction in which A1 Gold operates or sells product to may change in the future. As the revenues of A1 Gold depend upon the process of exporting commodities, the profitability and financial position of A1 Gold may be adversely affected by any such adverse import and export regulations.

(xx) Tax risk

Changes to income tax (including capital gains tax), GST, duty or other revenue legislation, case law, rulings or determinations issued by the Commissioner of Taxation or other practices of tax authorities may change following the date of this Scheme Booklet or adversely affect A1 Gold's

profitability, net assets and cash flow. In particular, both the level and basis of taxation may change.

There is additional exposure to risk for A1 Gold as it operates in the resources sector, and as such is often required to pay government royalties and other indirect taxes and levies. Any changes in government policies relating to the taxation, royalties or other levies imposed on the resources sector, or the interpretation thereof, may adversely impact the financial position of A1 Gold.

(xxi) Litigation

As at the date of this Scheme Booklet, A1 Gold is not aware of any material disputes or litigation being undertaken. However, it is possible that A1 Gold may be involved in disputes and litigation in the course of its future operations. There is a risk that any material or costly dispute or litigation and compensation or damages could adversely impact the financial position or performance of A1 Gold.

(xxii) Health, safety and hazardous materials

The potentially hazardous nature of exploration and mining mean that health and safety regulations impact the activities of A1 Gold. Any injuries or accidents that occur on a site of operations of A1 Gold could result in legal claims, potential delays or stoppages and other actions that could adversely affect A1 Gold.

(xxiii) Risks related to acquisitions and future growth initiatives

A1 Gold regularly identifies and assesses potential opportunities for acquisitions and growth initiatives where it considers the opportunities may create shareholder value. A1 Gold will continue to identify and assess such opportunities. However, while A1 Gold intends to undertake appropriate due diligence to properly assess any such opportunities, benefits expected from investments, acquisitions or growth opportunities may take longer than expected to be achieved, or not be achieved at all, which may have a material adverse impact on the value of A1 Gold.

10.12 Risk factors specific to the Scheme

(a) The ability of Scheme Participants (other than Ineligible Foreign Shareholders) to vote on and affect the future direction of A1 Gold

The Scheme, if implemented, will result in Scheme Participants (other than Ineligible Foreign Shareholders) having smaller voting interests in A1 Gold than their voting interests in ORS. As at the date of this Scheme Booklet, the Scheme Participants (being the ORS Shareholders other than the Gandel Shareholders) have a collective voting interest of 145,909,472 ORS Shares or 58.76% in ORS. This calculation does not take into consideration the transfer of A1 Gold Shares to Gandel Metals in repayment of the Existing Gandel Loan if the Repayment Resolution is approved (estimated to be approximately 60,000,000 A1 Gold Shares)

Illustratively, if the Scheme is implemented, based on the current A1 Gold capital structure Scheme Participants (without adjusting for Ineligible Foreign Shareholders) would have a collective voting interest of 12.73% in A1 Gold. If the maximum number of 41,666,667 A1 Gold Shares are issued under the SPP and the other securities are issued as set out in the A1 Gold notice of general meeting dated 2 December 2015, Scheme Participants' A1 Gold Shareholding will be diluted to 11.61% of the total A1 Gold Shares then on issue.

(b) Fluctuation of Scheme Consideration

The value of the Scrip Consideration will be dependent on the market value of A1 Gold Shares traded on ASX. The market prices of A1 Gold Shares may move, up or down, as a result of any number of different factors, including but not limited to general economic conditions, fluctuations in domestic and international financial markets, movements in domestic interest rates and market expectations. Any fluctuation in market price will directly impact the equivalent dollar value of the Scheme Consideration to which Scheme Participants will be entitled.

Neither the Company nor the Independent Director warrants the future share price performance of A1 Gold Shares.

Scheme Participants who receive A1 Gold Shares may not wish to retain their shareholding and may sell their A1 Gold Shares soon after receiving them. This may have an adverse impact on the market price of A1 Gold Shares traded on ASX in the short term.

11. Taxation considerations

This Section 11 provides a general overview of the Australian income tax, goods and services tax and stamp duty consequences for you if the Scheme proceeds.

The overview provided in this Section 11 does not take into account your specific circumstances and is not intended to be exhaustive, or a substitute for, or to constitute, specific taxation advice.

This Section 11 is based on Australian income tax legislation, public taxation rulings, determinations and administrative practice as at the date of this Scheme Booklet.

The application of the taxation legislation may vary according to your individual circumstances. As such, you are advised to obtain professional taxation advice that takes into account your specific circumstances before deciding how to vote in relation to the Scheme.

Private & Confidential

The Directors
Octagonal Resources Limited
Suite 3
51 - 55 City Road
SOUTHBANK VIC 3006

14 December 2015

Dear Directors,

OCTAGONAL RESOURCES LIMITED (ORS) - AUSTRALIAN TAX SUMMARY

1. Scope of this tax summary

We have been asked to prepare this tax summary for the Scheme Participants of the Scheme if the Scheme is approved. This tax summary should be read in conjunction with the remainder of the Scheme Booklet. All capitalised terms in this summary have the same meaning as defined in the Glossary at Section 17 of the Scheme Booklet.

This tax summary does not take account of the individual circumstances of particular Scheme Participants and is intended as a general guide only. Scheme Participants should seek independent professional advice about the tax implications based on their own individual circumstances.

This tax summary is based on Australian tax legislation as at the date of this Scheme Booklet.

This tax summary provides a general overview of the Australian income tax, goods and services tax and stamp duty consequences for the Scheme Participants if the Scheme proceeds.

This tax summary does not constitute “financial product advice” under the Corporations Act 2001 as BDO East Coast Partnership is not licensed to provide financial product advice under the Corporations Act 2001.

2. Scheme Participants not covered by this tax summary

This tax summary does not consider the Australian tax implications of the Scheme for:

- Scheme Participants who are not Australian tax residents; or
- Scheme Participants who are Ineligible Foreign Shareholders; or
- Scheme Participants who are not Australian tax residents that hold their Scheme Shares as part of an enterprise carried on, at, or through a permanent establishment in Australia

- Scheme Participants who are Australian tax residents that hold their Scheme Shares on revenue account; or
- Scheme Participants who are financial institutions, insurance companies, listed investment companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly state) or temporary residents; or
- Scheme Participants who are subject to the taxation of financial arrangement rules contained in Division 230 of the ITAA 1997 in relation to gains and losses on their Scheme Shares; or
- Scheme Participants who are Australian tax residents holding their Scheme Shares as part of an enterprise carried on, at, or through a permanent establishment in a foreign country.

3. Australian Taxation Office (ATO) Class Ruling

The Company is seeking a Class Ruling from the ATO in relation to the Australian tax treatment of the Scheme for the Australian resident Scheme Participants who acquired and hold their Scheme Shares as capital assets.

The Class Ruling seeks the ATO's views on specific income tax consequences in relation to the Scheme Consideration. Once the Class Ruling has been issued by the ATO, a Scheme Participant may rely on that Class Ruling when preparing their income tax return.

If any statements in this tax summary are to be considered in the Class Ruling, this is specifically noted where relevant. It is possible that the ATO may reach conclusions on one or more issues which differ from those expressed in this tax summary and it is therefore important that this letter be read in conjunction with the final Class Ruling.

The Class Ruling has not been issued as at the date of the Scheme Booklet and will not be issued prior to the Scheme Meeting, the Class Meeting or the General Meeting. The final Class Ruling is not expected to be issued until after the Implementation Date. When issued, the final Class Ruling will be available on the ATO website at www.ato.gov.au.

4. Treatment of the cancellation of Scheme Shares for Scheme Consideration

4.1. Capital distribution

As the distribution of the Scheme Consideration by the Company to the Scheme Participants as consideration for the cancellation of the Scheme Shares will be conducted by way of a selective capital reduction, the distribution should be regarded as a capital distribution and not a dividend for Australian income tax purposes.

However, the Commissioner of Taxation has the ability to deem all or part of the Scheme Consideration to be an unfranked dividend under section 45C of the *Income Tax Assessment Act 1936*.

Having regard to the relevant factors, the Commissioner should not make a determination under section 45C to deem the distribution to be an unfranked dividend under section 45A, which is about capital benefits that are streamed to certain shareholders (advantaged shareholders), who derive a greater benefit from the receipt of capital than other shareholders (disadvantaged shareholders) and the disadvantaged shareholders received, or are likely to receive, dividends. We understand that the Company has not indicated that it would, or could, declare dividends following the Implementation of the Scheme.

Having regard to the relevant factors, the Commissioner should not make a determination under section 45C to deem the distribution to be an unfranked dividend under section 45B, which is about capital distributions in substitution of dividends. We understand that the source of the distribution is attributable to capital of the Company and not profits.

The Class Ruling that the Company has requested will ask the Commissioner to confirm that:

- the Commissioner will not make a determination under subsection 45A(2) that section 45C applies to the Scheme Consideration; and
- the Commissioner will not make a determination under subsection 45B(3) that section 45C applies to the return of capital.

4.2. CGT Event C2

The cancellation of the Scheme Shares for the Scheme Consideration will give rise to CGT event C2 for the Scheme Participants.

The capital proceeds for CGT event C2 is the Scheme Consideration. The value of the Scheme Consideration cannot be determined until the Implementation Date as a portion of the Scheme Consideration consists of listed securities (the Scrip Consideration). The value of the Scrip Consideration (the A1 Gold Shares) will be equal to the market value of the A1 Gold Shares on the Implementation Date.

A Scheme Participant will make a capital gain to the extent that the Scheme Consideration exceeds the cost base of their Scheme Shares.

Scheme Participants may be eligible for a CGT discount (of 50% for individuals and trusts and 33% for superannuation funds) in respect of any capital gain made provided the Scheme Shares were acquired at least 12 months before the Implementation Date. A corporate entity is not eligible for the CGT discount.

A Scheme Participant will make a capital loss to the extent that the Scheme Consideration is less than the cost base of their Scheme Shares. Capital losses can generally only be applied against capital gains realised by the Scheme Participant in the same income year (or future income years subject to certain loss recoupment tests being satisfied). Capital losses cannot be offset against other assessable income.

4.3. Cost base of A1 Gold Shares following the Implementation of the Scheme

Following the Implementation of the Scheme, the Scheme Participant's cost base in the A1 Gold Shares will be equal to the market value of the A1 Gold Shares on the Implementation Date.

5. Treatment of dividends received by Scheme Participants from A1 Gold Shares following the Implementation of the Scheme

The A1 Gold Shares should be treated as "equity interests" for Australian tax purposes. Any profits returned by A1 Gold to the Scheme Participants in respect of the A1 Gold Shares should be treated as dividends for Australian income tax purposes.

Dividends received by the Scheme Participants will constitute assessable income.

5.1. Individuals and complying superannuation entities

Scheme Participants who are individuals or complying superannuation entities should include the dividend in assessable income in the year in which the dividend is paid, together with any franking credit attached to that dividend. The franking credit is generally available as an offset against the Scheme Participant's tax liability (subject to the Scheme Participant being a "qualified person"). Where the tax offset exceeds the tax payable on the Scheme Participant's taxable income, Scheme Participants should be entitled to a refund.

Where a dividend is unfranked, Scheme Participants who are individuals or complying superannuation entities will generally be liable for tax at their applicable marginal tax rate. No tax offset is available.

5.2. Corporate entities

Scheme Participants who are Australian tax resident corporate entities should also include the dividend received (and attached franking credit) in their assessable income. A tax offset is available (up to the amount of the franking credit). Excess franking credits received do not give rise to a refund of tax but may be able to be converted into tax losses.

Scheme Participants who are Australian tax resident corporate entities should also be entitled to a credit in their own franking account (to the extent of the franking credit received) that can in turn be passed on to their own shareholders on the payment of dividends.

The receipt of unfranked dividends will be subject to tax at the company's tax rate.

5.3. Trusts and partnerships

Scheme Participants who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

5.4. "At risk" holding of shares

The abovementioned benefit of franking credits can be denied where a Scheme Participant is not a "qualified person", in which case the Scheme Participant will not be required to include an amount for the franking credit in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, a Scheme Participant must satisfy the holding period rule, and, if necessary, the related payments rule.

The holding period rule requires a Scheme Participant to hold the shares "at risk" for more than 45 days continuously (from the day after the Scheme Participant acquires the shares to the 45th day after the shares become ex-dividend). Any day on which a Scheme Participant has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over the shares, or entering into a disposal contract) will not be counted as a day on which the Scheme Participant held the shares "at risk". The holding period rule is subject to certain exceptions (including where the total franking offsets for an individual in an income year is less than \$5,000). Specific rules apply to trusts and beneficiaries.

Under the related payments rule, a different testing period applies where a Scheme Participant has made, or is under an obligation to make, a "related payment" in relation to a dividend (broadly involving the benefit of the dividend being passed on to another party). The related payment rule requires the Scheme Participant to have held the shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the shares become ex-dividend.

Scheme Participants should obtain their own tax advice to determine if these requirements have been satisfied.

6. Treatment of subsequent disposal of the A1 Gold Shares following Implementation of the Scheme

On subsequent disposal of the A1 Gold Shares, Scheme Participants will make a capital gain to the extent the capital proceeds exceed their cost base in the A1 Gold Shares (as determined based on the market value on the Implementation Date as described above at section 4.3).

Scheme Participants may be eligible for a CGT discount (of 50% for individuals and trusts and 33% for superannuation funds) in respect of any capital gain made provided the A1 Gold Shares were acquired at least 12 months before the date of disposal. A corporate entity is not eligible for the CGT discount.

Scheme Participants will make a capital loss to the extent the capital proceeds is less than their cost base in the A1 Gold Shares (as determined based on the market value on the Implementation Date as described above at section 4.3). Capital losses can generally only be applied against capital gains realised by the Scheme Participant in the same income year (or future income years subject to certain loss recoupment tests being satisfied). Capital losses cannot be offset against other assessable income.

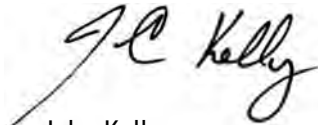
7. Stamp duty

The Scheme Participants should not be liable to Australian stamp duty in respect of the cancellation of their Scheme Shares for the Scheme Consideration.

8. Goods and services tax

The Scheme Participants should not be liable to GST in respect of the cancellation of their Scheme Shares for the Scheme Consideration.

Yours sincerely



John Kelly
Partner

12. Implementation of the Scheme

If the Scheme becomes Effective, ORS will undertake the Selective Reduction under which each Scheme Participant will be entitled to the Scheme Consideration and the Scheme Shares will be cancelled. This Section 12 describes the implementation of the Scheme.

12.1 Overall effect of the Scheme

If the Scheme becomes Effective:

- (a) on the Implementation Date, ORS will distribute the Cash Consideration to the Scheme Participants and ORS will transfer the A1 Gold Shares to the Scheme Participants;
- (b) ORS will be owned by the Gandel Shareholders; and
- (c) ORS will apply to be removed from the official list of ASX, and ORS Shares will cease to be quoted by ASX.

12.2 Effect of the Scheme becoming Effective

If the Scheme becomes Effective, Scheme Participants will receive the Scheme Consideration in the form of Scrip Consideration and Cash Consideration. The Scrip Consideration will comprise of the transfer of A1 Gold Shares held by ORS. The Scheme Shares will then be cancelled.

The number of A1 Gold Shares to which each Scheme Participant is entitled will be calculated on the basis of 2 A1 Gold Shares for every 5 ORS Shares held as at the Record Date.

12.3 Payment of Scheme Consideration

The Scheme Consideration is comprised of Scrip Consideration or Cash Consideration.

The Scrip Consideration will be satisfied by an in-specie distribution of A1 Gold Shares. The transfer of the Scrip Consideration and payment of the Cash Consideration will be made on the Implementation Date in consideration for the cancellation of the Scheme Shares.

Scrip Consideration

Subject to the Scheme becoming Effective and the satisfaction or waiver of the Conditions Precedent, ORS will transfer the A1 Gold Shares to the Scheme Participants on the Implementation Date. Confirmation of the transfer of Scheme Participants' holdings of A1 Gold Shares is expected to be sent on 22 February 2016. Normal T+3 settlement trading of A1 Gold Shares is expected to commence on 23 February 2016.

Ineligible Foreign Shareholders can receive Scrip Consideration, however, the A1 Gold Shares that would otherwise be transferred by ORS to them will be dealt with in the manner described in Section 6.6.

Cash Consideration

Scheme Participants will be paid the Cash Consideration as a cheque or via EFT. Only Scheme Participants that have notified the Registry of their EFT details before the Record

Date can receive Cash Consideration by EFT. The Cash Consideration will be distributed within 5 Business Days after the Implementation Date.

The general taxation implications of the Scheme on Scheme Participants are discussed in Section 11.

12.4 If the Scheme does not proceed

The Independent Director recommends that Scheme Participants vote in favour of the Resolutions to Approve the Scheme in the absence of a Superior Proposal.

However, if the Scheme is not implemented:

- (a) ORS Shareholders will retain their direct interests in ORS Shares and continue to collectively control ORS;
- (b) the benefits of the Scheme will not be realised;
- (c) ORS would remain an independent listed company;
- (d) ORS will continue to operate under the ORS Directors;
- (e) the rights of ORS Shareholders will remain unchanged; and
- (f) costs in connection with the Scheme of approximately \$0.2 million will be borne by ORS.

The Board would then consider alternatives.

12.5 Steps in implementing the Scheme

ORS and Abbotsleigh have executed the Scheme Implementation Deed under which ORS agreed to propose the Scheme. In addition, Abbotsleigh has also agreed to advance \$802,502 to ORS pursuant to the Scheme Implementation Deed, where such funds will be used for the Cash Consideration. A copy of the Scheme Implementation Deed is set out in Annexure B.

Abbotsleigh has executed the Deed Poll in favour of Scheme Participants under which Abbotsleigh covenants to perform certain obligations imposed on it under the Scheme Implementation Deed and the Scheme. A copy of the Deed Poll is set out in Annexure D.

The Court has ordered that ORS convene the Scheme Meeting to be held at 10.00am on 29 January 2016 for the purpose of Scheme Participants voting on the Scheme Resolution.

The order of the Court to convene the Scheme Meeting is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Following the Scheme Meeting, ORS Shareholders will be asked to approve the Related Party Resolution and the Selective Reduction Resolutions. Pursuant to the Corporations Act, the Selective Reduction Resolutions will need to be approved at the General Meeting and the Non-Gandel Meeting. This is to ensure that one dominant shareholder cannot alone approve the cancellation of the Scheme Shares.

The Scheme is conditional upon the approval of the Scheme Resolution, the Related Party Resolution and the Selective Reduction Resolutions.

12.6 Scheme Meeting

On 29 January 2016, the Scheme Participants will vote at the Scheme Meeting on the Scheme Resolution. The Notice of Meeting for the Scheme Meeting is set out at Annexure E.

If:

- (a) the Resolutions (other than the Repayment Resolution) are approved by the Requisite Majorities at the Scheme Meeting, Non-Gandel Meeting and General Meeting; and
- (b) the Conditions Precedent (other than approval of the Court) have each been satisfied or, if applicable, waived in accordance with the Scheme Implementation Deed,

then ORS will apply to the Court for orders approving the Scheme. It is expected that the Court hearing to approve the Scheme will be held on 4 February 2016.

12.7 Non-Gandel Meeting

On 29 January 2016, the Scheme Participants will vote at the Non-Gandel Meeting on the Selective Reduction Non-Gandel Resolution. The Notice of Meeting for the Non-Gandel Meeting is set out at Annexure F.

The Selective Reduction Non-Gandel Resolution must, in order for it to be passed, be approved by a special majority (more than 75%) of the total number of votes cast on the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting (whether in person, by proxy, by attorney or by corporate representative).

12.8 General Meeting

On 29 January 2016, three Resolutions will be proposed at the General Meeting, namely the Selective Reduction Gandel Resolution, the Related Party Resolution and the Repayment Resolution. The Notice of Meeting for the General Meeting is set out at Annexure G.

The Related Party Resolution is an ordinary resolution, and in order for it to be passed, must be approved by a majority in number (more than 50%) of the total number of votes cast on the Related Party Resolution at the General Meeting (whether in person, by proxy, by attorney or by corporate representative).

All Non-Gandel Shareholders are eligible to vote on the Related Party Resolution at the General Meeting.

The Selective Reduction Gandel Resolution is a special resolution, and in order for it to be passed, must be approved by at least 75% of the total number of votes cast on the Selective Reduction Gandel Resolution (whether in person, by proxy, by attorney or by corporate representative).

All ORS Shareholders are eligible to vote on the Selective Reduction Gandel Resolution at the General Meeting, but only the Gandel Shareholders may vote in favour of the resolution. Scheme Participants (i.e. those ORS Shareholders other than Abbotsleigh and its Associated Shareholders) may abstain from voting or vote against the resolution.

The Repayment Resolution is not connected with the Scheme and further information is set out in Section 8.

12.9 Effect of Court approval

Each ORS Shareholder has the right to appear at Court at the application by ORS for orders approving the Scheme. The Court has an overriding discretion whether or not to approve the Scheme, even if the Scheme is approved by the Requisite Majorities at the Scheme Meeting.

If the Court orders approving the Scheme are obtained, ORS and Abbotsleigh have agreed they will take or procure the taking of the steps required for the Scheme to be implemented, including the following:

- (a) ORS will lodge with ASIC an office copy of the Court orders approving the Scheme under section 411(10) of the Corporations Act. The Scheme will become Effective on the date on which an office copy of the Court orders is lodged with ASIC. It is expected that this will occur on or about 8 February 2016.
- (b) Once the Scheme becomes Effective:
 - (i) no dealings in ORS Shares on ASX will be permitted after the Effective Date, although the process to register dealings that occurred on or before the Effective Date will continue until the Record Date, which is anticipated to be 7.00pm on 15 February 2016;
 - (ii) ORS and Abbotsleigh will become bound to implement the Scheme in accordance with the terms of the Scheme Implementation Deed, the Scheme and the Deed Poll; and
 - (iii) Scheme Participants will be bound by, and have the benefit under, the Scheme.
- (c) On the Implementation Date (provided the Scheme has become Effective):
 - (i) ORS will pay the Cash Consideration to the Scheme Participants;
 - (ii) ORS will transfer the A1 Gold Shares to the Scheme Participants (with the exception of the Ineligible Foreign Shareholders, whose Scrip Consideration will be dealt with as set out in Section 6.6); and
 - (iii) all the Scheme Shares will be cancelled without any further action by any Scheme Participant.

Upon completion of the steps set out above, the Gandel Shareholders will hold all remaining ORS Shares.

12.10 Conditions Precedent

If the Conditions Precedent referred to below are not satisfied or, where applicable, waived in accordance with the Scheme Implementation Deed and the Scheme of Arrangement, the Scheme will not become Effective.

Implementation of the Scheme is therefore subject to the satisfaction or waiver of the Conditions Precedent set out in clause 3.1 of the Scheme Implementation Deed and the Scheme of Arrangement. These include:

- (a) **(ASIC and ASX Approvals)** before 8.00am on the Second Court Date, ASIC and ASX issue or provide such consents or approvals as are necessary or which the Company and Abbotsleigh agree are desirable to implement the Scheme and such consent, approval or other act has not been withdrawn or revoked before 8.00am on the Second Court Date;

- (b) **(No Company Material Adverse Change)** no Company Material Adverse Change occurs or is announced or disclosed between the date of this deed and 8.00am on the Second Court Date;
- (c) **(Shareholder approval)** the Resolutions are approved by the ORS Shareholders by the Requisite Majorities;
- (d) **(Court approval)** the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act;
- (e) **(Independent Expert)** the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interests of the ORS Shareholders on or before the date on which the Scheme Booklet is registered by ASIC under the Corporations Act and the Independent Expert not having notified ORS in writing that it has withdrawn or qualified this conclusion as at 8.00am on the Second Court Date;
- (f) **(No Company material breach)** before 8.00am on the Second Court Date, the Company has not breached any material provision of this deed to a material extent in the context of the Scheme taken as a whole;
- (g) **(No Abbotsleigh material breach)** before 8.00am on the Second Court Date, Abbotsleigh has not breached any material provision of this deed to a material extent in the context of the Scheme taken as a whole;
- (h) **(Restraining orders)** no judgment, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Regulatory Authority of competent jurisdiction remains in effect as at 8.00am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme or the Scheme Implementation Deed, the Deed Poll and the Scheme of Arrangement; and
- (i) **(Scheme Implementation Deed)** as at 8:00am on the Second Court Date the Scheme Implementation Deed having not been terminated in accordance with its terms.

12.11 Status of Conditions Precedent

As at the date of this Scheme Booklet, ORS and Abbotsleigh are not aware of any circumstances which would cause the Conditions Precedent not to be satisfied or (if applicable) waived. An update of the status of the Conditions Precedent will be provided at the Scheme Meeting.

12.12 Termination

The Scheme Implementation Deed can be terminated by either ORS or Abbotsleigh if the other party is in material breach of the agreement; or a Court or Government Agency has taken action to restrain or prohibit the Scheme.

These termination rights are set out in full in clause 10 of the Scheme Implementation Deed.

12.13 Determination of Scheme Participants

Dealings on or before the Record Date

For the purpose of calculating entitlements under the Scheme, any dealing in ORS Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Share Register as the holder of the relevant ORS Shares on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the Registry.

Dealings after the Record Date

For the purposes of determining the entitlement to Scheme Consideration, ORS will, until the Scheme Consideration has been provided, maintain the Share Register in its form as at the Record Date. The Share Register in this form will solely determine entitlements to Scheme Consideration.

From the Record Date:

- (a) all statements of holding in respect of ORS Shares cease to have effect as documents of title in respect of such ORS Shares; and
- (b) each entry on the Share Register will cease to be of any effect except as evidence of entitlement to Scheme Consideration in respect of the ORS Shares relating to that entry.

12.14 Creditors of ORS

As at 1 December 2015, ORS had trade and other creditors of \$200,000.

Creditors of ORS are comprised predominantly of providers of audit, accounting, secretarial, corporate advisory and registry services. Creditors are usually settled within a 30 day period.

The Directors consider that the reduction of capital associated with the Scheme being implemented will not prejudice the Company's ability to pay its creditors. Further, the Directors advise that the Selective Reduction will not result in ORS becoming insolvent at the time the Selective Reduction is made, nor will ORS become insolvent as a result of the Selective Reduction.

12.15 Delisting ORS

On a date after the Implementation Date to be determined by Abbotsleigh, ORS will apply:

- (a) for termination of the official quotation of ORS Shares on ASX; and
- (b) to have itself removed from the official list of ASX.

13. Additional information

This Scheme Booklet, including the additional information contained in this Section 13, has been prepared for the purposes of section 412(1) of the Corporations Act to explain the effect of the Scheme which you are requested to vote on at the Scheme Meeting. The Scheme Implementation Deed is set out in Annexure B.

13.1 Equity interests of ORS Directors

No Director will receive any payment or benefit of any kind as a consequence of the Scheme other than as set out in this Scheme Booklet. Set out below are details of each of the Directors' and their associates' relevant interest in Shares as at the date of this Scheme Booklet:

Director	Number of Shares	% of total Shares
Ian Gandel	102,220,600	41.20
Anthony Gray	1,790,786	0.72
Robert Tolliday	160,000	0.06

There have been no dealings by any of the Directors in any marketable securities of ORS in the eleven month period ending on the date immediately before the date of this Scheme Booklet.

13.2 Equity interests of ORS Shareholders

As at the date of this Scheme Booklet, the Gandel Shareholders had the following interests in ORS Shares:

Gandel Shareholder	Shares Held	% of total ORS Shares
Abbotsleigh	102,052,000	41.10%
Abbotsleigh as trustee for the Abbotsleigh Superannuation Fund	88,000	0.04%
McNeil Nominees Pty Ltd	55,000	0.02%
Ian Gandel	12,800	0.01%
Linda Gandel	12,800	0.01%
Steven Gandel	16,000	0.01%
Darren Gandel	12,800	0.01%
Nicole Gandel	12,800	0.01%
Gillian Tolliday	160,000	0.06%
Total	102,422,200	41.24%

As at the date of this Scheme Booklets the Scheme Participants hold 145,909,472 ORS Shares (being a total of 248,331,672 ORS Shares on issue),

13.3 Other benefits to ORS Directors

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company. Details of the remuneration paid to Directors during the financial year ended 30 June 2015 are set out in the 2015 Annual Financial Report. The table below sets out details of the remuneration received by, or payable to current Directors, as fees and remuneration in the past two completed financial years.

Director	2015 financial year	2014 financial year
Ian Gandel	\$80,000	\$80,028
Anthony Gray	\$248,200	\$262,613
Bob Tolliday*	-	\$2,294

* The Gandel Metals Trust employed Bob Tolliday for the full year. The Gandel Metals Trust is an entity associated with Ian 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 Bob Tolliday. All charges were on commercial terms. The Gandel Metals Trust was also paid director's fees of \$40,000 for non-executive director services provided by Bob Tolliday.

Except as set out above or otherwise disclosed in this Scheme Booklet, no payment or other benefit is proposed to:

- be made or given to any director, company secretary or executive officer of ORS as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in ORS or in a Related Body Corporate of ORS; or
- be made or given to any director, company secretary or executive officer of any Related Body Corporate of ORS as compensation for the loss of, or as consideration for or in connection with his retirement from, office in that Related Body Corporate of ORS or in ORS, in connection with the Scheme, other than in his or her capacity as an ORS Shareholder.

There are no agreements or arrangements made between any Director and any other person in connection with, or conditional on, the outcome of the Scheme, other than in their capacity as an ORS Shareholder.

No Director has interests in any contracts with A1 Gold or their associated entities, other than Anthony Gray in relation to his appointment as a non-executive director of A1 Gold.

13.4 Material changes to the financial position of ORS

ORS Directors are not aware of any material change to the financial position of ORS since 30 June 2015, being the date of the balance sheet which was included in the ORS 2015 Annual Report.

13.5 No unacceptable circumstances

The Independent Director believes that the Scheme does not involve any circumstances in relation to the affairs of ORS that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

13.6 Material contracts

The Company's only material agreements are the employment agreement between ORS and Anthony Gray and the arrangements set out in Section 13.30. Anthony Gray is the only employee of ORS.

Following implementation of the Scheme, the Gandel Shareholders intend that Octagonal will:

- (a) continue to engage Anthony Gray as managing director of ORS under his existing employment agreement; and
- (b) assess the Company's ongoing requirements and may, depending on the work requirements of the Company, terminate or modify the Gandel Metals Trust Management Service Agreement as referred to Section 13.3.

13.7 Scheme costs

Transaction and other costs incurred (or expected to be incurred) by ORS in relation to the implementation of the Scheme include fees payable to financial, legal, technical, accounting and tax advisers, independent experts and costs relating to printing and dispatch of the Scheme Booklet.

If the Scheme does not proceed, ORS is still expected to incur significant costs in relation to the Scheme.

The total transaction costs of the Scheme borne by ORS are estimated to be approximately \$230,000 as set out in Section 13.11.

13.8 Foreign selling restrictions

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. ORS disclaims all liabilities to such persons. If you are a holder of Scheme Shares who is a nominee, trustee or custodian, you are advised to seek independent advice as to how you should proceed.

No action has been taken to register or qualify this Scheme Booklet, the Scheme or the A1 Gold Shares, or otherwise permit a public offering of the A1 Gold Shares, in any jurisdiction outside of Australia.

13.9 Lodgement of this Scheme Booklet

This Scheme Booklet was lodged with ASIC on 21 December 2015 for registration under section 412(6), and in accordance with section 256C(5), of the Corporations Act before being sent to ORS Shareholders. A draft of this Scheme Booklet was lodged with ASIC on 2 December 2015 in accordance with section 218 of the Corporations Act.

13.10 Consents and disclaimers of advisers

Each of the parties named in this Section 13.10 as consenting parties:

- (a) has given and has not, before lodgement of this Scheme Booklet with ASIC, withdrawn its written consent to be named in this Scheme Booklet in the form and context in which it is named;
- (b) has given and has not, before the lodgement of this Scheme Booklet with ASIC, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names in this Section 13.10 , and the references to those statements and reports in the form and context in which they are included in this Scheme Booklet;
- (c) does not make, or purport to make, any statement in this Scheme Booklet other than those statements referred to in this Section 13.10 in respect of that person's name (and as consented to by that person); and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Scheme Booklet.

The term "consent", as used in this Scheme Booklet, is used solely in the context of this Scheme Booklet and as that term is used in Australia. It is different from, and therefore not to be used as that term is or would be used in the US, including as defined under securities law in the US, in particular the US Securities Act of 1933.

Role	Consenting Party
Acquiring entity	Gandel Shareholders
Australian taxation adviser	BDO
Independent Expert	PPB Corporate Finance Pty Ltd
Auditor for ORS	BDO
Registry	Computershare Investor Services Pty Ltd
Australian legal adviser for ORS	HWL Ebsworth Lawyers
Nominee	Shaw and Partners Limited

13.11 Disclosure of fees and benefits received by certain persons

No amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given for services provided by any person referred to in Section 13.10 in connection with the formation or promotion of ORS or the offer of A1 Gold Shares under the Scheme.

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet are those persons listed in Section 13.10.

Each adviser will be entitled to receive professional fees charged in accordance with their normal basis of charging. The following table provides a breakdown of estimated fees (plus GST) of advisers and those parties which have prepared reports in connection with the Scheme.

Item	Estimated fees / costs
Legal advice fees	\$85,000
Taxation advice	\$35,000
Counsel fees	\$20,000
Independent Expert fees	\$50,000
Court, ASX & ASIC fees	\$6,000
Registry fees	\$34,000
Total	\$230,000

Abbotsleigh has engaged Kliger Partners and AdventBalance to act as its legal advisors to the Scheme, and estimates that it will incur fees totalling \$90,000 (plus GST) in relation to the Scheme.

13.12 Documents available

An electronic version of this Scheme Booklet is available for viewing and downloading online at the Company's website at <http://www.octagonalresources.com.au/IRM/content/home.html>

Further information about A1 Gold is available at A1 Gold's website at <http://a1consolidated.com.au/>

13.13 Other material information

The Company is a "disclosing entity" for the purposes of section 111AC of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. These disclosure obligations require the Company to disclose to the ASX any information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company released its 2015 annual report to Shareholders on 30 September 2015.

Since 30 June 2015, the Company has made the following announcements:

Date announced	Announcement
16/12/2015	Change of Director's Interest Notice
07/12/2015	Update on Scheme of Arrangement
26/11/2015	Results of AGM 2015
26/11/2015	MDs Company Presentation AGM 2015
26/11/2015	Chairman's Address to Shareholders AGM 2015
26/11/2015	Update on Proposal to Privatised Company
30/10/2015	Quarterly Activity and Cashflow Reports
28/10/2015	Notice of Annual General Meeting/Proxy Form

Date announced	Announcement
20/10/2015	ORS: Proposal to Privatisise Company
01/10/2015	Correcting Statement re Annual Report
30/09/2015	Corporate Governance Statement
30/09/2015	Appendix 4G
30/09/2015	Annual Report to shareholders
31/08/2015	Company Update
04/08/2015	Strategic Review and Corporate Advisory Appointment
31/07/2015	4th Quarter Activity and Cashflow Report - 30 June 2015

Further information can also be found on the Company's website:

<http://www.octagonalresources.com.au>

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme or the Selective Reduction being information that is within the knowledge of any ORS Director, or any director of any related body corporate of ORS, which has not previously been disclosed to ORS Shareholders.

13.14 Supplementary information

ORS will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Effective Date:

- (a) a material statement in this Scheme Booklet is or becomes false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, ORS may circulate and publish any supplementary document by:

- (e) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (f) posting the supplementary document on the Company's website; or
- (g) making an announcement to the ASX.

14. Glossary of terms

14.1 Definitions

In this Scheme Booklet (including the Annexures), unless the context requires otherwise:

A1 Gold	means A1 Consolidated Gold Limited (ACN 149 308 921).																		
A1 Gold Option	means an option to acquire an A1 Gold Share at \$0.03 per A1 Gold Share, expiring 30 November 2019.																		
A1 Gold Sale Facility Shares	has the meaning given to it in Section 6.6.																		
A1 Gold Share	means a fully paid ordinary share in the capital of A1 Gold.																		
A1 Gold's Constitution	means the constitution of A1 Gold as amended from time to time.																		
Abbotsleigh	means Abbotsleigh Proprietary Limited (ACN 005 612 377).																		
Abbotsleigh Advance	means the advance of \$802,502 from Abbotsleigh to ORS pursuant to the Scheme Implementation Deed.																		
ASIC	means the Australian Securities and Investments Commission.																		
Associate	has the meaning given in the Corporations Act and a reference to an Associate of any person means a reference to the associates of that person within the meaning of the Corporations Act.																		
Associated Shareholders	<p>means the following shareholders of ORS who are: Associates of Abbotsleigh, nominees or custodians of an Associate of Abbotsleigh; or any nominees or custodians of Abbotsleigh, being the following ORS Shareholders holding the following number of shares:</p> <table border="1"> <thead> <tr> <th>Gandel Shareholder</th> <th>Shares Held</th> <th>% of total ORS Shares</th> </tr> </thead> <tbody> <tr> <td>Abbotsleigh</td> <td>102,052,000</td> <td>41.10%</td> </tr> <tr> <td>Abbotsleigh as trustee for the Abbotsleigh Superannuation Fund</td> <td>88,000</td> <td>0.04%</td> </tr> <tr> <td>McNeil Nominees Pty Ltd</td> <td>55,000</td> <td>0.02%</td> </tr> <tr> <td>Ian Gandel</td> <td>12,800</td> <td>0.01%</td> </tr> <tr> <td>Linda Gandel</td> <td>12,800</td> <td>0.01%</td> </tr> </tbody> </table>	Gandel Shareholder	Shares Held	% of total ORS Shares	Abbotsleigh	102,052,000	41.10%	Abbotsleigh as trustee for the Abbotsleigh Superannuation Fund	88,000	0.04%	McNeil Nominees Pty Ltd	55,000	0.02%	Ian Gandel	12,800	0.01%	Linda Gandel	12,800	0.01%
Gandel Shareholder	Shares Held	% of total ORS Shares																	
Abbotsleigh	102,052,000	41.10%																	
Abbotsleigh as trustee for the Abbotsleigh Superannuation Fund	88,000	0.04%																	
McNeil Nominees Pty Ltd	55,000	0.02%																	
Ian Gandel	12,800	0.01%																	
Linda Gandel	12,800	0.01%																	

	Steven Gandel	16,000	0.01%
	Darren Gandel	12,800	0.01%
	Nicole Gandel	12,800	0.01%
	Gillian Tolliday	160,000	0.06%
	Total	102,422,200	41.24%
ASX	means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.		
ATO	means the Australian Taxation Office.		
BDO	means BDO East Coast Partnership ABN 83 236 985 726.		
Business Day	means a weekday on which trading banks are open for business in Sydney, Australia, excluding any Saturday, Sunday or public holiday.		
Cash Consideration	means \$0.0055 for each Scheme Share held by a Scheme Participant as at the Record Date.		
Chairman	means the chair of the Scheme Meeting, Non-Gandel Meeting and/or the General Meeting as the context requires.		
CHESS	means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement Pty Ltd (ACN 008 504 532).		
Class Ruling	means the class ruling applied for by ORS for the tax implications of the Selective Reduction.		
Company Material Adverse Change	has the meaning given in the Scheme Implementation Deed.		
Conditions Precedent	means the conditions precedent set out in clause 3.1 of the Scheme Implementation Deed and clause 3.1 of the Scheme of Arrangement, which are summarised in Section 12.10.		
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).		
Court	means the Supreme Court of Victoria.		
Deed Poll	means the deed poll by Abbotsleigh in favour of ORS and the Scheme Participants dated on or about the date of this Scheme Booklet.		
Effective	means, when used in relation to this Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of		

	the Corporations Act in relation to the Scheme.
Effective Date	means the date on which the Scheme becomes Effective.
End Date	means 31 March 2016, or such other date and time agreed in writing between Abbotsleigh and ORS.
Existing Gandel Loan	means the loan for approximately \$1.5 million owing by the Company to Gandel Metals pursuant to the Existing Gandel Loan Agreement.
Existing Gandel Loan Agreement	means the loan agreement between Gandel Metals and ORS dated 6 March 2015 as varied.
Explanatory Statement	means the statement pursuant to section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to this Scheme, a copy of which is included in this Scheme Booklet.
Gandel Metals	means Gandel Metals Pty Ltd (ACN 102 347 955).
Gandel Shareholders	means Abbotsleigh and its Associated Shareholders.
General Meeting	means the meeting of ORS Shareholders to be convened to approve: <ul style="list-style-type: none"> (a) the Selective Reduction Gandel Resolution; and (b) the Related Party Resolution; as contemplated by the Scheme; and; <ul style="list-style-type: none"> (c) the Repayment Resolution.
Government Agency	means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State of Australia.
Implementation Date	means the fifth Business Day after the Record Date or such other date as ORS and Abbotsleigh agree in writing, which is expected to be 22 February 2015.
Independent Director	means Mr Anthony Gray.
Independent Expert or PPB Corporate Finance	means PPB Corporate Finance Pty Limited (ACN 130 176 911).
Independent Expert's Report	means the report prepared by the Independent Expert, providing an opinion, amongst other things, as to whether the Scheme is in the best interests of Scheme Participants.
Ineligible Foreign Shareholders	means a Scheme Participant whose address on the Share Register as at the Record Date is a place outside

	Australia and its external territories and New Zealand.
Meeting	means the Scheme Meeting, the Non-Gandel Meeting and/or the General Meeting as the context requires.
Nominee	means Shaw and Partners Limited (ABN 24 003 221 583), being a nominee approved by ASIC, who will hold Scrip Consideration for the benefit of Ineligible Foreign Shareholders and arrange for the subsequent sale and distribution of net sale proceeds to the Ineligible Foreign Shareholders.
Non-Gandel Meeting	means the meeting of Scheme Participants to be convened to approve the Selective Reduction Non-Gandel Resolution.
Notice of General Meeting	means the notice convening the General Meeting as set out at Annexure G.
Notice of Non-Gandel Meeting	means the notice convening the Non-Gandel Meeting as set out at Annexure F.
Notice of Scheme Meeting	means the notice convening the Scheme Meeting as set out at Annexure E.
ORS, Octagonal or Company	means Octagonal Resources Limited (ACN 147 300 418)
ORS Constitution	means the constitution of ORS as amended from time to time.
ORS Directors	means the board of directors of ORS.
ORS Share	means a fully paid ordinary share in the capital of ORS.
ORS Shareholder	means a person who is registered in the Share Register as the holder of an ORS Share.
Pre-Announcement Trading Day	means the last trading day prior to the announcement of the Scheme, being 25 November 2015.
Proxy Form	means each of the personalised forms for appointing a proxy accompanying this Scheme Booklet at each of the Scheme Meeting, Non-Gandel Meeting and General Meeting.
Record Date	means 7.00pm (AEDT) on the fifth Business Day after the Effective Date.
Registered Address	means, in relation to an ORS Shareholder, the address of the ORS Shareholder as recorded in the Share Register.
Registry	means Computershare Investor Services Pty Limited of 452 Johnston Street, Abbotsford, Victoria 3067.
Regulatory Authority	has the meaning given in the Scheme Implementation

	Deed.
Related Bodies Corporate	means has the meaning given in the Corporations Act.
Related Party Resolution	means the Resolution to be proposed at the General Meeting for the granting of a financial benefit to the Gandel Shareholders in connection with the Scheme.
Repayment	means the repayment of the Existing Gandel Loan as proposed under the Repayment Resolution.
Repayment Resolution	means the Resolution to be proposed at the General Meeting for the repayment of a the Existing Gandel Loan owing by the Company to Gandel Metals in A1 Gold Shares held by the Company.
Requisite Majorities	<p>means:</p> <ul style="list-style-type: none"> (a) in relation to the Scheme Resolution: <ul style="list-style-type: none"> (i) a majority in number (ie more than 50%) of ORS Shareholders present and voting on the Scheme Resolution at the Scheme Meeting; and (ii) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by ORS Shareholders entitled to vote. (b) in relation to the Selective Reduction Non-Gandel Resolution, a special resolution (at least 75% of the total number of votes cast on the Selective Reduction Non-Gandel Resolution at the Non-Gandel Meeting by ORS Shareholders entitled to vote); (c) in relation to the Selective Reduction Gandel Resolution, a special resolution (at least 75% of the total number of votes cast on the Selective Reduction Gandel Resolution at the General Meeting by ORS Shareholders entitled to vote); (d) in relation to the Related Party Resolution, an ordinary resolution (at least 50% of the total number of votes cast on the Related Party Resolution at the General Meeting by ORS Shareholders entitled to vote); and (e) in relation to the Repayment Resolution, an ordinary resolution (at least 50% of the total number of votes cast on the Repayment Resolution at the General Meeting by ORS Shareholders entitled to vote).
Resolutions	means the Scheme Resolution, the Selective Reduction

	Resolutions, the Related Party Resolution and the Repayment Resolution.
Resolutions to Approve the Scheme	means the Resolutions which Scheme Participants need to vote in favour of in order to approve the Scheme, being the Resolutions other than Selective Reduction Gandel Resolution and the Repayment Resolution
Risk Sections	means: (a) in relation to ORS, Sections 9.11 to 9.13; and (b) in relation to A1 Gold, Sections 10.11 and 10.12, as the context requires.
Scheme	means the scheme of arrangement under Part 5.1 of the Corporations Act between ORS and the Scheme Participants as set out in the Scheme of Arrangement
Scheme of Arrangement	means the scheme of arrangement as annexed in Annexure C.
Scheme Booklet	means this document.
Scheme Consideration	means: (a) the Cash Consideration; and (b) the Scrip Consideration.
Scheme Implementation Deed	means the scheme implementation deed between ORS and Abbotsleigh dated 26 November 2015 and as varied on 14 December 2015, and set out in Annexure B.
Scheme Meeting	means the meeting of ORS Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Participant or Non-Gandel Shareholder	means each ORS Shareholder as at the Record Date, other than the Gandel Shareholders.
Scheme Resolution	means the Resolution to be proposed at the Scheme Meeting for the Scheme.
Scheme Share	means an ORS Share held by a Scheme Participant as at the Record Date.
Scrip Consideration	means the in-specie distribution of two A1 Gold Shares for every five Scheme Shares held by Scheme Participants as at the Record Date.
Second Court Date	means the first day on which the application made to the Court for an order for the purposes of section 411(4)(b) of the Corporations Act approving the Scheme is heard.
Security	means the security granted by ORS to Gandel Metals to secure the Existing Gandel Loan by a mortgage over the Company's present and future interest in a number of shares

	in A1 Gold equal to 19.9% of the total issued A1 Gold Shares.
Selective Reduction	means the selective capital reduction by the Company whereby the capital paid up on the Scheme Shares will be reduced by the amount of the Cash Consideration and the Scrip Consideration and the Scheme Shares will be cancelled as contemplated by the Scheme.
Selective Reduction Non-Gandel Resolution	means the resolution for the Selective Reduction to be proposed at the Non-Gandel Meeting.
Selective Reduction Gandel Resolution	means the resolution for the Selective Reduction to be proposed at the General Meeting.
Selective Reduction Resolutions	means the Selective Reduction Non-Gandel Resolution and the Selective Reduction Gandel Resolution.
Shareholder Information Line	means the telephone line managed by the Registry to assist Scheme Participants with enquiries in relation to the Scheme.
Share Register	means the register of members of ORS.
SPP	means the underwritten share purchase plan being undertaken by A1 Gold as announced to ASX on 27 November 2015 whereby eligible A1 Gold shareholders (being A1 Gold shareholders with a registered address in Australia and New Zealand) may apply for up to \$15,000 worth of fully paid shares in A1 Gold at an issue price of \$0.024 per share, capped at \$1 million.
Subsidiary	has the meaning set out in the Corporations Act.
Superior Proposal	means a bona fide competing proposal which the ORS Board, acting in good faith and after taking advice from the Company's financial and legal advisers, determines: (a) is capable of being implemented within a reasonable timeframe and in accordance with its terms; and (b) would, if so implemented, result in a more favourable outcome for ORS Shareholders than would result from implementation of the Scheme.
VWAP	means volume weighted average price.

14.2 Interpretation

In this Scheme Booklet (including the Annexures) unless the context otherwise requires:

- (a) A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet.
- (b) Except where otherwise stated, all references to times in this Scheme Booklet are references to AEDT.

- (c) All references to "\$", "dollar" and "cent" are references to Australian currency, unless stated otherwise.
- (d) Words and phrases not otherwise defined in this Scheme Booklet (excluding the Annexures) have the same meaning (if any) as is given to them by the Corporations Act.
- (e) The singular includes the plural and vice versa. A reference to a person includes a reference to a corporation.
- (f) Headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet.
- (g) A reference to a section or annexure is to a section or annexure in this Scheme Booklet unless stated otherwise.

Annexure A

Independent Expert's Report

**Octagonal Resources
Limited**

**Independent Expert's
Report and Financial
Services Guide**

Proposed Scheme of Arrangement

18 December 2015

PART 1: FINANCIAL SERVICES GUIDE

PPB Corporate Finance Pty Ltd

PPB Corporate Finance Pty Ltd (ABN 13 130 176 911) (“PPB”) is the licensed corporate finance business of PPB Advisory. PPB is a wholly owned subsidiary of PPB Pty Ltd, trading as PPB Advisory (ABN 67 972 164 718). PPB Advisory provides strategic and financial advisory services to a wide range of clients. PPB’s contact details are as set out on our letterhead.

Engagement

PPB has been engaged by the directors of Octagonal Resources Limited (“Octagonal” or the “Company”) to provide general financial product advice in the form of this Independent Expert’s Report (“IER” or “Report”). The IER is to be included in the Scheme Booklet that is prepared by the directors for the shareholders of Octagonal, in relation to the proposed scheme of arrangement with Abbotsleigh Proprietary Limited (“Proposed Scheme”) and repayment of its loan (“Loan Repayment”) by Octagonal. The Scheme Booklet and IER have been prepared to assist shareholders of Octagonal in deciding whether to approve the Proposed Scheme and Loan Repayment.

Financial Services Guide

This Financial Services Guide (“FSG”) has been prepared in accordance with the Corporations Act, 2001 (Cth). It provides important information to help retail investors make decisions regarding the general financial product advice included in the IER; the services we offer; information about PPB; the dispute resolution process and our remuneration.

PPB holds an Australian Financial Services Licence (No. 344626) (“Licence”). PPB is required to issue to you, as a retail client, a FSG in connection with our IER.

PPB is licensed to provide financial services

The Licence authorises PPB to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients. You have not engaged PPB directly, but have received this IER because it accompanies the Scheme Booklet you have received from the directors of Octagonal. Our IER includes details of our engagement and identifies the party who has engaged us.

Our IER is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the IER.

General financial product advice

Our IER provides general financial product advice only, and does not provide any personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual’s decision in relation to voting on the Proposed Scheme and Loan Repayment, as described in the Scheme Booklet, may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Remuneration

PPB will receive a fee of approximately \$50,000 (plus GST and disbursements) based on commercial rates. PPB will not receive any fee contingent upon the outcome of the Proposed Scheme and Loan Repayment and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Scheme and Loan Repayment.

All of our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PPB or PPB Advisory but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our IER was provided.

PPB does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that PPB is licensed to provide.

Independence

PPB is unaware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence under regulatory or professional requirements. In particular, PPB has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and the Australian Securities and Investments Commission.

Complaints resolution

PPB is required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PPB Corporate Finance Pty Ltd, GPO Box 5151, Sydney NSW 2001.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited (“FOS”).

FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PPB is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Email: info@fos.org.au
Web: www.fos.org.au

PART 2: INDEPENDENT EXPERT'S REPORT

18 December 2015

The Directors
Octagonal Resources Limited
Suite 3
51-55 City Road
SOUTHBANK VICC 3006

Dear Directors

Independent Expert's Report and Financial Services Guide

1. Introduction

PPB Corporate Finance Pty Ltd ("PPB") has been engaged by the directors ("Directors") of Octagonal Resources Limited ("Octagonal" or the "Company") to prepare an Independent Expert's Report ("IER" or "Report") in relation to the scheme of arrangement for the cancellation of shares in Octagonal in exchange for cash advanced from Abbotsleigh Proprietary Limited ("Abbotsleigh") and shares in the ASX listed company A1 Consolidated Gold Limited ("A1 Gold") ("Proposed Scheme").

Under the Proposed Scheme, shareholders of Octagonal that are not associated with Abbotsleigh will be asked to approve a selective buy back and cancellation of their shares. If approved, Abbotsleigh will increase its interest from 41.1% to close to 100% of Octagonal.

Gandel Metals Pty Ltd ("Gandel Metals"), a related party of Abbotsleigh, has agreed to accept shares in A1 Gold as repayment of its loan outstanding with Octagonal ("Loan Repayment").

Mr Anthony Gray is the only independent director of Octagonal.

2. The Proposed Scheme

The directors of Octagonal have received an offer from Abbotsleigh, the Company's Chairman Mr Ian Gandel and associated parties (collectively "Gandel Shareholders") to privatise Octagonal ("Offer"). This offer is after a proposal received from Gandel Metals, another company associated with Mr Ian Gandel, on 20 October 2015 in relation to privatising Octagonal.

Gandel Shareholders hold approximately 41.24% of the total issued shares of Octagonal and 70.3 million unlisted options exercisable at 2.0 cents, expiring on 11 December 2015.

The Proposed Scheme comprises the cancellation of shares in Octagonal held by non-Gandel Shareholders ("Non-Gandel Shareholders" or "Shareholders") in return for a consideration ("Consideration"). The Consideration comprises:

- a cash payment of \$0.0055 per Octagonal share, plus
- two (2) shares in A1 Gold for every five (5) Octagonal shares held.

The cancellation of shares in Octagonal will be undertaken by way of selective capital reduction ("Proposed Capital Reduction"). If the Proposed Scheme is not approved, the Proposed Capital Reduction will not proceed.

Octagonal obtained the shares in A1 Gold as a result of a sale agreement¹ with A1 Gold, whereby Octagonal agreed to sell its interest in the Maldon Gold Operation in Central Victoria (“Maldon Gold Operation”) to A1 Gold, for 169.7 million shares in A1 Gold and 56.6 million quoted options in A1 Gold. As a result Octagonal holds approximately 38% of the issued shares of A1 Gold. Octagonal will not distribute its quoted options in A1 Gold as part of the Consideration.

If the Proposed Scheme is approved and implemented, the Company will apply to the Australian Securities Exchange (“ASX”) to be delisted.

3. Loan Repayment

On 18 November 2014, Gandel Metals provided loan funds to Octagonal to assist with the shortfall in Octagonal’s rights issue that it undertook in October 2014 (“Gandel Loan”).

Gandel Metals has agreed to accept shares in A1 Gold as repayment of the Gandel Loan which was approximately \$1.2 million as at 31 October 2015.

A more detailed overview of the terms of the Proposed Scheme, including the Proposed Capital Reduction and Loan Repayment is contained in Section 1 of our Report.

4. Requirements for our Report

Section 411(3) of the Corporations Act 2001 (Cth) (“the Act”) requires an explanatory statement to be issued in relation to a proposed scheme of arrangement. Regulation 5.1.10, paragraph 8303 of Schedule 8 of the Corporations Regulations 2001 (“the Regulations”) requires an independent expert’s report in relation to a scheme of arrangement when there are shareholders with greater than 30% interest in the company or common directors. Gandel Metals, Abbotsleigh and Octagonal have common directors and the Gandel Shareholders hold at least a 30% interest in Octagonal.

The Proposed Capital Reduction is also subject to shareholder approval in accordance with Section 256C of the Act, although there is no technical requirement for an IER to be prepared.

The Loan Repayment is also subject to shareholder approval under ASX Listing Rule 10.1 (“LR 10.1”).

The Directors have engaged PPB to prepare an IER stating whether in our opinion:

- the Proposed Scheme is in the best interests of Non-Gandel Shareholders in accordance with Section 411 of the Act
- the Proposed Capital Reduction is ‘fair’ and ‘reasonable’ to the Non-Gandel Shareholders in accordance with Section 256B of the Act
- the Loan Repayment is ‘fair’ and ‘reasonable’ to the Non-Gandel Shareholders in accordance with LR 10.1

In preparing our Report, we have referred to Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guides (“RG”), in particular Regulatory Guide 111 *Content of expert reports* (“RG 111”) that outlines the principles and matters that ASIC expects an expert preparing an IER to consider when providing an opinion on whether a transaction is fair and reasonable and therefore in the best interests of shareholders.

Further details of the relevant legal requirements and the basis of assessment in forming our opinion are set out in our Report.

Our IER is provided to you for the above purposes only, and should not be used or relied upon for any other purpose, nor should it be disclosed to or discussed with any other party (except relevant statutory authorities or your professional advisors, acting in that capacity, provided that they accept that we assume no responsibility or liability whatsoever to them in respect of the contents) without our prior written consent.

Our Report is subject to the limitations and disclosures set out in Section 11 of the Report.

¹ On 24 December 2014

5. Opinion

Based on our analysis, as set out in our Report, PPB is of the opinion that:

- the Proposed Scheme is in the best interests of Non-Gandel Shareholders in the absence of a superior offer
- the Proposed Capital Reduction is 'fair' and 'reasonable' to the Non-Gandel Shareholders
- the Loan Repayment is 'fair' and 'reasonable' to the Non-Gandel Shareholders.

Our opinions should be read in conjunction with the remainder of this letter and our detailed Report that is attached.

6. Fairness

6.1 Proposed Scheme and Proposed Capital Reduction

In Section 9.3 of our Report, we set out our fairness assessment. Our fairness assessment indicates that the Consideration is within the range of the fair market value of an issued share in Octagonal.

In forming our opinion on the fairness of the Proposed Scheme, we compared the assessed fair market value per share of Octagonal before the Proposed Scheme to the Consideration being offered to Shareholders.

In determining the fair market value of the Consideration, we were required to value the issued shares of A1 Gold. We note that Octagonal has a 38% interest in the issued shares of A1 Gold. As a minority shareholder Octagonal does not have access to management or the books and records of A1 Gold. Therefore, we were required to rely on publically available information. We note that an independent expert's report was commissioned by A1 Gold dated 11 May 2015 for the sale by Octagonal to A1 Gold of the Maldon Gold Operation. Appended to the independent expert's report were two independent technical valuation reports for the plant and equipment and the mineral assets of the Maldon Gold Operation. We have considered these two independent technical valuation reports in our valuation of the issued shares of A1 Gold. Refer to Section 6.4 of our IER for further details.

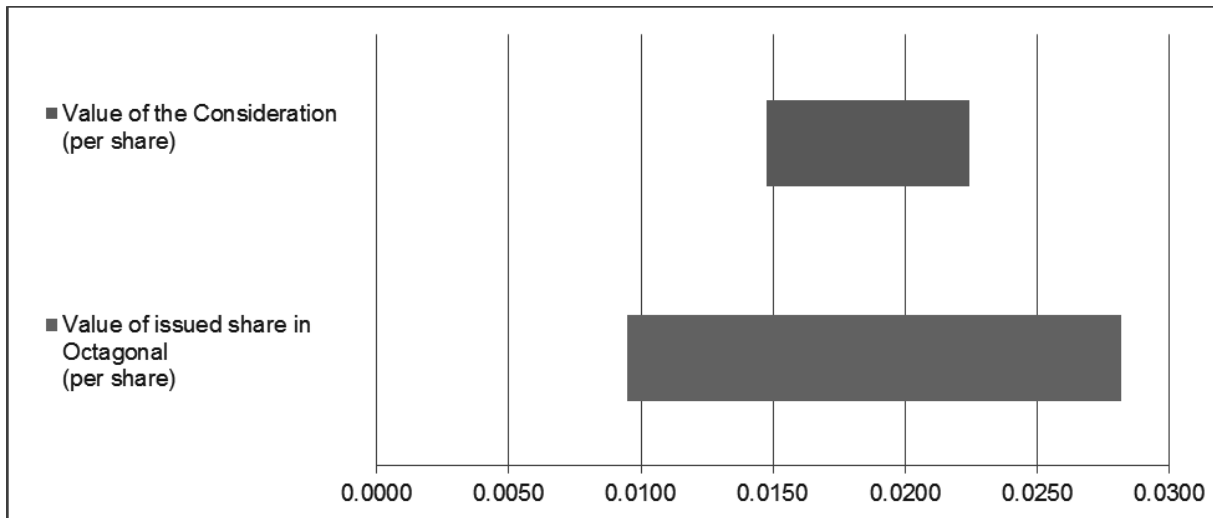
Since the Proposed Scheme will be implemented by way of the Proposed Capital Reduction, our fairness assessment of the Proposed Scheme is also applicable to the Proposed Capital Reduction.

We have assessed the fair market value:

- of an issued share in Octagonal, on a control basis, to be in the range of \$0.0095 to \$0.0282
- of the Consideration (per share) to be in the range of \$0.0147 to \$0.0224. The Consideration comprises two (2) shares in A1 Gold for every five (5) Octagonal shares held and cash (\$0.0055) per Octagonal share.

A summary of our fairness assessment is set out in the following figure:

Figure 1: Fairness summary



Source: PPB Analysis

As our assessed fair market value of the Consideration is within the range of the fair market value of an issued share in Octagonal, we have determined that, in the absence of a superior offer, the Proposed Scheme and the Proposed Capital Reduction are 'fair' to the Shareholders, as a whole according to RG 111.

6.2 Loan Repayment

Shareholders will be asked to consider the Loan Repayment.

In Section 10.3 of our Report, we set out our fairness assessment. The Gandel Loan of approximately \$1.2 million will be settled with the required number of shares in A1 Gold based on the 5 day Volume Weighted Average Price ("VWAP") equating to the outstanding amount. Our fairness assessment indicates that the payment amount comprising the 5 day VWAP of an A1 Gold share is within our assessed fair market value range for an issued share in A1 Gold.

In forming our opinion on the fairness of the Loan Repayment, we compared the assessed fair market value per share of A1 Gold to the 5 day VWAP per share up to 31 October 2015. Our assessment concluded that the:

- fair market value of an issued share in A1 Gold, on minority interest basis, is in the range of \$0.0231 to \$0.0423
- payment amount, comprising the 5 day VWAP up to 31 October 2015 of an issued share of A1 Gold, is \$0.0367.

As the 5 day VWAP of an A1 Gold is within our assessed fair market value range for an issued share in A1 Gold, we have determined that the Loan Repayment is 'fair' to the Shareholders, as a whole.

7. Reasonableness

7.1 Proposed Scheme and Proposed Capital Reduction

Since the Proposed Scheme will be implemented by way of the Proposed Capital Reduction, our reasonableness assessment of the Proposed Scheme is also applicable to the Proposed Capital Reduction.

In Section 9.4 of our Report, we set out our reasonableness assessment, comprising the qualitative factors that should be considered by Shareholders.

In Section 9.5 of our Report, we considered the likelihood of a superior proposal being made to the Shareholders and the other alternatives available to Shareholders.

As the Proposed Scheme and the Proposed Capital Reduction are fair to Shareholders, it is also reasonable, in accordance with RG 111. Nonetheless, we have summarised below some of the relevant factors associated with the Proposed Scheme and the Proposed Capital Reduction that Shareholders should consider.

We have been advised that before the receipt of the Offer from Gandel Shareholders, the directors had conducted an extensive review of the Company's options to maximise value for its Shareholders.

The directors attempted a rights issue in November 2014, but were unable to raise sufficient funding to repay the Gandel Loan by the due date of 1 December 2015 and to support its ongoing exploration activities. The directors have also sought other investment opportunities without success. Accordingly, the directors believe that they have undertaken all they can to maximise value for Shareholders and have concluded that the Offer from Gandel Shareholders is the best option available.

There are a number of potential advantages and disadvantages to Shareholders arising from the approval of the Proposed Scheme and the Proposed Capital Reduction and these are summarised below.

Advantages

- Presents an opportunity for Shareholders to receive a capital return in a once off transaction. In the absence of the Proposed Scheme, Shareholders are unlikely to realise their investment at the price offered under the Proposed Scheme and the Proposed Capital Reduction.
- The Consideration represents an average premium of 24% over the last traded share price of Octagonal as at 31 October 2015. The Consideration also represents a premium of 5% to the net asset value of Octagonal after repayment of the \$1.2 million Gandel Loan.
- Shareholders participating in the Proposed Scheme and the Proposed Capital Reduction will be able to do so without incurring any brokerage costs in realising their shares in Octagonal.
- Liquidity in Octagonal shares is limited. The cash component of the Consideration will enable Shareholders to realise their investment.
- The share component of the Consideration will enable Shareholders to retain their exposure to Octagonal's major asset, A1 Gold.
- Provides a simple exit opportunity for those Shareholders that hold a less than marketable parcel of Octagonal shares.
- The independent director of Octagonal recommends the Proposed Scheme and the Proposed Capital Reduction.

Disadvantages

- Shareholders will cease to be shareholders of Octagonal (the company they invested in) and become shareholders of A1 Gold.
- Shareholders will lose exposure to the remaining Octagonal exploration assets.
- Shareholders will not have the option to select part of the Consideration, they will receive the cash component and the A1 Gold shares.
- Shareholders will cease to have any exposure to any potential benefits generated by the unrealised tax losses of Octagonal.
- There may be capital gains tax consequences to Shareholders depending on the circumstances of each individual Shareholder. Shareholders should consult their tax advisers.
- If the Proposed Scheme is not approved, the share price of Octagonal may fall below the current levels.

Other factors

If the Proposed Scheme is not approved, the Proposed Capital Reduction will not proceed and the share price of Octagonal may not rise from the current trading price because the Company has no

alternative plans. The Company will continue to incur administrative expenses whilst seeking alternative strategic options.

The Company's limited financial resources are insufficient to support its current administrative expenses in the long term. The Company will, therefore, be required to source external funding. To date, Octagonal has not had success in raising equity funding.

As such, Octagonal's options may include winding up, selling its A1 Gold securities, attempting another equity raising or wait for a superior proposal.

Reasonableness conclusion – Proposed Scheme and Proposed Capital Reduction

Based on the qualitative factors summarised above, it is our opinion that the Proposed Scheme and Proposed Capital Reduction are reasonable to Shareholders.

7.2 Loan Repayment

In Section 10.4 of our Report, we set out our reasonableness assessment, comprising the qualitative factors that should be considered by Shareholders.

In Section 10.5 of our Report, we considered the likelihood of a superior proposal being made to the Shareholders and the other alternatives available to Shareholders.

As the Loan Repayment is fair to the Shareholders, it is also reasonable in accordance with RG 111. Nonetheless, we have summarised below some of the relevant factors associated with the Loan Repayment that Shareholders should consider.

There are potential advantages and disadvantages to Shareholders arising from the approval of the Loan Repayment. The potential advantages and disadvantages are summarised as below.

Advantages

- Octagonal will be alleviated from selling its A1 Gold shares to repay the Gandel Loan and therefore avoid any associated brokerage costs.
- A1 Gold shares are thinly traded and it may be difficult to sell a large parcel of share in the open market at fair market value. Octagonal will be alleviated from selling its A1 Gold shares.
- Octagonal's gearing will improve as the Gandel Loan is repaid, although its investment in A1 Gold will decrease by the corresponding amount.

Disadvantages

- Octagonal may be subject to capital gains tax depending on the tax cost base and value at transfer date.
- Using shares in A1 Gold to repay the Gandel Loan will reduce Octagonal's exposure and opportunity to benefit from any uplift in the trading price of the A1 Gold shares.

Other factors

If the Loan Repayment is not approved, the Gandel Loan will remain payable as per the original terms of the loan as summarised in Section 1.2 of our Report. The Company has limited financial resources and will be required to sell its A1 Gold shares to repay the Gandel Loan or the Gandel Shareholders will enforce the security and take possession of the A1 Gold shares.

Reasonableness conclusion - Loan Repayment

Based on the qualitative factors summarised above, it is our opinion that the Loan Repayment is reasonable to Shareholders.

8. Ability to pay creditors

As set out in Section 3.3, Octagonal has minimal creditors as at 31 October 2015, and a net tangible asset position of approximately \$5.6 million. We note that the Proposed Capital Reduction will not materially prejudice Octagonal's ability to pay its creditors.

9. Financial benefit

The Proposed Scheme and the Proposed Capital Reduction involve Abbotsleigh and Gandel Metals. As Octagonal is controlled by Mr Ian Gandel as Chairman, they are considered related parties under Chapter 2E of the Act.

Chapter 2E prohibits a company from giving a financial benefit unless it falls within the exceptions of Chapter 2E or prior shareholder approval is obtained for giving the financial benefit.

The financial benefit to Gandel Shareholders of obtaining control of Octagonal, does not fall within the exceptions of Chapter 2E. Accordingly, Octagonal is required to obtain shareholder approval before the Proposed Scheme and the Proposed Capital Reduction can be implemented.

Chapter 2E does not specifically require an independent expert's report to be provided in relation to the Proposed Scheme and the Proposed Capital Reduction. However, the Directors of Octagonal have commissioned an independent expert's report to assist Shareholders in their assessment of the Proposed Scheme and the Proposed Capital Reduction.

If the Proposed Scheme and the Proposed Capital Reduction are approved, the Gandel Shareholders will own 100% of the issued shares in Octagonal. The financial benefit, will therefore, comprise the value of the increase in their interest in Octagonal from 41.24% to 100% after the payment of the Consideration. Gandel Shareholders will not participate in the Proposed Scheme or the Proposed Capital Reduction, therefore will not receive the Consideration.

The value of the financial benefit / (cost) is between (\$0.0075) and \$0.0082 per share.

10. Other matters

PPB has prepared a FSG in accordance with the Act. The FSG is set out in Part 1 of this document.

The decision of whether or not to accept the Proposed Scheme, Proposed Capital Reduction and the Loan Repayment are matters for each Shareholder to decide, based on their own views as to the value of Octagonal and their own expectations about future market conditions, Octagonal's future performance, risk profile and investment strategy.

If Shareholders are in any doubt as to the action that they should take in relation to the Proposed Scheme, Proposed Capital Reduction and the Loan Repayment they should seek their own professional advice.

This letter should be read in the context of our full report that is attached.

Yours faithfully

PPB Corporate Finance Pty Ltd



Campbell Jaski
Director



Fiona Hansen
Authorised Representative

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All references to \$ in this report are Australian dollars unless stated otherwise

1. Summary of the Proposed Scheme and Loan Repayment

1.1 The Proposed Scheme and Proposed Capital Reduction

The directors of Octagonal Resources Limited (“Octagonal” or “Company”) have been reviewing a number of options for Octagonal, including negotiating a privatisation proposal with its major shareholders.

The directors have received an offer (“Offer”) from Abbotsleigh Proprietary Limited (“Abbotsleigh”), the Company’s Chairman Ian Gandel, and associated parties (collectively “Gandel Shareholders”) to privatise the Company.

Mr Anthony Gray is the only independent director of Octagonal.

Gandel Shareholders hold 102.4 million ordinary Octagonal shares (41.24% of total issued shares) and 70.3 million unlisted options exercisable at 2.0 cents, expiring on 11 December 2015.

The Proposed Scheme comprises the cancellation of shares in Octagonal held by Non-Gandel Shareholders (“Non-Gandel Shareholders” or “Shareholders”) in return for a consideration (“Consideration”) comprising:

- a cash payment of \$0.0055 per Octagonal share, together with
- two (2) shares in A1 Consolidated Gold Limited (“A1 Gold”) for every five (5) Octagonal shares held.

The cancellation of shares in Octagonal will be undertaken by way of selective capital reduction (“Proposed Capital Reduction”). The Proposed Capital Reduction will be in accordance with Section 256B of the Corporations Act 2001 (Cth) (“the Act”). If the Proposed Scheme is not approved, the Proposed Capital Reduction will not proceed.

Octagonal obtained the shares in A1 Gold as a result of a Sale Agreement² with A1 Gold, whereby Octagonal agreed to sell its interest in the Maldon Gold Operation in Central Victoria to A1 Gold for 169.7 million shares in A1 Gold and 56.6 million quoted options in A1 Gold. As a result Octagonal holds approximately 38% of the issued shares of A1 Gold.

If the Proposed Scheme is approved and implemented, the Company will apply to the Australian Securities Exchange (“ASX”) to be delisted.

Octagonal will not distribute its quoted options in A1 Gold as part of the Consideration.

Abbotsleigh, one of the Gandel Shareholders and a holder of approximately 41.1% of the Company’s Shares, has entered into an agreement with the Company whereby it will provide funding for the cash component of the Proposed Capital Reduction by exercising the unlisted options in Octagonal held by Abbotsleigh.

PPB Corporate Finance Pty Ltd (“PPB”) has been engaged by the directors of Octagonal (“Directors”) to prepare an Independent Expert’s Report (“IER” or “Report”) in relation to the Proposed Scheme and the Proposed Capital Reduction.

1.2 Loan Repayment

On 18 November 2014, Gandel Metals provided loan funds to Octagonal totalling \$1.0 million (“Gandel Loan”) to assist with the shortfall in Octagonal’s rights issue that occurred in October 2014. The Gandel Loan is secured by a mortgage over a portion of the A1 Gold shares held by Octagonal. The balance of the Gandel Loan is approximately \$1.2 million as at 31 October 2015.

In April 2015, Octagonal sought shareholder approval under LR10.1 for the granting of shares in A1 Gold as security for the Gandel Loan.

² On 24 December 2014

The Gandel Loan was originally for up to \$1.0 million that could be drawn down in tranches of not less than \$100,000 or such other amount as agreed between the parties. The Gandel Loan was approximately \$1.2 million as at 31 October 2015.

Gandel Metals has a variable interest rate facility with the ANZ and Gandel Metals will fund all advances to Octagonal from this facility. The interest payable by Octagonal is the interest charged to Gandel Metals by the ANZ. There is no premium or fee charged by Gandel Metals and the Gandel Loan is repayable at the earlier of:

- 1 December 2015
- The date that is 5 business days after completion of a capital raising and/or the sale of A1 Gold shares by Octagonal for an amount equal to or greater than \$1 million. If the amount received from the capital raising and/or A1 Gold share sale is less than \$1 million, Octagonal will repay a portion of the loan. The portion of the loan to be repaid will be determined by the directors with reference to its cash reserves and forecast cash flow
- As soon as the director approved cash flow forecasts for Octagonal indicate that Octagonal has surplus cash reserves to repay the loan in full without affecting Octagonal's continuing operations.

Gandel Metals has agreed with Octagonal to the repayment of the loan by the transfer of the number of shares in A1 Gold equal to the balance outstanding based on the 5 day VWAP up to the trading day immediately prior to the transfer ("Loan Repayment").

Shareholders will be asked to consider and vote on the Loan Repayment.

PPB has also been engaged by the Directors to prepare this Report in relation to Loan Repayment.

1.3 Rationale for the Proposed Scheme

Following the completion of the sale of the Maldon Gold Operation in June 2015, the Company's only assets are the Hogan's Project in Western Australia and the shares (approximately 38% interest) and quoted options it holds in A1 Gold. Octagonal would be unable to sell a substantial parcel of its shares in A1 Gold on the open market without impacting the share trading price.

The Octagonal's share price has traded at an average discount of 179% to the average trading price of A1 Gold shares. This significant difference has restricted Octagonal's ability to raise equity capital without significantly diluting existing Shareholders who do not participate in the equity raising.

The Company has been unable to raise funding, except through a loan from Gandel Metals.

Most of the Company's operating expenses are non-exploration expenses.

The Directors have investigated numerous corporate transactions in various industries, and have not been successful in securing any that would preserve shareholder value.

Considering the Offer, the Directors believe that the Company and its Shareholders would be best served by distributing capital back to the Shareholders and delist the Company so that it can develop and pursue a strategy without the burden of the listing.

The result of the Proposed Scheme and the Proposed Capital Reduction is that the Company will be owned and controlled by the Gandel Shareholders, and delisted from ASX. The purpose of the Proposed Scheme and the Proposed Capital Reduction is to return to the Non-Gandel Shareholders a fair and reasonable share of the current value of the Company as consideration for the cancellation of their shares.

1.4 Conditions precedent

Completion of the Proposed Scheme and Proposed Capital Reduction will be subject to the satisfaction of the following conditions:

- ASIC and ASX approvals.
- Approval by the requisite majority of Shareholders (other than the Gandel Shareholders) of the Proposed Scheme at a scheme meeting under Section 411 of the Act.
- Approval by the requisite majority of Shareholders (other than the Gandel Shareholders) voting at a meeting under Section 256C of the Act.
- Approval by the requisite majority of Shareholders (other than the Gandel Shareholders) voting at a general meeting under Chapter 2E of the Act for the giving of a financial benefit to a related party by way of cancellation of shares in Octagonal in exchange for the Consideration.
- Shareholders will be asked to consider and vote on the Loan Repayment at a general meeting under LR 10.1.
- No material adverse change occurring in respect of Octagonal, A1 Gold or Gandel Metals before the implementation of the Proposed Scheme and the Proposed Capital Reduction.
- Court approval of the Proposed Scheme.

Full details of all the conditions precedent are included in the scheme booklet and notices of the meetings prepared by the Directors, ("Scheme Booklet and Notices of Meetings") to which this Report forms part.

1.5 Regulatory Requirements

Proposed Scheme

Corporations Act

Section 411(3) of the Corporations Act 2001 (Cth) ("the Act") requires that an explanatory statement to be issued in relation to a proposed scheme of arrangement. Regulation 5.1.10, paragraph 8303 of Schedule 8 of the Corporations Regulations 2001 ("the Regulations") requires an independent expert's report in relation to a scheme of arrangement when there are shareholders with greater than 30% interest in the company or common directors. Abbotsleigh and Octagonal have common directors and they hold at least 30% interest in Octagonal.

Part 5.1 of Schedule 8 of the Regulations requires an independent expert's report for schemes when a party to the scheme has a shareholding greater than 30% in the company that is subject to the scheme. The independent expert's report must state whether the scheme is in the best interests of shareholders and state reasons for that opinion.

ASIC Regulatory Guides

ASIC Regulatory Guide ("RG") RG 111 *Content of expert reports* ("RG 111") and RG 60 *Schemes of arrangement* ("RG 60") provide guideline for an expert preparing an independent expert's report. RG 112 *Independence of experts* ("RG 112") requires the expert to be independent.

RG 111 focuses mainly on reports prepared under Section 640 of the Act and the comments fair and reasonable in the context of a takeover offer. RG 111 requires an expert preparing a report for a change of control transaction to be implemented under a scheme of arrangement to undertake the analysis substantially the same as a takeover bid. However, the opinion should be expressed as "in the best interests" of the members of the company. If the expert were to conclude that the takeover bid was fair and reasonable, it would also conclude that the proposed scheme was "in the best interests" of the members of the company.

RG 111 states that, in the context of a “control transaction”, the words “fair” and “reasonable” establish two distinct criteria:

- is the offer “fair”; and
- is it “reasonable”?

RG 111 states that:

- an offer is considered “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming a knowledgeable and willing, but not anxious buyer and a knowledgeable and willing, but not anxious seller, acting at arm’s length, on the basis of 100% ownership of the “target” company irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offer or its associates in the “target” company; and
- an offer is considered to be “reasonable” if it is “fair”. If the offer is “not fair” it may still be “reasonable”, if the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher offer.

ASIC suggests the factors that an expert should consider when determining whether an offer is “reasonable”, include the following:

- the financial situation and solvency of the entity, if the consideration for the financial benefit is cash
- opportunity costs
- the alternative options available to the entity and the likelihood of those options occurring
- the entity’s bargaining position
- whether there is selective treatment of any security holder, particularly the related party
- any special value of the transaction to the purchaser, such as particular technology or the potential to write off outstanding loans from the target
- the liquidity of the market in the entity’s securities.

RG 111.15 states that the value of the securities that are the offer should be determined ignoring that the target may be in financial distress.

Proposed Capital Reduction

Corporations Act

Section 256B of the Act permits a company to reduce its share capital in a way that is not otherwise authorised by law if the reduction:

- is fair and reasonable to the shareholders as a whole, and
- does not materially prejudice the company’s ability to pay its creditors, and
- is approved by shareholders under Section 256C of the Act,

or otherwise in one of the other ways specifically allowed under the Act, such as through a share buy-back or redeeming preference shares.

These rules are designed to protect the interests of shareholders and creditors by:

- addressing the risk of such transactions leading to the company’s insolvency
- seeking to ensure fairness between all shareholders, and
- requiring the company to disclose all material information.

A reduction of capital may be either an “equal reduction” or a “selective reduction”. The reduction is equal if:

- it relates only to ordinary shares
- it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold, and
- the terms of the reduction are the same for each holder of ordinary shares.

Whilst there is no regulatory requirement for an independent expert's report to be prepared on the Proposed Capital Reduction, the Directors have requested an opinion as to whether the Proposed Capital Reduction:

- is fair and reasonable to the shareholders as a whole, and
- does not materially prejudice the company's ability to pay its creditors.

ASIC Regulatory Guides

RG 110 Share Buybacks (“RG 110”) sets out what ASIC expects a company to provide when disclosing information to shareholders with a notice of meeting for the purposes of a buyback offer.

RG 110.18 states:

“If a company proposes to buy back a significant percentage of shares or the holdings of a major shareholder, it should consider providing:

- *a report by its independent directors about whether shareholders should vote in favour of the capital return, particularly regarding how much the company is paying for the shares; and*
- *an independent expert's report with a valuation of the shares.”*

Further, RG 110.20 states:

“It is usually appropriate for shareholders to have the benefit of independent advice on whether to vote for a capital return.”

Accordingly, the Directors of Octagonal has appointed PPB to prepare an IER stating whether in our opinion, the Proposed Scheme and the Proposed Capital Reduction is fair and reasonable to Shareholders.

The terms ‘fair’ and ‘reasonable’ are not defined in the Act, however guidance to the meaning of these terms is provided in RG 111.

RG 111 also provides guidelines for experts when opining on change of control transactions (such as takeovers) and selective capital reductions. Under RG 111 a proposal is:

- fair if the value of the consideration under the proposal exceeds or is equal to the value of the securities that are the subject of the proposal, and
- reasonable if it is fair or if there are other reasons why shareholders should approve the proposal in the absence of a superior alternative.

We have followed the guidance of the Regulatory Guides in the preparation of the Report.

This Report considers the interests of Shareholders as a whole and not individually. Individual Shareholders may have issues that affect them in particular ways that are not general to the Shareholders as a whole and this report cannot and does not consider such issues.

PPB's opinion should not be construed as a recommendation as to whether or not to vote in favour of the Proposed Capital Reduction. Approval or rejection of the Proposed Capital Reduction is a matter for individual Shareholders based on their own circumstances including their appetite for risk, investment objective, and investment portfolio and tax positions. Shareholders should consult their own financial advisors.

Loan Repayment

ASX Listing Rules

LR 10.1 and LR 10.2 require a company to obtain shareholder approval when a sale or acquisition of an asset, that has a value in excess of 5% of the shareholders' funds as set out in the latest financial statements, is to be made to or from:

- a related party
- a subsidiary
- a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction
- an associate of a person referred to above
- or a person whose relationship to the entity or a person referred to above is such that, in ASX's opinion, the transaction should be approved by security holders.

As Abbotsleigh is entitled to 41.1% of Octagonal's voting rights and is related to the Gandel Shareholders, the Gandel Loan of \$1.2 million³ represents 21% of shareholder funds at 30 June 2015 and the repayment of the Gandel Loan exceeds 5% of the shareholders' funds at 30 June 2015.

Therefore LR 10.1 will apply to the Loan Repayment.

ASIC Regulatory Guides

RG 76 Related party transactions ("RG 76") requires a valuation from an independent expert under LR 10.1 or if the related party transaction is also a control transaction under Section 611 of the Act.

Where an expert assesses whether a related party transaction is fair and reasonable (whether for the purposes of Ch 2E or LR 10.1), this should not be applied as a composite test, ie there should be a separate assessment of whether the transaction is "fair" and "reasonable", as in a control transaction.

Chapter 2E

Corporations Act

The Proposed Scheme and the Proposed Capital Reduction involve Abbotsleigh and Gandel Metals. As Octagonal is controlled by Ian Gandel as Chairman, they are considered related parties under Chapter 2E of the Act.

Chapter 2E of the Act prohibits a company from giving a financial benefit to related parties unless:

- the financial benefit falls within the exceptions set out in Chapter 2E or
- prior shareholder approval is obtained for the giving of the financial benefit.

The financial benefits, comprising control of Octagonal, does not fall within the exceptions of Chapter 2E. Accordingly Octagonal is required to obtain shareholder approval before the Proposed Scheme and the Proposed Capital Reduction can be implemented.

Chapter 2E does not specifically require an independent expert's report to be provided in relation to the Proposed Scheme and the Proposed Capital Reduction. However, the Directors of Octagonal have commissioned an independent expert's report to assist Shareholders in their assessment of the Proposed Scheme and the Proposed Capital Reduction. The Proposed Scheme and the Proposed Capital Reduction are related party transactions. Octagonal is seeking shareholder approval on each of these transactions.

³ Balance at 31 October 2015

ASIC Regulatory Guides

RG 76 recommends that an expert is appointed where the financial benefit is difficult to value, or the transaction is significant from the perspective of the company or the non-associated directors do not have the expertise or resources to provide independent advice to shareholders.

PPB has been engaged to provide an opinion on the Proposed Scheme including the Proposed Capital Reduction and the Loan Repayment that are all related party transactions.

RG 111 states that in analysing related party transactions under Chapter 2E, the expert should focus on the substance rather than the form of the related party transaction, ie consider the overall effect of the related party transaction.

1.6 Balance sheet of Octagonal after the Proposed Scheme

Refer to Schedule 1 of the Scheme Booklet for:

- the balance sheet of Octagonal as at 30 June 2015 (before the Proposed Scheme)
- the pro-forma balance sheet of Octagonal as at 30 June 2015 after the Proposed Scheme, Proposed Capital Reduction and Loan Repayment.

2. Scope of report

2.1 Purpose and scope

The Directors of Octagonal have appointed PPB to prepare this Report to express an opinion as to whether:

- the Proposed Scheme is in the best interests of Non-Gandel Shareholders in accordance with Section 411 of the Act
- the Proposed Capital Reduction is 'fair' and 'reasonable' to the Non-Gandel Shareholders in accordance with Section 256B of the Act
- the Loan Repayment is 'fair' and 'reasonable' to the Non-Gandel Shareholders in accordance with LR 10.1.

This Report has been prepared at the request of, and for the benefit of, the Directors of Octagonal and for the benefit of Shareholders, to assist the Directors in fulfilling their obligations to provide Shareholders with full and proper disclosure to enable them to assess the merits of the Proposed Scheme, Proposed Capital Reduction and Loan Repayment and to decide whether to agree to the resolutions set out in the Notices of Meetings to implement the Proposed Scheme, Proposed Capital Reduction and Loan Repayment.

This Report is to accompany the Scheme Booklet and Notices of Meetings to be provided to the Shareholders.

Our IER has been prepared in accordance with APES 225 *Valuation Services* ("APES 225") issued by the Accounting Professional & Ethics Standards Board. As required under APES 225, we confirm that we are independent of Octagonal, A1 Gold and the Gandel Shareholders.

2.2 Definition of value

Fair market value

The assessment of whether the Proposed Scheme, Proposed Capital Reduction and Loan Repayment are 'fair' and 'reasonable' necessarily involves determining the fair market value of the issued shares of Octagonal and the Consideration for the Proposed Scheme and the Proposed Capital Reduction and the issued shares of A1 Gold for the Loan Repayment.

For the purposes of our opinion, the term "*fair market value*" is defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm's length".

By its very nature, the formulation of a valuation assessment necessarily contains significant uncertainties and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Therefore, there is no indisputable value and we normally express our valuation opinion as falling within a likely range.

Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the fair market value. This premium represents the value to the potential acquirer of various factors that may include potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchasers.

2.3 Valuation Date

Our opinions expressed in this Report are as at 31 October 2015 ("Valuation Date").

2.4 Basis of evaluation

In forming our opinion, we have considered the advantages and disadvantages to the Shareholders if the Proposed Scheme and the Proposed Capital Reduction proceed. In particular, we have considered:

- whether the value of an issued share in Octagonal is higher or lower than the Consideration being offered
- other qualitative factors that we believe represent either advantages or disadvantages to the Shareholders
- the existence of any premium for control
- the likelihood of an alternative superior offer being made to the Shareholders
- the alternatives available to the Shareholders.

Since the Proposed Scheme will be implemented by way of the Proposed Capital Reduction, our fairness assessment of the Proposed Scheme is also applicable to the Proposed Capital Reduction.

As required by Section 256B of the Act, we have also considered whether the Proposed Capital Reduction materially prejudices the Company's ability to pay its creditors.

In forming our opinion, we have considered the advantages and disadvantages to the Shareholders of the Loan Repayment proceeds. In particular, we have considered:

- whether the value of an issued share in A1 Gold is higher or lower than the VWAP basis for calculating the repayment amount
- other qualitative factors that we believe represent either advantages or disadvantages to the Shareholders
- alternative options available to Octagonal
- Octagonal's bargaining position
- liquidity of the market in A1 Gold's shares.

2.5 Shareholders' decision

The IER has been prepared specifically for the Directors of Octagonal and the Shareholders. Neither PPB, PPB Advisory, any member nor employee thereof undertakes responsibility to any person, other than the Shareholders, in respect of the IER, including any errors or omissions howsoever caused.

This Report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment to Shareholders as a whole. We have not considered the potential impact of the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment on individual Shareholders.

Individual Shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment on individual Shareholders.

The decision of whether or not to approve the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment is a matter for Shareholders based on their own views as to the value of Octagonal and their expectations about future market conditions, Octagonal's performance, and risk profile and investment strategy.

Shareholders should also consider the tax implications in relation to the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment. The Scheme Booklet contains general information in relation to the tax implications of the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment.

If Shareholders are in doubt as to the action they should take in relation to the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment, they should seek their own professional advice.

PPB has prepared a FSG in accordance with the Act. The FSG is included as Part 1 of the Report.

2.6 Consent and other matters

This IER is to be read in conjunction with the Scheme Booklet and Notices of Meetings to which this Report is attached, and is prepared for the exclusive purpose of assisting the Shareholders in their consideration of the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment. This Report should not be used for any other purpose.

PPB's opinion is based on economic, market and other external conditions prevailing at the date of this report. These conditions can change significantly over a relatively short period of time.

The Report has been based on financial and other information provided by Octagonal in relation to the the Proposed Scheme, Proposed Capital Reduction and the Loan Repayment. PPB has considered and relied upon this information.

PPB consents to the issue of this Report in its form and context and consents to its inclusion in the Scheme Booklet and Notices of Meetings.

Refer to Section 11 for limitations and disclosures regarding the basis of preparation and use of this report.

2.7 Reliance on technical expert

In determining the value of the issued shares of Octagonal, we have relied on the assessment and valuation undertaken by Ravensgate International Pty Ltd ATF Ravensgate Unit Trust ("Ravensgate") in relation to the value of Octagonal's West Australian Mineral Assets, comprising the Hogan's Project as at 21 October 2015.

In relying on the valuation, PPB has satisfied itself that Ravensgate, who was responsible for the preparation of the assessment and valuation report, has the required qualifications and experience to provide the valuation opinion contained herein, and has no pecuniary interest in the mining companies associated with the mining interest or associated entities.

PPB's assessment of Ravensgate's report involved a review of the following:

- basis of valuation, being the prospectivity of the exploration tenements
- valuation methodology applied, being the comparable transaction method
- any assumptions.

A copy of Ravensgate's report is included in Appendix C.

Ravensgate has provided PPB with written consent to refer to its assessment and valuation in this IER.

2.8 Sources of information

In preparing this Report, we have relied on information as summarised in Appendix B, some of which was provided by Octagonal and some was obtained from public sources.

All documents relied on in support of our opinion are either referred to in the body of this Report, identified by way of footnote, or are referred to in the appendices to this Report.

We have had discussions with the management of Octagonal in relation to the Proposed Scheme, the Proposed Capital Reduction and the Loan Repayment, operations, financial position and outlook for Octagonal.

3. Overview of Octagonal

3.1 Brief history

Octagonal was incorporated in September 2010 to acquire and develop 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.

Octagonal listed on the ASX on 5 January 2011.

30 June 2014

During the financial year ended 30 June 2014 ("FY14") the Company continued to focus on establishing a sustainable gold producing operation in Central Victoria. However the prevailing financial climate, with a soft gold price and poor equity market conditions, meant further attention would need to be focussed on operational efficiencies and cost reduction. This continued to limit the exploration necessary to develop the Company's assets.

On 24 December 2014 Octagonal entered into a sale agreement with A1 Gold, which was completed on 25 June 2015. Under the sale agreement Octagonal agreed to sell its Maldon Gold Operation in Central Victoria to A1 Gold for 169.7 million A1 Gold shares and 56.6 million A1 Gold options exercisable at 3.0 cents before 30 November 2019.

The Maldon Gold Operation is located 140 kilometres northwest of Melbourne in Central Victoria. The operation is centred on 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.

As a result of the transaction, Octagonal became A1 Gold's largest shareholder.

30 June 2015

The financial year ended 30 June 2015 ("FY15") was a transitional period with the Company moving from a gold miner and producer to a gold explorer. However, the Company, along with other junior exploration and mining companies, experienced increasingly difficult conditions in raising equity funding.

The Company prepared an 18 month budget which revealed that despite the significant cuts to corporate costs implemented since the sale of the Maldon Gold Operation the proportion of in-ground exploration expenditure was too low for a publicly listed exploration company.

An investigation began into realising the maximum value of its existing assets. Corporate transactions considered by Octagonal were focussed outside of the resources sector due to the tough equity market conditions. Initially, potential transactions had been structured with the objective of distributing A1 Gold shares in-specie to shareholders following a capital raising to fund a potential acquisition. However, discussions with a number of companies failed to result in the execution of a terms sheet and no acquisitions were made.

Abbotsleigh

A proposal received from Abbotsleigh outlined that the current structure of Octagonal was unsustainable. In particular, the ongoing costs associated with reporting and compliance outweighed the advantages of the Company retaining its listed status in the current capital market. Abbotsleigh offered to resolve the situation by privatising the Company.

If the Proposed Scheme is approved, Abbotsleigh has agreed to advance Octagonal cash to fund the cash component of the Consideration. Upon payment of the Consideration, the cash advance will then become a liability payable by Octagonal.

3.2 Overview of exploration assets

The exploration assets of Octagonal had a book value of \$0.249 million as at 30 June 2015, as summarised in Table 1:

Table 1: Exploration and evaluation assets at 30 June 2015

	\$'000
Exploration and evaluation (Octagonal Resources (WA) Pty Ltd) at cost	2,612
Less: Impairment of tenements	(2,362)
Total	249

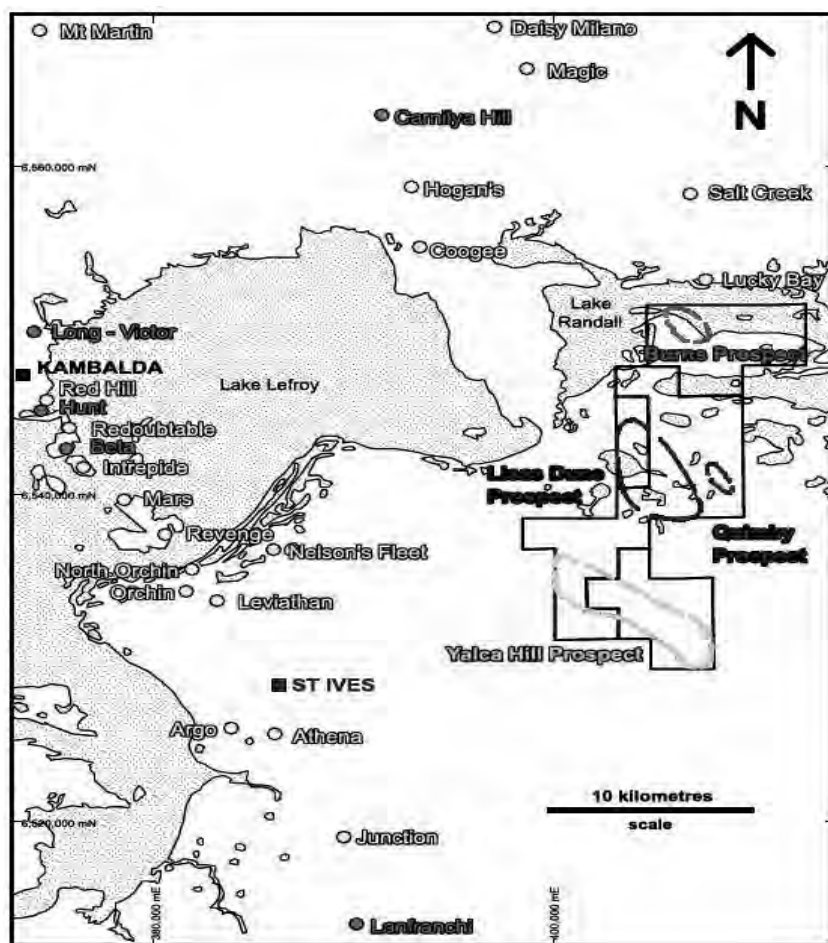
Source: Statutory financial statements for 30 June 2015

Octagonal Resources (WA) Pty Ltd - 100% owned

The exploration assets of Octagonal Resources (WA) Pty Ltd are classified as exploration area mineral assets. There are a total of four exploration licences located within the emerging Eastern Goldfields Province of Western Australia:

- Burns copper-gold prospect
- Quimby gold prospect
- Lisa's Dune nickel sulphide prospect
- Yalca Hill nickel sulphide prospect.

Figure 2: Tenement location



Source: Statutory financial statements for 30 June 2015

The assets are situated 70 kilometres south east of Kalgoorlie and 20 kilometres east of the St Ives Goldfield and Kambalda Nickel District.

To improve the geological understanding and generate exploration targets, Octagonal expects to perform further exploration work on these projects during the 12 months ended 30 June 2016. Further work will also be undertaken where required to estimate mineral resources and economic feasibility. Specifically, this activity includes:

- diamond drilling at the Burns Prospect
- aircore drilling at the Quimby Prospect
- a review of the nickel sulphide exploration potential at the Lisa's Dune Prospect
- a review of the nickel sulphide exploration potential at the Yalca Hill Prospect.

3.3 Financial information

Financial performance

The audited profit and loss of Octagonal for FY14 and FY15 are summarised in the table below:

Table 2: Financial performance

\$	Audited 30-Jun-14	Audited 30-Jun-15
Revenue	10,949	968,848
Corporate administration expense	(449,441)	(474,497)
Employee benefits expense	(252,678)	(269,862)
Marketing expense	(37,012)	(11,283)
Company secretarial expense	(52,225)	(73,296)
Tenement costs written off	(2,855,482)	(3,251,304)
Share based payment expense	(30,336)	-
Other expenses	(206,462)	(300,939)
Earnings before interest tax and depreciation	(3,872,687)	(3,412,333)
Depreciation and amortisation	(11,113)	(7,117)
Earnings before interest tax	(3,883,800)	(3,419,450)
Interest	-	-
Taxation	-	-
Net profit / (loss) after tax from continuing operations	(3,883,800)	(3,419,450)
Net profit after tax from discontinued operations	868,984	(12,833,563)
Net profit / (loss) after tax	(3,014,816)	(16,253,013)

Source: Statutory financial statements for 30 June 2015

We note the following with regards to the statement of profit and loss of Octagonal:

- Revenue during FY14 primarily consisted of interest received. In FY15, in addition to interest received, there was a \$0.889 million gain from the deconsolidation of the Maldon Gold Operation and an increase in other revenue of \$0.075 million
- The most significant expense for the continuing operations is the write off of tenement costs. The FY15 write off of tenement costs includes the FY15 impairment of \$2.362 million for the exploration and evaluation assets of Octagonal Resources (WA) Pty Ltd. The remaining FY15 write off of tenement costs relates to the deconsolidation adjustment for the Maldon Gold Operation. The FY14 tenement costs written off relate to tenements that were relinquished during the year

- Net profit after tax from discontinued operations relate to the Maldon Gold Operation. Impairment of tenement costs of \$12.43 million as well as an expense for operating and plant recommissioning of \$1.77 million underpinned to the FY15 result.

Financial position

The statement of financial position of Octagonal as at 30 June 2014 and 30 June 2015 is summarised in Table 3:

Table 3: Financial position

\$	Audited 30-Jun-14	Audited 30-Jun-15
Current assets		
Cash and cash equivalents	1,068,659	205,030
Trade and other receivables	142,046	15,638
Inventories	88,093	-
Other	177,224	39,257
Total current assets	1,476,022	259,925
Non-current assets		
Receivables	1,253,500	-
Investments accounted for using the equity method	-	6,617,237
Property, plant and equipment	1,496,244	11,921
Exploration and evaluation	19,624,581	249,412
Total non-current assets	22,374,325	6,878,570
Current liabilities		
Trade and other payables	773,516	1,216,157
Employee benefits	223,853	27,731
Total current liabilities	997,369	1,243,888
Non-current liabilities		
Provisions	1,284,150	45,386
Total non-current liabilities	1,284,150	45,386
Net assets	21,568,828	5,849,221
<i>Number of issued shares (number)</i>	<i>169,672,730</i>	<i>248,331,670</i>
Net asset value per share (book value) (\$)	0.1271	0.0236

Source: Statutory financial statements, 30 June 2015

We note the following in regards to the statement of financial position of Octagonal:

- Cash and cash equivalents decreased as at 30 June 2015 due primarily to ongoing operating expenses.
- Non-current receivables relate to an environmental/rehabilitation performance bond. \$0.37 million was refunded and the balance was transferred to A1 Gold.
- Non-current provisions primarily related to the environmental rehabilitation liability.
- Investments accounted for using the equity method represent shares in A1 Gold, at cost.

On 24 December 2014 Octagonal entered into a sale agreement with A1 Gold, whereby it agreed to sell its Maldon Gold Operation to A1 Gold for 169,672,726 ordinary shares in A1 Gold and 56,557,575 options in A1 Gold.

Octagonal holds approximately 38% of the issued shares of A1 Gold. Book value of the A1 Gold shares and options as at 30 June 2015 are summarised in Table 4:

Table 4: Summary of A1 Gold securities at book value

	number	Price	30-Jun-15 \$
Investment in A1 Gold shares	169,672,726	0.031	5,259,855
Investment in A1 Gold quoted options	56,557,575	0.024	1,357,382
Total			6,617,237

Source: Octagonal statutory financial statements, 30 June 2015 and A1 Gold statutory financial statements, 30 June 2015

- Exploration and evaluation as at 30 June 2014 is reflected at cost less impairment write down. In December 2014, the Company divested its interest in Maldon Gold Operation in exchange for shares and options in A1 Gold. Capitalised exploration and evaluation in relation to Maldon Gold Operation was approximately \$10.3 million. Based on the book value of the investment in A1 Gold of \$6.62 million, net assets decreased by \$3.7 million.
- Trade and other payables as at 30 June 2015 mostly comprised the loan from Gandel Metals of \$1.0 million. The balance of trade and other payables is minimal.
- Liabilities (current and non-current) for employee benefits such as long service leave and annual leave entitlements decreased as at 30 June 2015.

3.4 Audit report

The 30 June 2015 audit report included an emphasis of matter in relation to going concern being dependent on the realisation of the A1 Gold shares to meet cash needs of the Company.

3.5 Business outlook

Octagonal will continue to seek alternative strategic options and incur administrative expenses.

The Company will need to find funds to repay debt and pay operating costs in the longer term.

As such, Octagonal's alternatives may include winding up the Company, undertaking a highly dilutive equity raising, selling A1 Gold securities (likely at a substantial discount), continuing to seek alternative investment opportunities, or waiting for a superior proposal.

3.6 Directors and key management

Table 5 summarises the directors and key management of Octagonal, as at the date of this Report.

Table 5: Octagonal directors and key management

Director / management	Position
Ian J Gandel	Chairman
Anthony R Gray	Managing Director
Robert P Tolliday	Non-Executive Director

Source: Statutory financial statements, 30 June 2015

3.7 Corporate structure

Table 6 summarises the subsidiaries of Octagonal as at the date of this Report.

Table 6: Octagonal's corporate structure

Subsidiary	Ownership %
Octagonal Resources (WA) Pty Ltd	100

Source: Statutory financial statements, 30 June 2015

3.8 Capital structure

Securities on issue

Table 7 summarises Octagonal's securities on issue as at 16 September 2015.

Table 7: Octagonal's capital structure

Type	# 000
Fully paid listed ordinary shares	248,332
Unquoted options	78,658

Source: Statutory financial statements, 30 June 2015

Further details are provided in the section below on the shares and options on issue.

Ordinary shares

The top ten shareholders of Octagonal as at 16 September 2015 are summarised in Table 8.

Table 8: Top 10 shareholders at 16 September 2015

	Shareholder	Total shares held # 000	% of total issued shares
1	Abbotsleigh Proprietary Limited	102,052	41.10
2	Alliance Resources Limited	22,000	8.86
3	JP Morgan Nominees Australia Limited	6,409	2.58
4	Jetosea Pty Ltd	5,164	2.08
5	Mr Ianaki Semerdziev	4,046	1.63
6	Mr Karl Sabljak & Mrs Carmel Louise Sabljak (Sabreguard Super Fund A/C)	3,544	1.43
7	Mr Karl Sabljak & Mrs Carmel Louise Sabljak (Sabreguard Super Fund A/C)	3,480	1.40
8	Ms Catherine Patricia Burrow + Mr Keith Lawrence Burrow (KL & CP Burrow Super Fund A/C)	3,209	1.29
9	Mr Jason Paul Mills	2,464	0.99
10	Mrs Liliana Teofilova	2,372	0.96
	Total of the top ten shareholders	154,740	62.32
	Other shareholders	93,592	37.68
	Total	248,332	100.00

Source: Octagonal management, statutory financial statements, 30 June 2015

Unlisted options

Table 9 summarises the unlisted options outstanding as at 16 September 2015.

Table 9: Unquoted options

Issue date	# of unlisted options # 000	Exercise price \$	Expiry date
25-Nov-14	40,159	0.02	11-Dec-15
3-Dec-14	38,500	0.02	11-Dec-15
Total	78,659		

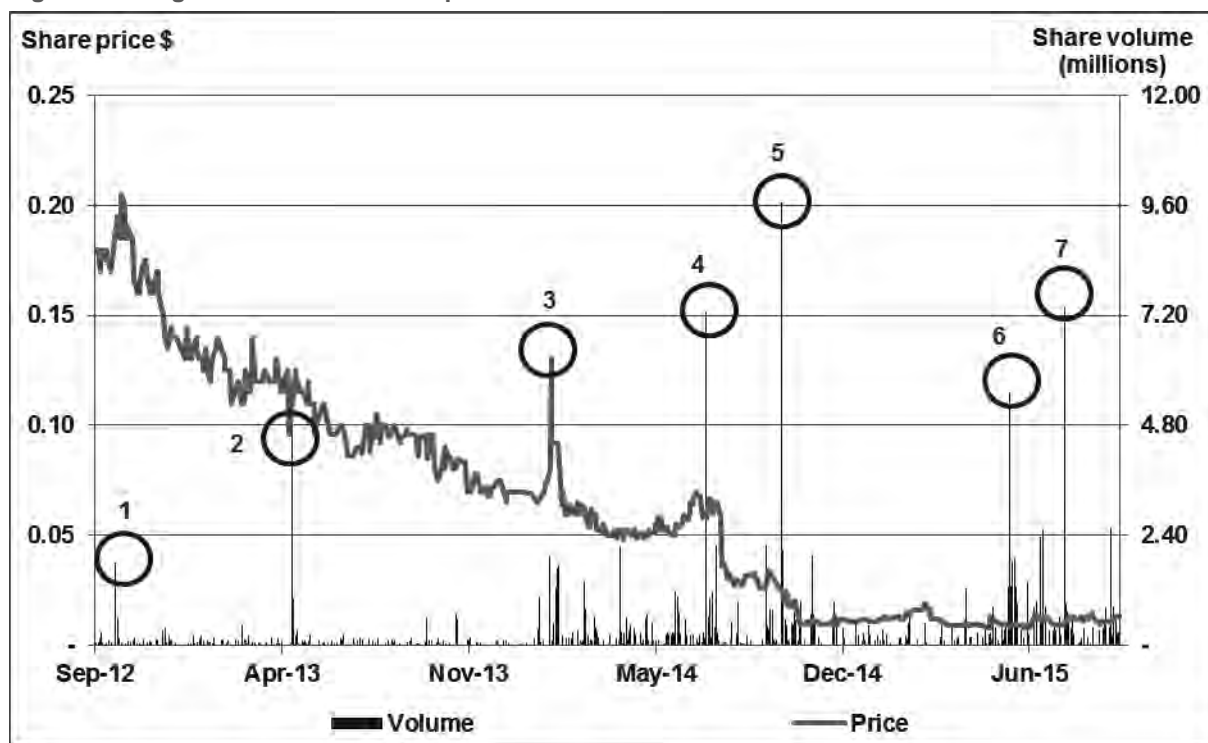
Source: ASX announcement dated 3 December 2014, statutory financial statements, 30 June 2015

The options were issued as part of a non-renounceable rights issue to fund development and production mining on the 1080 level at the Alliance South Deposit, working capital and the costs of raising funds. The options convert on a 1:1 basis. With the share price of \$0.015 as at 31 October 2015, the options are out of the money.

3.9 Share price performance

The daily movements in Octagonal’s share price and volumes for the period from 28 September 2012 to 31 October 2015 are set out in Figure 3 below. A description of the corresponding events are summarised in Table 10.

Figure 3: Octagonal’s historical share performance



Source: Capital IQ

Table 10: Key events related to historical share performance

Note	Date	ASX announcement / event
1	19-Oct-12	Discovery of high grade gold at Nuggetty Reef Mine in Victoria
2	2-May-13	Discovery of high grade gold at Frenchman's Reef - Wehla – VIC
3	29-Jan-14	18.5m grading 21.4 grams Au at Alliance Sth Shoot
4	31-Jul-14	4th quarter activity and cash flow report - 30 June 2014
5	23-Oct-14	Prospectus - non-renounceable rights issue
5	23-Oct-14	1st quarter activity and cash flow report - September 2014
6	25-Jun-15	Octagonal completes the sale of Maldon Gold Operation to A1 Gold
7	31-Aug-15	Company update

Source: ASX announcements, Octagonal Resources website

Set out in Table 11 is the monthly share price performance of Octagonal from 30 September 2014 to 31 October 2015 and set out in Table 12 is the weekly share performance of Octagonal from 28 February 2014 to 31 October 2015.

Table 11: Monthly share price performance since 30 September 2014

Month ending	High price \$	Low price \$	Last traded price \$
30-Sep-14	0.0340	0.0260	0.0340
31-Oct-14	0.0280	0.0090	0.0110
28-Nov-14	0.0130	0.0100	0.0130
31-Dec-14	0.0120	0.0100	0.0120
30-Jan-15	0.0140	0.0110	0.0120
27-Feb-15	0.0160	0.0120	0.0160
31-Mar-15	0.0190	0.0090	0.0090
30-Apr-15	0.0100	0.0090	0.0100
29-May-15	0.0130	0.0080	0.0100
30-Jun-15	0.0120	0.0080	0.0120
31-Jul-15	0.0160	0.0080	0.0100
31-Aug-15	0.0190	0.0110	0.0150
30-Sep-15	0.0150	0.0100	0.0130
31-Oct-15	0.0180	0.0120	0.0150

Source: Capital IQ

The Proposed Capital Reduction was originally announced by Octagonal on 20 October 2015.

With regard to the monthly share price performance since 30 September 2014 to 31 October 2015 we note the following:

- Octagonal shares have traded in the range of \$0.0080 to \$0.0340.
- The average monthly last traded share price was \$0.0137.
- As at the date of this Report the share price has not markedly responded to the announcement of the Proposed Capital Reduction.

Table 12 summarises the monthly trading volume of Octagonal since 28 February 2014 to 31 October 2015:

Table 12: Monthly share trading volume from 28 February 2014 to 31 October 2015

From	To	Traded volume	VWAP \$	Total value of shares traded	Average shares outstanding	Traded volume % of average shares outstanding	Average bid-ask spread %
1-Feb-14	28-Feb-14	7,875,460	0.0617	486,108	106,048,000	7.43%	5.47%
1-Mar-14	31-Mar-14	5,734,620	0.0534	306,395	130,603,360	4.39%	5.62%
1-Apr-14	30-Apr-14	4,100,990	0.0525	215,436	169,672,730	2.42%	4.87%
1-May-14	31-May-14	4,669,020	0.0521	243,358	169,672,730	2.75%	3.44%
1-Jun-14	30-Jun-14	4,176,030	0.0591	246,892	169,672,730	2.46%	4.47%
1-Jul-14	31-Jul-14	12,149,160	0.0487	591,498	169,672,730	7.16%	5.65%
1-Aug-14	31-Aug-14	8,329,890	0.0319	266,009	169,672,730	4.91%	9.60%
1-Sep-14	30-Sep-14	2,005,190	0.0300	60,089	169,672,730	1.18%	19.10%
1-Oct-14	31-Oct-14	18,225,230	0.0136	247,848	169,672,730	10.74%	12.01%
1-Nov-14	30-Nov-14	8,445,480	0.0107	90,483	169,672,730	4.98%	3.73%
1-Dec-14	31-Dec-14	2,753,200	0.0111	30,641	240,840,342	1.14%	13.27%
1-Jan-15	31-Jan-15	2,223,220	0.0123	27,292	248,331,670	0.90%	11.03%
1-Feb-15	28-Feb-15	1,316,860	0.0131	17,269	248,331,670	0.53%	11.19%
1-Mar-15	31-Mar-15	2,690,550	0.0132	35,462	248,331,670	1.08%	12.43%
1-Apr-15	30-Apr-15	1,468,470	0.0099	14,478	248,331,670	0.59%	10.59%
1-May-15	31-May-15	3,114,070	0.0102	31,821	248,331,670	1.25%	11.48%
1-Jun-15	30-Jun-15	5,770,720	0.0097	55,834	248,331,670	2.32%	13.37%
1-Jul-15	31-Jul-15	18,144,440	0.0123	223,375	248,331,670	7.31%	11.28%
1-Aug-15	31-Aug-15	16,845,630	0.0142	239,129	248,331,670	6.78%	8.14%
1-Sep-15	30-Sep-15	4,376,440	0.0117	51,134	248,331,670	1.76%	13.29%
1-Oct-15	31-Oct-15	8,902,150	0.0157	139,467	248,331,670	3.58%	8.75%

Source: Capital IQ

We note the following with regard to the monthly share trading from 1 February 2014 to 31 October 2015:

- Although not reflected in the above table, there have been a number of trading days with no volume turnover.
- The average monthly bid-ask spread % has ranged from 3.44% to 19.10% with an average of 9.47% for the period observed.
- The monthly traded volume as a percentage of average shares outstanding was 3.60%.

The shares appear to be thinly traded given the low level of volume turnover and the relatively large bid-ask spread.

4. Overview of A1 Gold

4.1 Brief history

A1 Gold was incorporated on 14 February 2011 and listed on the ASX on 19 June 2012.

A1 Gold is an emerging junior Victorian gold producer that is developing the A1 Gold Mine near Woods Point and the Union Hill Mine at Maldon to mine ore for processing at the company's Maldon gold processing plant.

Although the A1 Gold Mine is the company's key asset it also holds an exploration licence to the north of the A1 Gold Mine which covers the Star of the West mine and most of the Ten Mile Goldfield.

The acquisition of the Maldon Gold Operation from Octagonal was completed 25 June 2015. This provided the A1 Gold Mine access to the Maldon gold processing facility.

On 11 August 2015 A1 Gold announced it had entered into a binding term sheet with Orion Gold NL to purchase the mining licence (MIN5487) over the Eureka and Tubal Cain gold deposits within the Walhalla Goldfield.

4.2 Overview of exploration assets

A1 Gold Mine

The A1 Gold Mine is the company's main asset which includes the entire known A1 Dyke corridor, located in the Woods Point - Walhalla Goldfield in North-Eastern Victoria.

The A1 Gold Mine settlement was discovered in 1862 and is a narrow vein gold deposit. A stage 1 scoping study was completed in September 2014 and an updated scoping study was also completed in December 2014.

A1 Gold is currently developing the A1 Gold mine, with ore mined to be processed at the Maldon gold processing facility.

Other exploration areas

The Star of the West group of mines which are 100% owned by A1 Gold are situated north of the A1 Gold Mine. The Ten Mile Goldfield is also situated north of the A1 Gold Mine and is also 100% owned by A1 Gold. There are more than 30 known mines present on the Ten Mile Goldfield.

A1 Gold intends to develop and mine narrow-vein high-grade gold at the Eureka Deposit following its entrance into a binding term sheet with Orion Gold NL to purchase the mining licence for this area.

4.3 Financial information

Financial performance

The audited consolidated profit and loss of A1 Gold for FY14 and FY15 is summarised in Table 13:

Table 13: Consolidated financial performance

\$	Audited 30-Jun-14	Audited 30-Jun-15
Revenue	78,721	24,658
Accounting and taxation services	(56,150)	(80,340)
Auditor's remuneration	(35,850)	(42,500)
Company secretary fees	(78,407)	(141,578)
Consulting fees	(34,672)	-
Directors' fees	(59,450)	(37,857)
Employee benefits expense	(132,023)	(100,460)
Finance costs	(4,566)	(4,064)
Impairment of development costs	-	(12,842,007)
Insurance	(121,899)	(114,455)
Loss on disposal of fixed assets	(5,126)	(80,414)
Maldon operating expenses	-	(451,361)
Other expenses	(171,414)	(133,192)
Share based payment expenses	(222,876)	(4,664)
Share registry and listing fees	(70,712)	(36,299)
Earnings before interest tax and depreciation	(914,424)	(14,044,533)
Depreciation	(17,526)	(12,908)
Earnings before interest tax	(931,950)	(14,057,441)
Interest	(65,541)	(14,459)
Net profit / (loss) before tax	(997,491)	(14,071,900)
Taxation	-	-
Net profit / (loss) after tax	(997,491)	(14,071,900)

Source: Statutory financial statements for 30 June 2015

We note the following with regard to the profit and loss of A1 Gold:

- Revenue relates to bank interest and fuel tax credits. Revenue in FY14 also included a profit on the sale of a fixed asset.
- The impairment of \$12.84 million on capitalised development costs is the primary reason for the significant loss of \$14.1 million in FY15.
- A1 Gold took control in of the Maldon Gold Operation in February 2015 and began to incur the operating expenses.

Financial position

The consolidated statement of financial position of A1 Gold as at 30 June 2014 and 30 June 2015 is summarised in Table 14:

Table 14: Consolidated financial position

\$	Audited 30-Jun-14	Audited 30-Jun-15
Current assets		
Cash and cash equivalents	232,027	2,013,371
Trade and other receivables	40,766	131,455
Inventories	-	102,643
Other	54,899	165,913
Total current assets	327,692	2,413,382
Non-current assets		
Property, plant and equipment	2,013,897	8,254,291
Exploration and evaluation	31,485,900	22,018,618
Environmental bonds	123,000	1,006,500
Total non-current assets	33,622,797	31,279,409
Current liabilities		
Trade and other payables	526,726	942,913
Borrowings	41,155	173,441
Provisions	73,903	159,732
Share application funds pending allotment	40,071	40,800
Total current liabilities	681,855	1,316,886
Non-current liabilities		
Borrowings	-	1,561,220
Provisions	-	1,050,554
Total non-current liabilities	-	2,611,774
Net assets	33,268,634	29,764,131
<i>Number of issued shares (number)</i>	<i>176,683,520</i>	<i>446,356,270</i>
Net asset value per share (book value) (\$)	0.1883	0.0667

Source: Statutory financial statements, 30 June 2015

We note the following in regards to the consolidated statement of financial position of A1 Gold:

- During FY15, A1 Gold issued shares and convertible notes which is reflected in the increasing cash and cash equivalents amount.
- Property, plant and equipment increased due to the acquisition of the Maldon Gold Operation from Octagonal.
- During FY15 the change in exploration and evaluation non-current assets was due to:
 - acquisitions costs (Walhalla option fee) of \$50,000
 - exploration and evaluation costs incurred during the year of \$318,803
 - additions on acquisition of subsidiary of \$1,472,559
 - development costs incurred during the year of \$1,533,363
 - impairment of development costs of (\$12,842,007).
- Environmental bonds increased as A1 Gold bought further environmental bonds to execute its strategy as per notes 8 and 18 to the financial statements.

- Non-current borrowings and provisions increased due to \$1.5 million convertible notes issued on 25 June 2015 at an issue price of 3.5 cents per note. Interest of 12.5% is paid quarterly in arrears and each note entitles the holder to convert each note into one ordinary share until the 25 June 2018 settlement date.

As part of the acquisition of the Maldon Gold Operation from Octagonal, A1 Gold acquired \$965,271 in provisions. The majority been the provision for restorative obligations (\$883,500) relate to the estimated cost of rehabilitation work to be carried out in future years.

4.4 Directors and key management

Table 15 summarises the directors and key management of A1 Gold, as at 30 June 2015.

Table 15: Directors and key management

Director/management	Position
Dale Rogers	Chairman
Dennis Clark	Managing Director
Jamie Cullen	Director
Dennis Wilkins	Director and Company Secretary

Source: Statutory financial statements, 30 June 2015

4.5 Corporate structure

A1 Gold is the ultimate Australian parent entity and ultimate parent of the group.

Table 16 summarises the subsidiaries of A1 Gold as at 30 June 2015.

Table 16: A1 Gold's corporate structure

Subsidiary	Ownership %
Maldon Resources Pty Ltd	100
Matrix Gold Pty Ltd	100
Highlake Resources Pty Ltd	100

Source: Statutory financial statements, 30 June 2015

4.6 Capital structure

Securities on issue

Table 17 summarises the securities on issue by A1 Gold as at 18 September 2015.

Table 17: Octagonal's capital structure

Security	# 000
Fully paid listed ordinary shares	446,356
Options with an exercise price of \$0.03	223,750
Options with an exercise price of \$0.05	9,000

Source: Capital IQ, Statutory financial statements, 30 June 2015

Further details are provided in the section below on the shares and options on issue.

Ordinary shares

The top ten shareholders of A1 Gold as at 18 September 2015 are summarised in Table 18.

Table 18: Top 10 shareholders at 18 September 2015

	Shareholder	Total shares held	
		# '000	% of total issued shares
1	Octagonal Resources Ltd	169,673	38.01
2	Gaffney's Creek Gold Mine	33,333	7.47
3	Heron Resources Ltd	30,367	6.80
4	Liongold Australia Pty Ltd	25,862	5.79
5	A1 Consolidated Mining Pty Ltd	14,697	3.29
6	Bond Street Custs Ltd	11,983	2.68
7	Abbotsleigh Pty Ltd	7,770	1.74
8	Bond Street Custs Ltd	6,673	1.49
9	Clark DJ & Croker Ltd	6,564	1.47
10	T T Nicholls Pty Ltd	6,000	1.34
Total top ten shareholders		312,922	68.74
Other shareholders		133,434	31.26
Total		446,356	100.00

Source: Statutory financial statements, 30 June 2015

Options and convertible note

Table 19 summarises the options and convertible notes outstanding as at 18 September 2015:

Table 19: Quoted and unquoted options

Issue date	# of options	Exercise price \$	Expiry date
<i>Quoted options</i>			
Various	223,750,389	0.030	30 November 2019
<i>Unlisted options</i>			
14-Jan-15	9,000,000	0.050	30 November 2019
<i>Convertible notes</i>			
25-Jun-15	71,428,571	0.035	25 June 2018
Total	304,178,960		

Source: ASX announcements

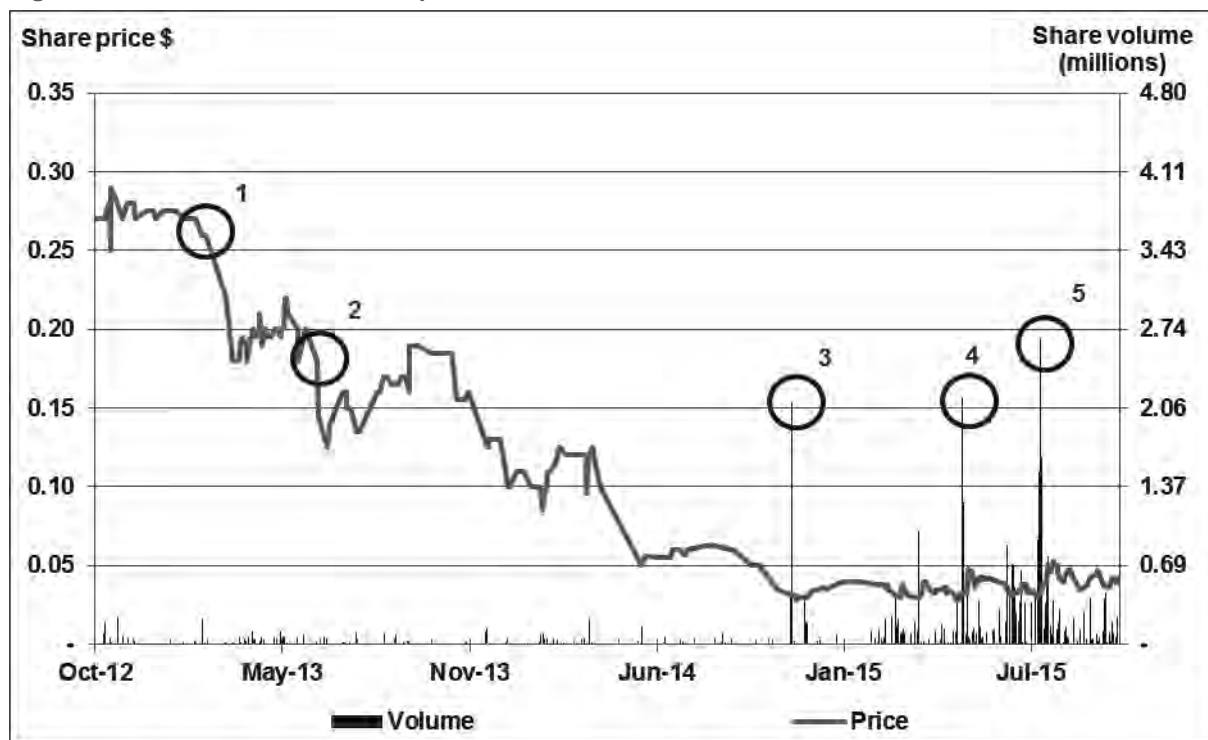
The options convert on a 1:1 basis. At 31 October 2015, the last traded share was \$0.036 per share, therefore the listed options and unlisted convertible notes were in the money and the unlisted options are out of the money.

It is not clear why the convertible notes have not been converted as on average they have been in the money since issuance. We have assumed that the convertible notes have not been converted in valuing A1 Gold whereas the listed options have been exercised. The last traded price of the options was \$0.017 per option at 31 October 2015.

4.7 Share price performance

The daily movements in A1 Gold's share price and volumes for the period from 23 October 2013 to 31 October 2015 are set out in Figure 4. A description of the corresponding events are summarised in Table 10.

Figure 4: A1 Gold's historical share performance



Source: Capital IQ

Table 20: Key events related to historical share performance

Note	Date	ASX announcement / event
1	13-Feb-13	Fremantle RIU Investor Presentation
2	11-Jun-13	Appendix 3B
3	7-Nov-14	Patersons Securities Limited Research Note Appendix 3B 7112014
4	13-May-15	Completion of Entitlements Offer Final Directors Interest Notice Convertible Note Terms Agreed \$2.0m Private funding committed Fortescue's Andrew Forrest plumps for Victorian miner A1 Consolidated Gold A1 Welcomes New Shareholder
5	4-Aug-15	AYC ASX Release - High-Grade Gold Results 4th August 2015

Source: ASX announcements, A1 Gold website

Set out in Table 21 is the monthly share price performance of A1 Gold from 31 October 2014 to 31 October 2015 and set out in Table 22 is the weekly share performance of A1 Gold from 1 October 2012 to 31 October 2015.

Table 21: Monthly share price performance since October 2014

Month ending	High (\$)	Low (\$)	Close (\$)
31-Oct-14	0.0500	0.0350	0.0350
28-Nov-14	0.0340	0.0260	0.0340
31-Dec-14	0.0400	0.0350	0.0400
30-Jan-15	0.0400	0.0400	0.0400
27-Feb-15	0.0380	0.0310	0.0310
31-Mar-15	0.0410	0.0290	0.0400
30-Apr-15	0.0360	0.0320	0.0320
29-May-15	0.0540	0.0280	0.0410
30-Jun-15	0.0420	0.0310	0.0320
31-Jul-15	0.0400	0.0300	0.0330
31-Aug-15	0.0540	0.0360	0.0470
30-Sep-15	0.0470	0.0350	0.0450
31-Oct-15	0.0430	0.0360	0.0360

Source: Capital IQ

We note the following with regard to the share price performance:

- The shares have traded in the range of \$0.0260 to \$0.0610 since 31 October 2014.
- The share price has generally traded at around \$0.0383.

Table 22 summarises the monthly trading volume of A1 Gold since 1 October 2012.

Table 22: Monthly share trading volume since October 2012

From	To	Volume traded '000	Average VWAP \$	Total value of shares traded \$'000	Average shares outstanding m	Average % of total shares outstanding	Average bid/ask spread %
1-Oct-12	31-Oct-12	304	0.2591	79	138	0.22%	8.99%
1-Nov-12	30-Nov-12	766	0.2751	211	138	0.55%	10.34%
1-Dec-12	31-Dec-12	54	0.2767	15	138	0.04%	19.28%
1-Jan-13	31-Jan-13	32	0.2721	9	138	0.02%	34.15%
1-Feb-13	28-Feb-13	274	0.2722	75	138	0.20%	35.43%
1-Mar-13	31-Mar-13	144	0.1959	28	138	0.10%	29.02%
1-Apr-13	30-Apr-13	535	0.1959	105	138	0.39%	11.81%
1-May-13	31-May-13	448	0.1967	88	138	0.32%	18.44%
1-Jun-13	30-Jun-13	233	0.1659	39	138	0.17%	23.51%
1-Jul-13	31-Jul-13	186	0.1432	27	138	0.13%	9.88%
1-Aug-13	31-Aug-13	135	0.1665	22	138	0.10%	12.26%
1-Sep-13	30-Sep-13	176	0.1690	30	141	0.13%	9.22%
1-Oct-13	31-Oct-13	7	0.1886	1	162	0.00%	7.08%
1-Nov-13	30-Nov-13	36	0.1537	6	162	0.02%	23.12%
1-Dec-13	31-Dec-13	257	0.1263	32	167	0.15%	11.76%
1-Jan-14	31-Jan-14	71	0.1015	7	172	0.04%	18.37%
1-Feb-14	28-Feb-14	310	0.1011	31	174	0.18%	11.93%
1-Mar-14	31-Mar-14	98	0.1220	12	176	0.06%	13.61%
1-Apr-14	30-Apr-14	306	0.1154	35	177	0.17%	25.23%
1-May-14	31-May-14	34	0.0500	2	177	0.02%	50.00%
1-Jun-14	30-Jun-14	277	0.0593	16	177	0.16%	49.46%
1-Jul-14	31-Jul-14	86	0.0578	5	177	0.05%	51.37%
1-Aug-14	31-Aug-14	185	0.0619	11	177	0.10%	30.90%
1-Sep-14	30-Sep-14	37	0.0573	2	177	0.02%	44.78%
1-Oct-14	31-Oct-14	80	0.0425	3	177	0.05%	65.19%
1-Nov-14	30-Nov-14	3,413	0.0295	101	250	1.36%	11.89%
1-Dec-14	31-Dec-14	169	0.0378	6	250	0.07%	42.64%
1-Jan-15	31-Jan-15	14	0.0400	1	253	0.01%	25.00%
1-Feb-15	28-Feb-15	977	0.0338	33	273	0.36%	9.89%
1-Mar-15	31-Mar-15	2,764	0.0348	96	277	1.00%	9.53%
1-Apr-15	30-Apr-15	567	0.0338	19	277	0.20%	14.20%
1-May-15	31-May-15	6,067	0.0447	271	277	2.19%	8.43%
1-Jun-15	30-Jun-15	1,835	0.0389	71	309	0.59%	10.70%
1-Jul-15	31-Jul-15	6,118	0.0337	206	446	1.37%	8.05%
1-Aug-15	31-Aug-15	11,533	0.0439	507	446	2.58%	5.04%
1-Sep-15	30-Sep-15	1,843	0.0413	76	446	0.41%	9.72%
1-Oct-15	31-Oct-15	2,106	0.0385	81	446	0.47%	10.07%

Source: Capital IQ

We note the following with regard to the monthly trading from 1 October 2012 to 31 October 2015:

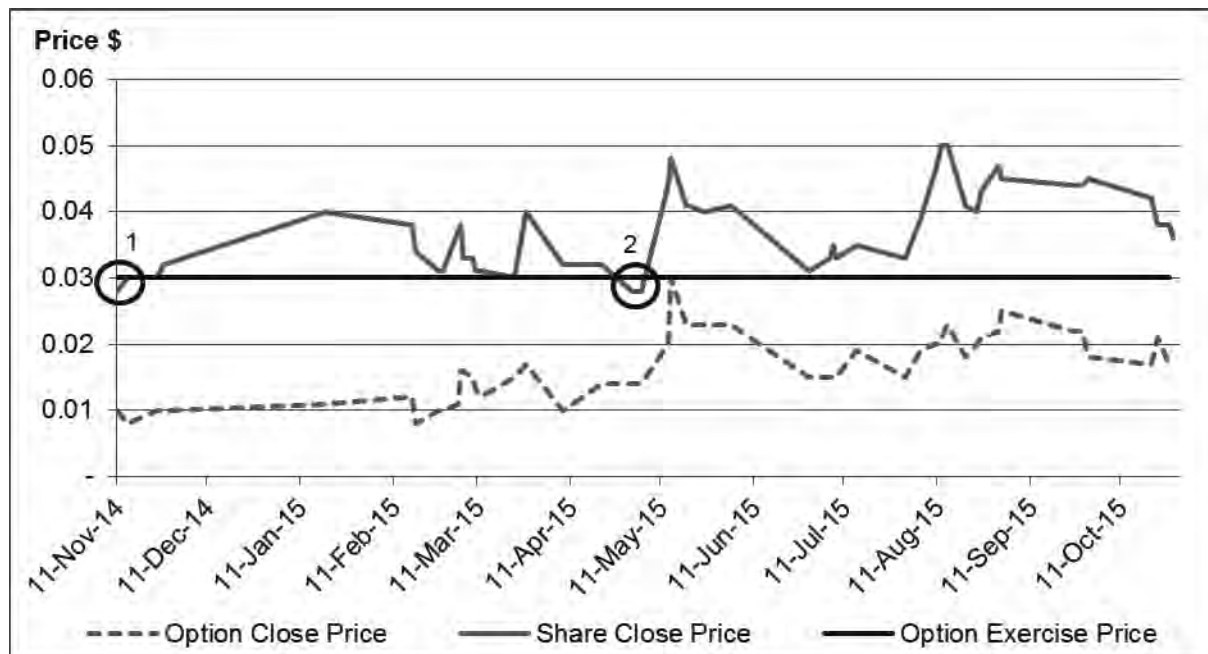
- Since October 2012, there have been 494 days of nil trading volume.
- In the last 24 months there have been 330 days of nil trading volume.
- Given the free float shares the volumes traded are low.
- The average monthly bid-ask spread % has ranged from 5.04% to 65.19% with an average of 21.36% for the period observed.

The shares appear to be thinly traded given the low volumes traded, the relatively large bid-ask spread and the relatively static share trading price.

4.8 Trading price performance

The movements in A1 Gold’s share and option trading prices for the period from 11 November 2014 to 31 October 2015 are set out in Figure 6. A description of the corresponding events are summarised in Table 10.

Figure 5: A1 Gold’s historical trading price performance



Source: Bloomberg, Capital IQ

Table 23: Key events related to historical share performance

Note	Date	ASX announcement / event
1	23-Sep-14	Capital Raising
2	1-May-15	Option out of the money

Source: ASX announcements, A1 Gold website, PPB Analysis

We note that the announcement on the capital raising included the issue of options in November 2014. The options were issued at an exercise price of \$0.03. The options have traded at a price below the exercise price.

4.9 Capital raising

On 20 November 2015, A1 Gold announced that it would raise capital through a combination of a placement and share purchase plan (“A1 Gold SPP”), providing shareholders the opportunity to apply for \$15,000 of fully paid shares at an issue price of \$0.024 per share capped at \$1.35 million.

The A1 Gold SPP is partially underwritten by Patersons Securities Limited. The placement will also be undertaken at \$0.024 per share with one free option for every 3 shares subscribed and will be within the \$1.35 million cap.

The funds will be used to provide working capital to continue with the development of its decline at the A1 Gold Mine.

Aspects of the A1 Gold capital raising are subject to the approval of its shareholders at a general meeting on 6 January 2016.

Based on the cap of \$1.35 million, A1 Gold will issue an additional 56.25 million shares.

The directors of Octagonal have indicated that they will not participate in the A1 Gold SPP. As a result, Octagonal’s interest in A1 Gold will be diluted from approximately 38% to 33%.

5. Industry overview

5.1 Introduction

Octagonal and A1 Gold operate in the gold mining industry in Australia. Our observations regarding the gold mining industry in Australia are summarised below⁴.

Over the last decade the global gold mining industry has experienced a period of growth. Mining companies involved in precious metals have comparatively outperformed their peers. This outperformance had been primarily underpinned by investor demand for safe haven assets during a time of significant financial market uncertainty.

5.2 Gold

Gold mining is a well-established industry in Australia.

The global demand for gold is almost entirely driven by the jewellery industry, investment in gold bars and coins as well as electronic manufacturing firms.

Gold is often seen as a store of value and natural hedge against inflation which has historically been negatively correlated with global economic growth. In the aftermath of the Global Financial Crisis ("GFC"), the value of global financial assets and currencies plummeted and investors across the world turned to gold as a safe monetary asset.

Demand suddenly increased in 2008 with the onset of the GFC and caused global gold prices to surge, pushing revenue and profit of gold producers significantly higher. However the gold boom ended when the commodity's price declined in 2013 and 2014 as the global economy began to recover and inflationary fears eased.

Improving US economic conditions since May 2013 and continuing expectations that the Federal Reserve will increase the cash rate has led to a strengthening of the US dollar and the move away from safe haven assets such as gold.

5.3 Industry performance and outlook

Gold producers are faced with the increasing capital requirements needed to develop mining projects and a moderating gold price.

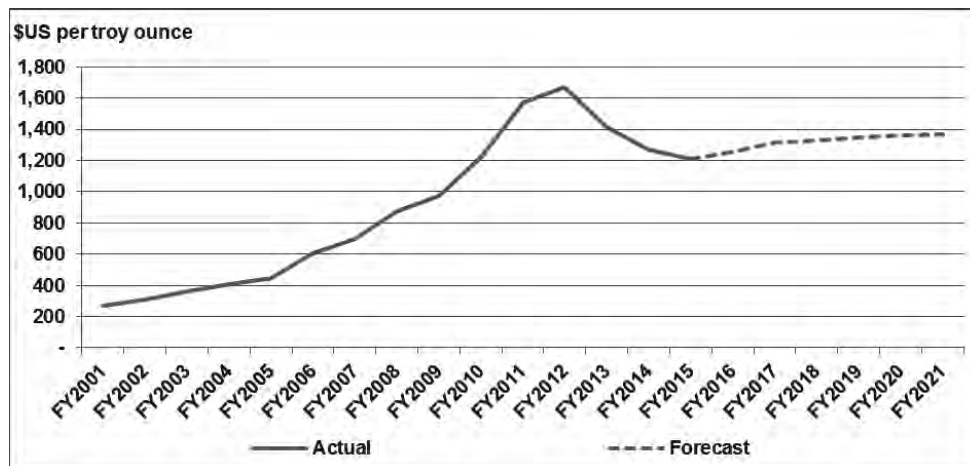
Production costs are expected to increase on average due to lower ore quality and higher transportation costs, which is pressuring profit margins and spurring on cost cutting initiatives within incumbent operators.

Much of the proposed investment and capital expenditure has been moderated or put on hold resulting in moderate supply growth. Overall, gold prices are expected to increase over the next five years due to moderate supply growth and growing global demand.

Figure 6 shows the actual gold price in USD from FY2011 to FY2015 and forecast prices through to FY2021. In AUD equivalent prices, gold is expected to increase further as the AUD is forecast to weaken.

⁴ IBISWorld Industry Report B0804 Gold Ore Mining in Australia

Figure 6: World price of gold



Source: IBISWorld

The expected increase in gold production and the expectation of rising prices will largely drive future performance.

6. Valuation methodologies

6.1 Introduction

In forming our opinion as to whether the Proposed Capital Reduction is fair and reasonable to the Shareholders, we have determined the value of the issued shares of Octagonal and A1 Gold on a fair market value basis. Business valuers typically define fair market value as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

6.2 Valuation methodologies

RG111 sets out the valuation methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share capital returns, selective capital reductions, schemes of arrangement, takeovers and prospectuses. The following methodologies are included:

- Discounted Cash Flow (“DCF”) method and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets. This is typically referred to as the Capitalisation of Future Maintainable Earnings (“CFME”) method.
- Amount available for distribution to security holders on an orderly realisation of assets. This is typically referred to as the Net Assets (“NA”) method.
- Quoted price for listed securities, when there is a liquid and active market. This method is typically used as a cross check to any of the above methods.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets. This method is typically used as a cross check to any of the above methods.

Each of these methodologies may be appropriate in certain circumstances. The decision as to which method to apply generally depends on the nature of the business being valued, the availability of appropriate information and the methodology most commonly adopted in valuing such a business. Further details on these methodologies are set out in Appendix D to this report.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

6.3 Methodology selected to value Octagonal

In determining the appropriate methodology to value Octagonal, we have considered the above valuation methodologies, the nature of the operations of Octagonal and the quality and availability of forecast financial information. We have had regard to the actual financial performance of Octagonal for the financial years ended 30 June 2014 and 30 June 2015. We note that:

- it is not possible to utilise the DCF method due to the lack of suitable long term forecast financial information

- it is not possible to utilise the CFME method because Octagonal does not have ongoing business operations and the historic earnings of Octagonal do not provide a basis to determine future maintainable earnings for the business.

The NA methodology has been determined to be the most appropriate in light of the lack of business operations of Octagonal and because the majority of the assets are cash, investments in listed securities and an exploration project.

With regards to the value of the exploration asset (Hogan's Project) we have relied on Ravensgate to provide an independent valuation. Octagonal has a 100% equity interest in the project.

We have considered the current trading price as a cross check to our calculated value per share. We note, however, that there have been very low volumes of Octagonal share traded in the past 12 months.

6.4 Methodology selected to value A1 Gold

As part of the Proposed Scheme and the Proposed Capital Reduction, shares in A1 Gold will form part of the Consideration.

A1 Gold shares will also be used in the Loan Repayment.

We note that Octagonal has a 38% interest in the issued shares of A1 Gold. As a minority shareholder Octagonal does not have access to management or the books and records of A1 Gold. Therefore, we have had to determine the value of the issued shares in A1 Gold using publically available information. We also note that there was an independent expert's report commissioned by A1 Gold dated 11 May 2015 for the sale by Octagonal to A1 Gold of the Maldon Gold Operation. The independent expert's report appended technical valuation reports comprising:

- valuation of the Maldon Gold Processing plant prepared by Como Engineers Pty Ltd ("Como")
- valuation of the mineral assets (exploration licence (EL5109) and mining licence (MIN5294)) of A1 Gold prepared by Mining One Pty Ltd. ("Mining One").

At the time of the transaction, A1 Gold was an exploration company. The value of A1 Gold predominantly resides in its mineral assets. The independent expert's report commissioned by A1 Gold includes a valuation of the mineral assets owned by A1 Gold before the acquisition of the Maldon Gold Operation.

We have considered the reports prepared by Como and Mining One in determining the value of the issued shares of A1 Gold. In relying on the valuation reports, PPB has satisfied itself that Como and Mining One, had the required qualifications and experience to provide the valuation opinions contained therein, and had no pecuniary interest in the mining companies associated with the mining interest or associated entities.

PPB's assessment of the Como and Mining One reports involved a review of the following:

- basis of valuation
- valuation methodologies applied
- any assumptions.

We note that the valuations prepared by Como and Mining One were undertaken in April 2015, some 6 months prior to the valuation date in this report of 31 October 2015 and for the purposes of the Octagonal sale of the Maldon Gold Operation to A1 Gold. We believe that these reports are relevant for consideration in the valuation of A1 Gold for the valuation of the Consideration for the following reasons:

Como report

- latest publically available information
- impact of the time value of money over 6 months would not be material

- the plant is approximately 27 years old and has been well maintained. Therefore, 6 months is not material
- the plant has had minimal activity over the last 6 months
- the valuation was based on second hand sales and the valuation was relatively wide, \$5 million to \$6 million which indicates the valuers inability to provide a precise value. Therefore any small change in value occurring over the 6 months would not be material.

Mining One report

- latest publically available information
- impact of the time value of money over 6 months would not be material
- the early stage of development of the mining operations, with minimal mining activity and depletion of the resource
- the minimal mining operating activities
- the wide valuation range provided by Mining One of \$1.97 million to \$12.93 million, indicating the valuers inability to provide a precise value. Therefore any small change in value occurring over the 6 months would not be material
- relatively static gold price in AUD and USD of less than 5% between April 2015 and 31 October 2015.

The NA methodology has been determined to be the most appropriate in light of the lack of business operations of A1 Gold, the lack of access to management and because its major assets are mineral assets.

We have considered the current share trading price as a cross check to our calculated value per share. We note, however, that there have been very low volumes of A1 Gold share traded in the past 12 months.

7. Valuation of Octagonal

7.1 Valuation summary

In our opinion, the fair market value of the issued shares of Octagonal on a control basis is between \$2.36 million and \$7.00 million or \$0.0095 and \$0.0282 per share as summarised in Table 24 below.

Table 24: Octagonal valuation summary

	Section Ref	Low 31-Oct-15	High 31-Oct-15
Fair market value (control basis) of Octagonal (\$000)	Section 7.2	2,357	7,004
Ordinary shares on issue as at 31-Oct-15 (000)	Section 7.2	248,332	248,332
Fair market value of an Octagonal share (control basis) (\$)	Section 7.2	0.0095	0.0282

Source: PPB analysis

Details of the valuation methodology, inputs, assumptions and calculations used in arriving at the above conclusion are set out in the remainder of this section.

7.2 Octagonal NA Valuation

We have used a NA valuation methodology to value Octagonal.

Table 25 below summarises the fair market value of 100% of the issued shares of Octagonal as at 31 October 2015.

Table 25: Fair market value of Octagonal

\$000	Note	Book value 30-Oct-15	Low 31-Oct-15	High 31-Oct-15
Assets				
Cash and cash equivalents		64	64	64
Trade and other receivables		4	4	4
Other		53	53	53
Investments accounted for using the equity method	1	6,617	5,228	9,575
Abbotsleigh advance	3	-	802,502	802,502
Property, plant and equipment		10	10	10
Exploration and evaluation	1	307	165	464
Total assets		7,055	6,206	10,973
Liabilities				
Trade and other payables		165	165	165
Loan – Gandel Metals	2	1,200	1,200	1,200
Abbotsleigh loan	3	-	802,502	802,502
Employee benefits		59	59	59
Provisions		46	46	46
Total liabilities		1,470	2,273	2,273
Net asset value		5,585	4,055	8,700
Cash payment for exercise of A1 Gold options			(1,697)	(1,697)
Fair market value (control basis)			2,357	7,004
<i>Total shares outstanding as at 31-Oct-15</i>			248,332	248,332
Fair market value (control basis) per share			0.0095	0.0282

Source: Octagonal management⁵, PPB analysis

The pro-forma figures in Table 24 include four key adjustments.

1. Adjustments to fair market value

Investments accounted for using the equity method

Octagonal has an investment in A1 Gold shares and options shown above as investments accounted for using the equity method.

We have determined the fair market value of A1 Gold's total equity using a NA methodology to be between \$15.7 million and \$28.7 million on a minority interest basis.

Octagonal holds a total of 169,672,726 A1 Gold shares and 56,557,576 A1 Gold listed options with an exercise price of \$0.03. We have assumed the options will be exercised as the last traded price for A1 Gold as at 31 October 2015 was \$0.0360. Therefore, Octagonal is assumed to have a total of 226,230,302 A1 Gold shares, as summarised in Table 26.

⁵ We have held discussions with the Directors and been provided updated financial information as at 31 October 2015

Table 26: Fair market value of Octagonal's investment in A1 Gold

		Low 31-Oct-15	High 31-Oct-15
<i>Number of ordinary shares</i>	<i>number</i>	169,672,726	169,672,726
A1 Gold fair market value (minority interest) per share	\$	0.023	0.042
Fair market value of shares held in A1 Gold	\$	3,921,458	7,181,461
<i>Number of listed options with exercise price of \$0.03</i>	<i>number</i>	56,557,576	56,557,576
A1 Gold fair market value (minority interest) per share	\$	0.023	0.042
Fair market value of shares held in A1 Gold	\$	1,307,153	2,393,820
Fair market value of Octagonal's interest in A1 Gold	\$	5,228,611	9,575,282
Payment for exercise of A1 Gold options	\$	(1,696,727)	(1,696,727)

Source: Octagonal management, PPB analysis

Therefore, in our view, the fair market value of A1 Gold shares, including in the money A1 Gold listed options held by Octagonal, is between \$5.23 million and \$9.58 million.

In our valuation we have separately accounted for the payment of the A1 Gold option's exercise price of \$1.70 million.

Exploration and evaluation assets

Ravensgate has provided an independent technical valuation of Octagonal's exploration assets with a valuation date of 21 October 2015. The report equated their technical valuation to be equivalent to market value and we have assumed that this market value is equal to its fair market value.

The fair market value of Octagonal's exploration and evaluation assets was determined to be between \$0.16 million and \$0.46 million with a preferred value of \$0.31 million.

Ravensgate used a comparable transactions method and reviewed the price of gold, copper and nickel exploration tenements on a per km squared basis to value Octagonal's exploration and evaluation assets.

Other assets and liabilities

We have assumed that the reported book values of the other assets and liabilities are representative of their fair market values as at 30 September 2015.

2. Gandel Loan

Management have advised that trade and other payables will reduce by \$1.2 million as will investments accounted for using the equity method. The Gandel Loan has been secured over a portion of the A1 Gold shares.

The A1 Gold ordinary shares will be used to repay a portion of the outstanding Gandel Metal loan that falls due by 1 December 2015.

3. Abbotsleigh advance/loan - funding of cash consideration

If the Proposed Scheme is approved, Abbotsleigh has agreed to advance Octagonal cash to fund the cash component of \$0.0055 of the Consideration. Upon payment of the Consideration, the cash advance will then become a liability payable by Octagonal.

4. Tax losses

Octagonal has unrealised tax losses of \$20 million and the potential tax benefit at 30% of these losses is \$6 million.

Octagonal has not brought the deferred tax assets associated with these losses to account because the Board does not believe that the unused tax losses have sufficient likelihood of being utilised within a reasonable period of time. Octagonal's management have advised that this is preliminary advice that the losses are on revenue account.

We note the following in relation to the value of the unrealised tax losses:

- The value of the tax losses is a function of the ability of the business to use them at some point in the future.
- Octagonal's historical financial performance and current financial position suggest that, in the short term, insufficient earnings are likely to be generated to enable Octagonal to utilise the tax losses. The Board has advised that it believes that Octagonal is unlikely to generate future operating profits without raising additional funds and that Octagonal's ability to attract and raise funding at this time is limited.
- Shareholders may be able to utilise the tax losses if Octagonal had the ability to generate operating profits at some point in the future. However, all shareholders are currently unable to directly utilise the tax losses. In addition, there is no certainty that the accumulated tax losses will be available to Octagonal in the future.
- The ability of the Gandel Shareholders to utilise the unrealised tax losses in the future could be considered 'special value'. Special value is value that will accrue to the acquirer and is unique to the acquirer.

RG 111 specifically excludes special value when determining whether the Proposed Capital Reduction is fair and reasonable. As such, fair market value is to be considered in the context of what Octagonal could do within its own resources. Therefore any value that the Gandel Shareholders may be able to derive from the tax losses subsequent to the privatisation of Octagonal, is not considered part of the assessment of the fairness of the Proposed Scheme and Proposed Capital Reduction and considered to be 'special value'.

Therefore, we have not attributed any value to the unrealised tax losses. We further consider the existence of the unrealised tax losses and the ability of the Gandel Shareholders to utilise them in the event that the Proposed Scheme and Proposed Capital Reduction is approved in our discussion on the reasonableness factors in Section 9.4.

7.3 Octagonal valuation cross check

As a cross check of the fair market value per share calculated for Octagonal, we have considered the:

- 10 day VWAP for Octagonal's shares as at 31 October 2015
- last traded price of Octagonal's shares as at 31 October 2015.

Table 27 below summarises our comparison.

Table 27: Octagonal cross check summary

	Low 31-Oct-15	High 31-Oct-15
10 day VWAP as at 31-Oct-15	\$0.0163	\$0.0163
Octagonal fair market value (control basis) per share	\$0.0095	\$0.0282
Difference	(\$0.0068)	\$0.0119
<i>Premium / (discount)</i>	(42%)	73%
<i>Average</i>	15%	
Last traded share price as at 31-Oct-15	\$0.0150	\$0.0150
Octagonal fair market value (control basis) per share	\$0.0095	\$0.0282
Difference	(\$0.0055)	\$0.0132
<i>Premium / (discount)</i>	(37%)	88%
<i>Average</i>	26%	

Source: PPB analysis, Capital IQ

We note the following regarding the current share trading price of Octagonal:

- The fair market value (control basis) per share for Octagonal represents an average premium of 15% over the 10 day VWAP as at 31 October 2015.
- The fair market value (control basis) per share for Octagonal represents an average premium of 26% compared to the last traded share price as at 31 October 2015.
- Octagonal's shares are thinly traded with low volumes of trades in the past 12 months.
- Approximately 41.1% of the issued shares are held by the largest shareholder, the Gandel Shareholders, which indicates that the 'free float' of shares is small. This suggests that the trading price of shares may not be a reasonable reflection of the fair market value.
- The 10 day VWAP is for a minority parcel of shares and does not include a control premium. In contrast, our calculated value per share of Octagonal includes a control premium⁶.

Based on the above, we would expect that the fair market value derived using the NA method is higher than the current share trading price of Octagonal. Therefore, we do not consider our valuation to be unreasonable.

7.4 Valuation conclusion

Based on our analysis, we conclude that the fair market value of the issued shares of Octagonal on a controlling interest basis is between \$2.36 million and \$7.00 million or \$0.0095 and \$0.0282 per share.

⁶ Australian studies indicate that the discount compared to a controlling interest in a company ranges between 25% and 40% of the portfolio holding value.

8. Valuation of the Consideration

8.1 Valuation summary

Based on the following analysis, in our opinion, the fair market value of the Consideration is between \$0.0147 and \$0.0224 per share, as summarised in Table 28.

Table 28: Fair market value of the Consideration

	Reference:	Low 31-Oct-15	High 31-Oct-15
Fair market value (minority basis) of one A1 Gold share	A	\$0.0231	\$0.0423
Fair market value (minority basis) of two A1 Gold shares	$B = A \times 2$	\$0.0462	\$0.0846
Fair market value (minority basis) of two A1 Gold shares for five Octagonal shares⁷	$C = B / 5$	\$0.0092	\$0.0169
Cash component per Octagonal share	D	\$0.0055	\$0.0055
Fair market value of the Consideration per Octagonal share	$E = C + D$	\$0.0147	\$0.0224

Source: PPB analysis

Details of the valuation methodologies, assumptions and calculations adopted in arriving at the above conclusion are set out in the remainder of this section.

8.2 NA Valuation - A1 Gold

Octagonal has a minority interest in A1 Gold and cannot influence the directors or obtain access to the books and records. Therefore, we have relied upon the most relevant publicly available information to determine the fair market value of A1 Gold as at the valuation date.

We have used a NA methodology to value A1 Gold.

⁷ Exchange ratio of two A1 Gold shares for five Octagonal shares

Table 29 summarises the fair market value of the issued shares of A1 Gold as at 31 October 2015.

Table 29: Fair market value of A1 Gold

\$'000	Note	Book value 30-Jun-15	Low 31-Oct-15	High 31-Oct-15
Assets				
Cash and cash equivalents		2,013	2,013	2,013
Trade and other receivables		131	131	131
Inventories		102	102	102
Other current assets		165	165	165
Property, plant and equipment	1	8,254	6,585	7,585
Exploration and evaluation	1	22,018	6,560	21,870
Other non-current assets		1,006	1,006	1,006
Total assets		33,692	16,565	32,875
Liabilities				
Trade and other payables		942	942	942
Current borrowings		173	173	173
Current provisions		159	159	159
Share application funds pending allotment		40	40	40
Non-current borrowings		1,561	1,561	1,561
Non-current provisions		1,050	1,050	1,050
Total liabilities		3,928	3,928	3,928
Net asset value		29,764	12,637	28,947
Consideration from options with exercise price of \$0.03	2		6,982	6,982
Fair market value (control basis)			19,619	35,929
Minority interest discount at 20% ⁸			(3,924)	(7,185)
Fair market value (minority basis)			15,695	28,743
<i>Total shares outstanding as at 31-Oct-15</i>			<i>446,356</i>	<i>446,356</i>
<i>Listed options assumed to be exercised (1:1 basis)</i>	2		<i>232,750</i>	<i>232,750</i>
Total ordinary shares			679,106	679,106
Fair market value (minority basis) per share			0.0231	0.0423

Source: A1 Gold 30 June 2015 financial report, A1 Gold independent expert's report and the appended technical valuation reports on the Maldon Gold processing plant and the mineral assets, Octagonal management, PPB analysis

We have made the following adjustments in Table 29 as part of our analysis.

1. *Adjustments to fair market value*

The A1 Gold independent expert's report dated 11 May 2015 included technical expert valuations of the exploration and evaluation assets (by Mining One) and plant and equipment (by Como) owned by A1 Gold. We have considered the technical expert valuation reports in our assessment of the net asset values of A1 Gold.

⁸ We have estimated a minority interest discount of 20% in valuing the A1 Gold shares on a minority interest basis

A1 Gold exploration and evaluation assets

Mining One provided an independent market valuation of the mineral assets comprising an exploration licence EL5109 and a mining licence MIN5249 held by A1 Gold for the acquisition of Maldon Gold Operation in a report dated April 2015.

The independent expert concluded from the Mining One report that the fair market value of A1 Gold's exploration and evaluation assets were between \$6.56 million and \$21.96 million with a preferred value of \$12.06 million⁹. This valuation included a value of the decline between nil and \$9.11 million that was based on the historical development cost.

Mining One valued the mineral assets as follows:

- Kilburn method to be in the range of \$6.56 million to \$12.76 million
- the comparable transaction method to be in the range of \$1.97 million to \$12.93 million
- No value was attributed to the Maldon Gold tenements.

Table 30: A1 Gold's mineral assets

	30 June 2015		31 October 2015	
	Book value	Fair market value	Low	High
\$	\$	\$	\$	\$
Maldon Gold tenements				
A1 Gold mine		6,560,000		12,760,000
Decline				9,110,000
	22,018,618	6,560,000		21,870,000

Source: Statutory financial statements 2015, Mining One report date April 2015, Independent expert's report dated 11 May 2015

Property, plant and equipment - Maldon Gold Operation

Como prepared an independent valuation of the Maldon Gold mill in a report dated 27 April 2015¹⁰. The fair market value of Maldon Gold mill was determined to be between \$5 million and \$6 million with a preferred value of \$5.50 million.

In addition, A1 Gold had other plant and equipment with a book value of \$1.58 million that was not valued by Como.

Other assets and liabilities

Since most of the remaining assets are monetary assets and liabilities, we have assumed that the reported book values are representative of their fair market values and that there has been no material change in the value of these assets and liabilities up to 31 October 2015.

2. Outstanding options

We have considered the impact of the outstanding options of A1 Gold as at 31 October 2015, which comprised:

- 232,750,389 listed options which were exercisable at \$0.03
- 9,000,000 unlisted options which were exercisable at \$0.05.

⁹Page 20 of A1 Gold's independent expert's report dated 11 May 2015, for the acquisition of the Maldon Gold Operation

¹⁰ Attached to the A1 Gold independent expert's report

The listed options with an exercise price of \$0.03 were in-the-money as at 31 October 2015. Therefore, in valuing A1 Gold's total equity we have assumed that these options would be exercised.

The unlisted options are exercisable on or before 30 November 2015.

We have further assumed that the unlisted options with an exercise price of \$0.05 price would not be exercised as they were out-of-the-money as at 31 October 2015.

3. Tax losses

A1 Gold has unrecognised deferred tax assets of \$0.162 million. The potential tax benefit at 30% of these losses is \$0.048 million.

A1 Gold has not brought the deferred tax assets associated with these losses to account. According to the 30 June 2015 statutory accounts, the deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which A1 Gold can apply the benefits of the unrealised tax losses.

We note the following in relation to the value of the unrealised tax losses:

- The value of the tax losses is a function of the ability of the business to use them.
- A1 Gold's historical financial performance and current financial position suggest that, in the short term, insufficient earnings are likely to be generated to enable A1 Gold to utilise the tax losses.
- Based on the maturity of the mineral assets, it appears that A1 Gold will continue to generate operating losses as it continues to develop these assets in the near term. This is supported by the impairment loss of \$12.84 million that A1 Gold recoded as at 30 June 2015.

Therefore, we have not attributed any value to the unrealised tax losses. The existence of the unrealised tax losses and the ability of A1 Gold to utilise them is currently uncertain.

Value of issued shares in A1 Gold

In our opinion, the fair market value of the issued shares of A1 Gold on a minority interest basis is between \$15.69 million and \$28.74 million or \$0.0231 and \$0.0423 per share as summarised in Table 31.

Table 31: Fair market value of A1 Gold summary

	Low 31-Oct-15	High 31-Oct-15
Fair market value of net assets	12,636,791	28,946,791
Consideration from exercise of listed options at \$0.03	6,982,512	6,982,512
Fair market value (control basis)	19,619,303	35,929,303
Discount for minority interest at 20%	(3,923,861)	(7,185,861)
Fair market value (minority basis)	15,695,442	28,743,442
<i>Total shares outstanding as at 31-Oct-15</i>	<i>446,356,270</i>	<i>446,356,270</i>
<i>Listed options assumed to be exercised (1:1 basis)</i>	<i>232,750,389</i>	<i>232,750,389</i>
Total ordinary shares	679,106,659	679,106,659
Fair market value of an issued share in A1 Gold	0.0231	0.0423

Source: PPB analysis

8.3 A1 Gold cross check

As a cross check to the fair market value per share calculated for A1 Gold, we have considered the:

- 10 day VWAP for A1 Gold's shares as at 31 October 2015
- last traded price of A1 Gold's shares as at 31 October 2015.

Table 32 summarises our comparison:

Table 32: A1 Gold cross check summary

	Low 31-Oct-15	High 31-Oct-15
10 day VWAP as at 31-Oct-15	0.0380	0.0380
A1 Gold fair market value (minority basis) per share	0.0231	0.0423
Difference	(0.0149)	0.0043
Premium / (discount)	(39%)	11%
Last traded share price as at 31-Oct-15	0.0360	0.0360
A1 Gold fair market value (minority basis) per share	0.0231	0.0423
Difference	(0.0129)	0.0063
Premium / (discount)	(36%)	18%

Source: PPB analysis, Capital IQ

We note the following regarding the current share trading price of A1 Gold:

- the fair market value (minority basis) per share for A1 Gold represents an average discount of 14% compared to the 10 day VWAP as at 31 October 2015
- the fair market value (minority basis) per share for A1 Gold represents an average discount of 9% compared to the last traded share price as at 31 October 2015
- A1 Gold's shares are thinly traded with low volumes of trades in the past 12 months
- approximately 33% of the issued shares are held by the top 3 shareholders, which indicates that the 'free float' of shares is about 66%
- the current share trading price is for a minority parcel of shares and does not include a control premium. Our calculated value per share of A1 Gold does not include a control premium.

Based on the above, we therefore expected that the fair market value derived using the NA method will be lower than the current share trading price of A1 Gold. We therefore do not consider our valuation to be unreasonable.

8.4 Valuation conclusion

Based on our analysis, we conclude that the fair market value of the issued shares of A1 Gold on a minority interest basis is between \$15.7 million and \$28.74 million or \$0.0231 and \$0.0423 per share.

9. Assessment of the Proposed Scheme and Proposed Capital Reduction

9.1 Conclusion

The Proposed Scheme is 'in the best interests' of Shareholders and the Proposed Capital Reduction is 'fair' and 'reasonable' to Shareholders, as a whole.

9.2 Approach

Since the Proposed Scheme will be implemented by way of the Proposed Capital Reduction, our fairness assessment of the Proposed Scheme is also applicable to the Proposed Capital Reduction.

The Proposed Scheme and the Proposed Capital Reduction will be fair to the Shareholders if the fair market value of the Consideration is equal to or greater than the fair market value of Octagonal's issued shares.

For the purpose of assessing the fairness of the Proposed Scheme and the Proposed Capital Reduction, PPB has compared:

- the assessed fair market value of an issued share in Octagonal on a controlling interest basis to
- the Consideration being offered to the Shareholders.

In assessing the reasonableness of the Proposed Scheme and the Proposed Capital Reduction, we considered the advantages and disadvantages of the Proposed Scheme and the Proposed Capital Reduction proceeding as well as any other factors that we identified. We have also considered:

- the existence of any premium for control
- the likelihood of an alternative superior offer being made to the Shareholders
- the alternatives available to the Shareholders
- as required by Section 256B of the Act, we have also considered whether the Proposed Capital Reduction materially prejudices the Company's ability to pay its creditors.

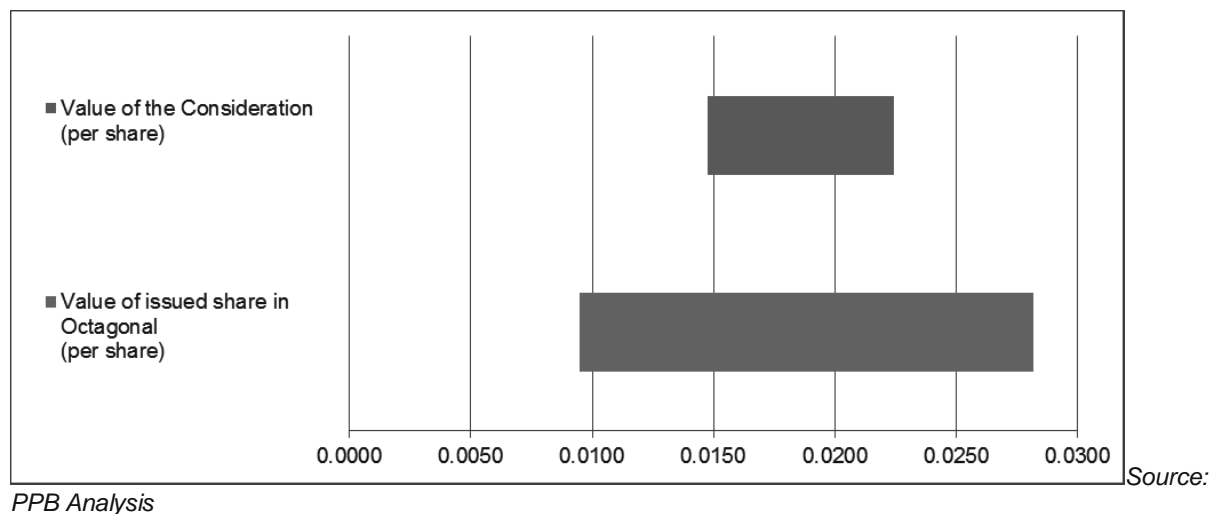
9.3 Fairness

In our opinion:

- the fair market value of the Consideration is between \$0.0147 and \$0.0224 per share, as summarised in Table 28, above.
- the fair market value of the issued shares of Octagonal on a controlling interest basis is between \$0.0095 and \$0.0282 per share.

A summary of our fairness assessment is set out in the following figure:

Figure 7: Fairness summary



As our assessed fair market value of the Consideration is within the range of the fair market value of an issued share in Octagonal, we have determined that the Proposed Scheme and the Proposed Capital Reduction are ‘fair’ to the Shareholders, as a whole, according to RG 111.

Notwithstanding the fact that the high end of our assessed value for an Octagonal share is above the high end of our assessed value of the Consideration, as the range of values that we have concluded upon for the Consideration falls within the range of values that we have ascribed to the Octagonal shares being acquired we confirm the terms of the Proposed Scheme to be fair.

RG 111 provides that ‘an offer is fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer’. RG 111.62 provides that an expert should usually give a range of values for the securities the subject of the offer. In this report, we consider that, if the value of the consideration offered falls within the range of values of the securities the subject of the offer, the offer is fair.

Accordingly, we have determined that the Proposed Scheme and the Proposed Capital Reduction are fair to the Shareholders as a whole.

9.4 Reasonableness

As the Proposed Scheme and the Proposed Capital Reduction are fair to the Shareholders, they are also reasonable in accordance with RG 111. Nonetheless, we have summarised below some of the relevant factors associated with the Proposed Scheme and the Proposed Capital Reduction.

In assessing the reasonableness of the Proposed Scheme and the Proposed Capital Reduction, we have considered the potential advantages and disadvantages to the Shareholders and considered whether the advantages outweigh the disadvantages in the context of the Proposed Scheme and the Proposed Capital Reduction. Individual shareholders may interpret these factors differently, depending on their circumstances.

We have assessed that the advantages and disadvantages of rejecting the Proposed Scheme and the Proposed Capital Reduction are the inverse of accepting the Proposed Scheme and the Proposed Capital Reduction.

As Section 256B of the Act requires the Proposed Capital Reduction to be fair and reasonable to shareholders as a whole, we have considered the advantages and disadvantages to both the Shareholders participating as well as the majority shareholders, the Gandel Shareholders, continuing as shareholders of Octagonal.

The potential advantages and disadvantages to Shareholders arising from the approval of the Proposed Scheme and the Proposed Capital Reduction are summarised as below.

Advantages

Opportunity for Shareholders to receive a capital return in a once off transaction

The shares of Octagonal have been thinly traded on ASX, demonstrating an illiquid market for the shares which may hinder a shareholder's attempt to sell their shares in Octagonal.

The Proposed Scheme allows for an immediate realisation of value for their shares that would otherwise take time and involve a greater level of risk.

Premium

The Consideration represents an average premium of 24% over the last traded share price of Octagonal as at 31 October 2015.

The Consideration¹¹ represents a premium of 5% to the net asset value of Octagonal after repayment of the Gandel Loan and, therefore, represents a more favourable outcome than what may be achieved under a wind up scenario.

No transaction costs

Shareholders participating in the Proposed Scheme and the Proposed Capital Reduction will be able to do so without incurring any brokerage costs in realising their shares in Octagonal.

Shareholders will have alternatives

Liquidity in Octagonal shares is limited. The cash component of the Consideration will enable Shareholders to invest in more liquid, dividend paying shares that may offer a higher return than Octagonal.

Shareholders will also receive A1 Gold shares that will allow shareholders to retain their exposure to Octagonal's major asset, A1 Gold.

A1 Gold is larger than Octagonal, with a market capitalisation of \$16 million as at 30 October 2015. The A1 Gold share price is higher than Octagonal share price, but its shares also appear to be somewhat illiquid in terms of volume turnover and average bid / ask spread.

Simple exit opportunity

The Proposed Scheme and the Proposed Capital Reduction provide a simple exit opportunity for those Shareholders that hold a less marketable parcel of Octagonal shares.

Ability to pay creditors

The directors of Octagonal have advised that the Proposed Capital Reduction will not materially prejudice the Company's ability to pay its creditors. The Company will have sufficient cash resources to pay its creditors after the Proposed Capital Reduction.

Independent director support

The independent director of Octagonal has recommended the Proposed Scheme and the Proposed Capital Reduction to Shareholders in the absence of a superior proposal. The support of the independent director should provide Shareholders with additional comfort.

Disadvantages

Cease to be Shareholders of Octagonal

¹¹ Calculated as at 31 October 2015

Shareholders will no longer hold shares in Octagonal and cease to have exposure to any potential increase in the share price of Octagonal. Shareholders will, however, become shareholders of A1 Gold.

We note, however, that Octagonal holds only a minor exploration investment, and does not have sufficient cash to fund its ongoing operating requirements.

Octagonal will be delisted and Gandel Shareholders will control Octagonal.

Shareholders will cease to enjoy their rights as existing Shareholders and will no longer be able to attend and vote at general meetings, receive copies of annual reports or participate in any future dividend payments.

If the Proposed Scheme and the Proposed Capital Reduction are approved, the shares in Octagonal held by the Shareholders will be cancelled in return for the Consideration.

Shareholders that elected to invest in Octagonal for various reasons will need to seek their requisite exposure through other investments.

Tax losses

The Shareholders will cease to have any exposure to any potential benefits generated by the unrealised tax losses of Octagonal. As noted in Section 7.2, the Board has advised that it is unlikely that Octagonal will be able to generate future operating profits to utilise the tax losses without raising new funds and that Octagonal's ability to attract additional funds at this time is limited.

Tax consequences to Shareholders

The specific tax consequences of the Proposed Scheme and the Proposed Capital Reduction will vary depending on the circumstances of each individual Shareholder. These specific tax consequences need to be borne in mind by Shareholders in weighing up the merits of the Proposed Scheme and the Proposed Capital Reduction. Shareholders should refer to the Scheme Booklet for more details on the tax consequences of the Proposed Scheme and the Proposed Capital Reduction.

Cash reserves

We have been advised by the directors that the Company is using the majority of its cash reserves to fund the Proposed Capital Reduction but it will retain sufficient cash to meet its current obligations.

The Company may not have sufficient cash reserves to fund any alternative investment strategies it may wish to pursue. Refer to Section 1.4 of the Scheme Booklet for further details.

The Company does not have any interest bearing debt or other financial facilities as at the date of this Report.

Share price of Octagonal in the absence of the Proposed Scheme

If the Proposed Scheme and the Proposed Capital Reduction are not approved, the share price of Octagonal may not rise from the current trading price because the Company has no alternative plans. The Company will continue to incur administrative expenses whilst seeking to find alternative strategic options.

Other factors

If the Proposed Scheme does not proceed, the Proposed Capital Reduction will not proceed.

The Company's limited financial resources are insufficient to support its current administrative expenses in the long term. The Company will, therefore, be required to source external funding. To date, Octagonal has not had success in raising equity funding.

As such Octagonal's options may include winding up, attempting another equity raising or wait for a superior proposal.

Reasonableness conclusion

Based on the qualitative factors summarised above, it is our opinion that the Proposed Scheme and the Proposed Capital Reduction are reasonable to the Shareholders.

9.5 Alternatives

We are not aware of any alternative offers that may be forth coming. The directors have advised that they believe that it is unlikely that a third party will make a higher offer given that the Gandel Shareholders have a controlling interest in Octagonal and the shares are illiquid.

We have been advised that before the receipt of the Offer from Abbotsleigh, the directors had conducted an extensive review of its options to maximise value for its Shareholders.

The directors have been unable to raise sufficient funding to repay the loan provided by Gandel Shareholders and to support its ongoing exploration activities. The directors have also sought other investment activities without success.

Accordingly, the directors believe that they have undertaken all they can do to maximise value for Shareholders and have concluded that the Offer from Abbotsleigh is the best available option available.

9.6 A1 Gold capital raising

Based on an announcement of 20 November 2015, after the date of our analysis, A1 Gold is proposing a capital raising as explained in Section 4.9 above. The directors of Octagonal have indicated that Octagonal will not participate in A1 Gold's capital raising and hence Octagonal's interest in A1 Gold will be diluted from approximately 38% to 34%. Aspects of the A1 Gold capital raising are subject to the approval of its shareholders at a general meeting on 6 January 2016.

If the proposed A1 Gold capital raising proceeds, it may impact our assessment of the fairness of the Proposed Scheme and the Proposed Capital Reduction. The impact will be as a result of the issue price of A1 Gold shares of \$0.024 being different to the fair market value of an issued share of A1 Gold as calculated by PPB and the dilution of Octagonal's interest in A1 Gold from approximately 38% to 33%.

The impact on the Consideration and the fair market value of an issued share in Octagonal is as follows:

- Consideration is between \$0.0145 and \$0.0215 per share compared to \$0.0147 and \$0.0224 per share.
- an issued share of Octagonal on a controlling interest basis is between \$0.0089 and \$0.0260 per share compared to \$0.0095 and \$0.0282 per share.

On the basis of our analysis, the announcement of the A1 Gold proposed capital raising does not cause us to amend our fairness opinion of the Proposed Scheme and the Proposed Capital Reduction.

9.7 Any premium for control

In accordance with RG 11.43, we determined that the Proposed Scheme (including the Proposed Capital Reduction) is a control transaction and as such, the Shareholders should receive a premium for control. From our analysis on fairness, we have determined that the Shareholders will receive the Consideration that represents a premium / (discount) over the fair market value of an Octagonal share as calculated by PPB in the range of a discount of (20%) and a premium of 55%.

9.8 Ability to pay creditors

As set out in Section 3.3, Octagonal has minimal creditors as at 31 October 2015, and a net tangible asset position of approximately \$5.6 million. We note that the Proposed Capital Reduction will not materially prejudice Octagonal's ability to pay its creditors.

9.9 Other considerations

This IER only provides general information. It does not take into account the Shareholders individual situation, objectives and needs. It is not intended to replace professional advice that should be obtained by individual Shareholders. Shareholders should consider whether this IER is appropriate for their circumstances, having regard to their individual situations, objectives and needs before relying on or taking action. Shareholders are encouraged to seek their own advice.

Whether or not individual Shareholders vote to implement the Proposed Scheme and the Proposed Capital Reduction depends on their own circumstances, as well as each Shareholders view on the reasonableness factors summarised above.

9.10 Conclusion on the Proposed Scheme and Proposed Capital Reduction

PPB considers that the Proposed Scheme is in the best interests of Shareholders and the Proposed Capital Reduction is fair and reasonable to Shareholders, as a whole.

As part of assessing whether or not the Proposed Scheme and the Proposed Capital Reduction are in the best interests and fair and reasonable to the Shareholders, PPB has assessed the value of and issued share of Octagonal on a control basis and compared it to the Consideration being offered on a per share basis, assuming that the Proposed Scheme and the Proposed Capital Reduction proceed.

The alternative to the Proposed Scheme and the Proposed Capital Reduction for Shareholders is to vote against the Proposed Scheme and continue to hold shares in Octagonal. As discussed above, given the financial position of Octagonal, if the Proposed Scheme does not proceed, the directors of Octagonal may need to consider winding up the Company, attempting another equity raising or engaging a third party purchaser as the directors believe that the current capital base is insufficient to pursue an investment strategy.

9.11 Valuation of the financial benefit

If the Proposed Scheme and the Proposed Capital Reduction are approved, the Gandel Shareholders will own 100% of the issued shares in Octagonal. The financial benefit, will therefore, comprise the value of the increase in their interest in Octagonal from 41.24% to 100% after the payment of the Consideration. Gandel Shareholders will not participate in the Proposed Scheme or the Proposed Capital Reduction, therefore will not receive the Consideration.

The value of the financial benefit / (cost) is summarised as follows:

Table 33: Value of the financial benefit summary

	Low 31-Oct-15	High 31-Oct-15
Fair Market Value of the Consideration per share	0.0147	0.0224
Non-Gandel shareholdings	145,909,470	145,909,470
Total Consideration	2,151,400	3,272,771
Fair Market Value (control basis) before transaction	2,357,884	7,003,554
Total Consideration	2,151,400	3,272,771
Fair Market Value (control basis) after transaction	206,484	3,730,783
Gandel shareholdings	102,422,200	102,422,200
Fair Market Value (control basis) per share after transaction	0.0020	0.0364
Fair Market Value (control basis) per share before transaction	0.0095	0.0282
Fair Market Value (control basis) per share after transaction	0.0020	0.0364
Financial benefit / (cost)	(0.0075)	0.0082

Source: PPB analysis

10. Assessment of the Loan Repayment

10.1 Conclusion

The Loan Repayment is ‘fair’ and ‘reasonable’ to Shareholders, as a whole.

10.2 Approach

The Loan Repayment will be fair to the Shareholders if the 5 day VWAP of an A1 Gold is within our assessed fair market value range of an issued share in A1 Gold.

In forming our opinion on the fairness of the Loan Repayment, we compared the assessed fair market value of a share of A1 Gold to the 5 day VWAP per share up to 31 October 2015.

In assessing the reasonableness of the Loan Repayment, we considered the advantages and disadvantages of the Loan Repayment proceeding as well as any other factors that we identified. We have also considered:

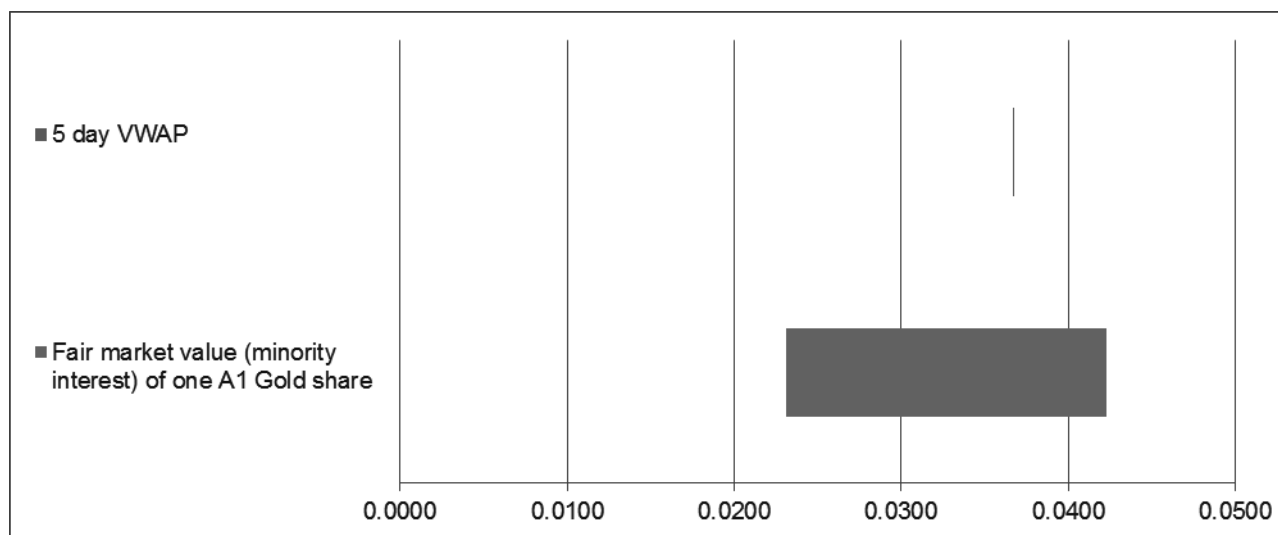
- the alternative options available to Octagonal
- Octagonal’s bargaining position
- the liquidity of the market in A1 Gold’s shares.

10.3 Fairness

The Gandel Loan of \$1.2 million will be settled with the required number of shares in A1 Gold based on the 5 day VWAP equating to \$1.2 million. Our assessment has been undertaken as at 31 October 2015. There are many factors that affect the trading price of a company’s shares, and an assessment at a different date may produce a different outcome. The Octagonal Board is unable to predict the price at which A1 Gold shares will trade in the future.

A summary of our fairness assessment is set out in the following figure:

Figure 8: Fairness summary



Source: PPB Analysis

As the 5 day VWAP per share is within our assessed fair market value range of a share of A1 Gold, we have determined that the Loan Repayment is ‘fair’ to the Shareholders, as a whole, according to RG 111.

Based on a 5 day VWAP up to 31 October 2015 of \$0.0367 per share, Octagonal would transfer approximately 32.7 million shares in A1 Gold to Gandel Metals based on the loan repayment of \$1.2 million.

If the loan repayment was based on the fair market value of a share in A1 Gold of between \$0.0231 per share and \$0.0423 per share, Octagonal would transfer between 28.4 million shares and 51.9 million shares in A1 Gold to Gandel Metals based on the loan repayment of \$1.2 million.

10.4 Reasonableness

As the Loan Repayment is fair to the Shareholders, it is also reasonable in accordance with RG 111. Nonetheless, we have summarised below some of the relevant factors associated with the Loan Repayment that Shareholders should consider.

There are potential advantages and disadvantages to Shareholders arising from the approval of the Loan Repayment. The potential advantages and disadvantages are summarised as below.

Advantages

- Octagonal will be alleviated from selling its A1 Gold shares to repay the Gandel Loan and therefore avoid any associated brokerage costs.
- A1 Gold shares are thinly traded and it may be difficult to sell a large parcel of share in the open market.
- Octagonal's gearing will improve as the Gandel Loan is repaid, although its investment in A1 Gold will decrease by the corresponding amount.

Disadvantage

- Octagonal may be subject to capital gains tax depending on the tax cost base and value at transfer date.
- Using shares in A1 Gold to repay the Gandel Loan will reduce Octagonal's exposure and opportunity to benefit from any uplift in the trading price of the A1 Gold shares.

Other factors

If the Loan Repayment is not approved, the Gandel Loan will remain payable as per the original terms of the loan as summarised in Section 1.2 of our Report. The Company has limited financial resources and will be required to sell its A1 Gold shares to repay the Gandel Loan or the Gandel Shareholders will enforce the security and take possession of the A1 Gold shares.

Reasonableness conclusion - Loan Repayment

Based on the qualitative factors summarised above, it is our opinion that the Loan Repayment is reasonable to the Shareholders.

10.5 Other considerations

This IER only provides general information. It does not take into account the Shareholders individual situation, objectives and needs. It is not intended to replace professional advice that should be obtained by individual Shareholders. Shareholders should consider whether this IER is appropriate for their circumstances, having regard to their individual situations, objectives and needs before relying on or taking action. Shareholders are encouraged to seek their own advice.

Whether or not individual Shareholders vote to implement Loan Repayment depends on their own circumstances, as well as each Shareholders view on the reasonableness factors summarised above.

10.6 Conclusion on the Loan Repayment

PPB considers that the Loan Repayment is fair and reasonable to Shareholders, as a whole.

As part of assessing whether or not the Loan Repayment is fair and reasonable to the Shareholders, PPB has assessed the value of and issued share of A1 Gold on a minority interest basis and compared it to basis of calculation the repayment amount, assuming that the Loan Repayment proceeds.

The alternative to the Loan Repayment for Shareholders is to vote against the Loan Repayment and Octagonal will be required to find funds to repay the Gandel Loan. As discussed above, given the financial position of Octagonal, if the Loan Repayment does not proceed, the directors of Octagonal may need to consider selling some of its A1 Gold shares to fund the repayment of the Gandel Loan.

11. Limitations and disclosures

11.1 Qualifications

PPB holds an Australian Financial Services Licence (No. 344626) under the Act and its authorised representatives are qualified to provide this Report.

PPB provides a range of corporate advisory services and has advised on numerous takeovers, valuations, acquisitions and restructures.

This report has been prepared by Fiona Hansen B Com, Hon Acc Science, CA, CA (SA) and a Director at PPB Advisory. Fiona has over 20 years' experience in corporate finance advice including business valuations, preparing independent expert's reports, transaction advisory, financial due diligence and mergers and acquisitions.

This report has also been prepared by Campbell Jaski BSc (Hons), MBA, FAusIMM, FFin and a Partner at PPB Advisory. Campbell has over 20 years' experience in resources and corporate finance. Campbell specialises in mining and resource sector valuations.

Based on their experience, Fiona and Campbell have the appropriate experience and qualifications to provide the advice offered.

11.2 Disclaimers

This Report was not prepared for any other purpose or for use by any other person. PPB does not accept any responsibility to any person other than the directors and Shareholders for the use of the Report outside the stated purpose without the written consent of PPB. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

Approval or rejection of the Proposed Scheme, Proposed Capital Reduction Loan Repayment are matters for individual Shareholders based on their expectations as to various factors including the value and future prospects of Octagonal, the terms of the Proposed Scheme, Proposed Capital Reduction and Loan Repayment market conditions and their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Shareholders should carefully consider the Scheme Booklet and Notices of Meetings. Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme, Proposed Capital Reduction and Loan Repayment should consult their professional adviser.

11.3 Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the Valuation Date. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly out dated and in need of revision. PPB reserves the right to revise any valuation or other opinion in the light of material information existing at the Valuation Date that subsequently becomes known to PPB.

11.4 Currency

All references to '\$' and 'dollars' are references to Australian dollars unless stated otherwise.

11.5 Independence

Prior to accepting this engagement, PPB considered its independence with respect to the Proposed Capital Reduction with reference to the ASIC Regulatory Guide 112 *Independence of Experts* ("RG112") and APES 110 Code of ethics for professional accountants issued by the Accounting Professional and Ethics Standards Board. We have concluded that there are no conflicts of interest with respect to Octagonal or the Gandel Shareholders and all other parties involved in the Proposed Capital Reduction.

PPB has no involvement with, or interest in, the outcome of the approval of the Proposed Capital Reduction other than that of independent expert. PPB is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, PPB will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Capital Reduction. PPB will receive no other benefit for the preparation of this Report.

11.6 Consents

PPB consents to issuing this report in the form and context in which it is included in the accompanying the Scheme Booklet and Notices of Meetings. Apart from the Report, PPB is not responsible for the contents of the Scheme Booklet and Notices of Meetings, or any other document or announcement associated with the Proposed Scheme, Proposed Capital Reduction and Loan Repayment. PPB acknowledges that its Report may be lodged with regulatory bodies.

11.7 Reliance on information

The statements and opinions contained in this Report are given in good faith and are based upon PPB's consideration and assessment of information provided by Octagonal. PPB believes the information provided to be reliable, complete and not misleading, and we have no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, inquiry and review for the purpose of forming our opinion. The procedures adopted by PPB in forming our opinion may have involved an analysis of financial information and accounting records. This did not include verification work nor constitute an audit or review in accordance with Australian Auditing and Assurance Standards and consequently does not enable us to become aware of all significant matters that might be identified in an audit or review. Accordingly, we do not express an audit or review opinion.

It was not PPB's role to undertake, and PPB has not undertaken, any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of the Proposed Capital Reduction. PPB understands that the Octagonal directors have been advised by legal, accounting and other appropriate advisors in relation to such matters, as necessary.

PPB does not provide any warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the directors and/or their advisors.

An opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion, rather than an audit or detailed investigation and it is in this context that PPB advises that it is not in a position, nor is it practical for PPB, to undertake a detailed investigation or extensive verification exercise.

It is understood that, except where noted, the accounting information provided to PPB was prepared in accordance with generally accepted accounting principles (including adoption of Australian Equivalents to International Financial Reporting Standards) and prepared in a manner consistent with the method of accounting used by Octagonal in previous accounting periods.

In accordance with normal practice, prior to finalising the Report, we confirmed facts with Octagonal. This was undertaken by means of providing Octagonal with a draft report. PPB obtained a representation letter from Octagonal confirming that, to the best knowledge of Octagonal, the information provided to, and relied upon by, PPB was complete and accurate, and that no significant information essential to the Report was withheld.

Octagonal has agreed to indemnify PPB, including its related entities and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided to PPB by Octagonal, which is false and misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

Appendix A - Glossary of terms

Abbreviation	Definition
\$	Australian Dollars
A1 Gold	A1 Consolidated Gold Limited (ACN 149 308 921)
A1 Gold SPP	On 20 November 2015, A1 Gold announced that it would raise capital through a combination of a placement and share purchase plan, providing shareholders the opportunity to apply for \$15,000 of fully paid shares at an issue price of \$0.024 per share capped at \$1.0 million
Abbotsleigh	Abbotsleigh Proprietary Limited (ACN 005 612 377)
Act or the Act	Corporations Act 2001 (Cth)
APES 225	APES 225 Valuation Services
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CFME	The Capitalisation of Future Maintainable Earnings
Consideration	The Consideration comprises: <ul style="list-style-type: none"> • a cash payment of \$0.0055 per Octagonal share, plus • two (2) shares in A1 Gold for every five (5) Octagonal shares held
DCF	Discounted Cash Flow
Fair Market Value	Defined as <i>“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm’s length”</i>
FOS	Financial Ombudsman Service Limited
FSG	This Financial Services Guide
FY	Financial Year ended or ending 30 June
Gandel Loan	Gandel Metals provided a loan to Octagonal totalling \$1.2 million as at 31 October 2015 that is repayable by 1 December 2015
Gandel Metals	Gandel Metals Pty Ltd ACN 102 347 955 in its capacity as trustee for The Gandel Metals Trust
Gandel Shareholders	Abbotsleigh, McNeil Nominees Pty Ltd (ACN 003 207 592), Ian Gandel, Linda Gandel, Steven Gandel, Darren Gandel, Nicole Gandel, Robert Tolliday and any other Shareholders who are associates of any of them
GFC	Global Financial Crisis
IER or Report	This Independent Expert's Report
Independent Director	Anthony Gray, managing director
Licence	PPB holds an Australian Financial Services Licence (No. 344626)
Loan Repayment	Gandel Metals has agreed with Octagonal to the repayment of the loan by the transfer of the number of shares in A1 Gold equal to \$1.2 million based on the 5 day VWAP up to the trading day immediately prior to the transfer. The balance of the loan is approximately \$1.2 million
Maldon Gold Operation	Maldon Gold Operation previously owned by Octagonal and sold to A1 Gold and per ASX announcement 24 November 2014
NA	The Net Realisable Value of Assets
Scheme Booklet and Notices of Meetings	Scheme Booklet and Notices of Meetings prepared by the directors of Octagonal for the Proposed Scheme, Proposed Capital Reduction and Loan Repayment
Non-Gandel Shareholders or Shareholders	The Non-Gandel shareholders of Octagonal
Octagonal or the Company	Octagonal Resources Limited (ACN 147 300 418)
Offer	The Gandel Shareholders' offer comprising the Consideration and the Loan Repayment
PPB	PPB Corporate Finance Pty Ltd (ABN 13 130 176 911)

Abbreviation	Definition
Proposed Capital Reduction	Octagonal proposes to undertake a Proposed Capital Reduction, under section 256B of the Act, whereby the shares in Octagonal held by Non-Gandel Shareholders be cancelled in return for a Consideration
Regulations	Corporations Regulations
RG	ASIC Regulatory Guide
RG 60	RG 60 <i>Schemes of arrangement</i>
RG 76	RG 76 <i>Related Party Transactions</i>
RG 110	RG 110 <i>Share Buybacks</i>
RG 111	RG 111 <i>Content of Experts Reports</i>
RG 112	RG 112 <i>Independence of Experts</i>
Shareholders	The shareholders of Octagonal (non-Gandel Shareholders)
Valuation Date	31 October 2015

Appendix B - Sources of information

In preparing this report we have been provided with and considered the following sources of information:

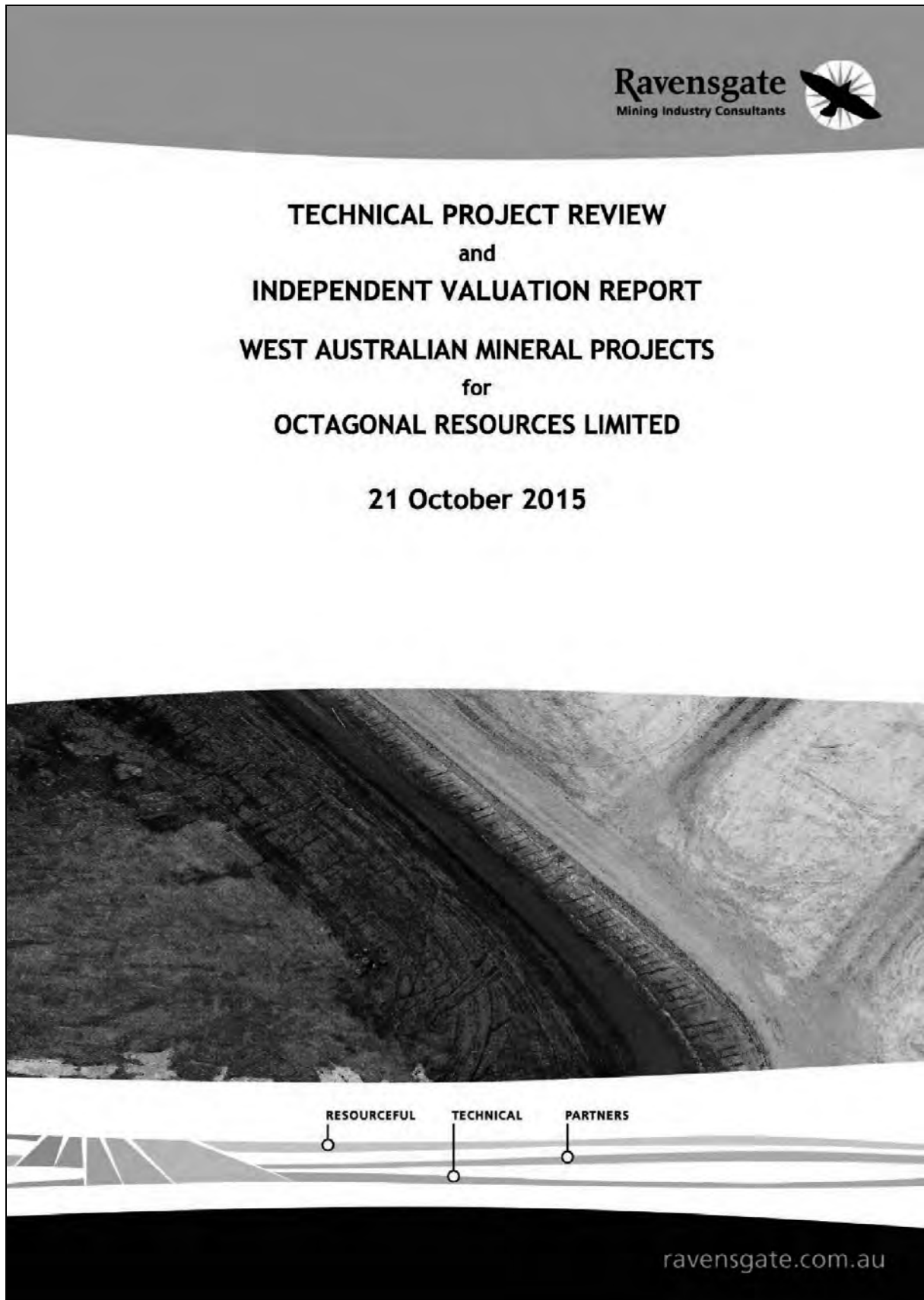
Publicly available information

- audited annual reports of Octagonal and A1 Gold for years ending 30 June 2014 and 30 June 2015
- reviewed interim report of Octagonal and A1 Gold for half-year ending 31 December 2014
- various Octagonal and A1 Gold ASX announcements
- A1 Gold independent expert's report dated 11 May 2015, including the attached technical specialist report
- A1 Gold's notice of meeting and explanatory statement, including independent expert's report dated 11 May 2015 for the acquisition of Maldon Gold Operation from Octagonal. This document also included the technical independent valuations of A1 Gold's exploration assets and the Maldon Gold Operation's mill
- various public disclosure documents lodged by Octagonal and A1 Gold with the ASX
- Octagonal and A1 Gold websites
- financial information from Capital IQ
- IBISWorld Gold Ore Mining in Australia Industry Report July 2015
- Reserve Bank of Australia website.

Non-public information

- Ravensgate valuation report dated 21 October 2015 (attached to this Report)
- Internal management accounts of Octagonal dated 30 September 2015
- various documents relating to the Gandel Metals Loan
- discussions with Octagonal management and directors
- Scheme Booklet and Notices of Meetings prepared by the directors of Octagonal for the scheme meeting, general meeting and Non-Gandel meeting.

Appendix C – Ravensgate report



**TECHNICAL PROJECT REVIEW
and
INDEPENDENT TECHNICAL VALUATION**

Prepared by RAVENSGATE on behalf of:

Octagonal Resources Limited

Author(s):	Sam Ulrich	Principal Consultant	BSc (Hons) Geology, MAusIMM, MAIG GDipAppFin, FFin
	Alan Hawkins	Principal Consultant	BSc (Hons) Geology, MSc (Ore Deposit Geology), MAIG RPGeo, FSEG
Reviewer:	Neal Leggo	Principal Consultant	BSc (Hons) Geology, MAIG, MSEG
Date:	21 October 2015		
Copies:	Octagonal Resources Limited (2) Ravensgate (1)		

Project No. OCT001
File Name: Oct001_Val_21_Oct_2015_Final



Sam Ulrich
For and on behalf of:
RAVENSGATE



Alan Hawkins
For and on behalf of:
RAVENSGATE

This report has been commissioned from and prepared by Ravensgate for the exclusive use of Octagonal Resources Limited.

Each statement or opinion in this report is provided in response to a specific request Octagonal Resources Limited to provide that statement or opinion. Each such statement or opinion is made by Ravensgate in good faith and in the belief that it is not false or misleading.

Each statement or opinion contained within this report is based on information and data supplied by Octagonal Resources Limited to Ravensgate, or otherwise obtained from public searches conducted by Ravensgate for the purposes of this report.



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1. EXECUTIVE SUMMARY

Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by Octagonal Resources Limited (Octagonal) to provide a Technical Project Review on Octagonal’s West Australian Mineral Assets and an Independent Technical Valuation over these licences. This Technical Project Review and Independent Valuation Report were prepared by Ravensgate for inclusion in the Independent Experts Report (IER) prepared by PPB Advisory. The effective date of this Technical Project Review and Independent Valuation Report prepared by Ravensgate is the 21 October 2015. Octagonal’s West Australian mineral assets consist of four exploration licences, collectively referred to as the Hogan’s Project.

<u>Mineral Asset</u>	<u>Octagonal’s Ownership %</u>
Hogan’s Project	100%

Octagonal’s exploration licences are located in the Eastern Goldfields of Western Australia. Tenement licence details have been compiled for detailed review and are appended at the end of this report. Further exploration work remains to be carried out in order to help improve geological understanding, to generate exploration targets, to investigate exploration targets, to estimate mineral resources and to undertake economic studies (where defined and as further work progresses) within the licence areas. Ravensgate’s considered opinion is that the projects are of merit and worthy of further exploration.

Ravensgate did not carry out a site visit to the project area. Mr Alan Hawkins of Ravensgate has visited the Hogan’s Project area numerous times between 2009 and 2010, whilst working as project manager for Newmont Asia Pacific. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through an additional site visit to the project area at this stage. Ravensgate has concluded that the Hogan’s Project is of technical merit and worthy of conducting further review and exploration.

The valuation presented in this report was completed on behalf of Octagonal. The valuation has been completed with information provided by, and with the full support of Octagonal. The applicable valuation date is 21 October 2015 and is derived from using the Comparable Transactions valuation method. As the technical valuations of Octagonal are based on comparable market transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

The Hogan’s Project is located within the Eastern Goldfields Province of Western Australia. The project is situated 70km southeast of the 70Moz Au Kalgoorlie Super Pit and east of the 13Moz Au St Ives Goldfield. Once the subject of small scale historical mining, the area has recently established itself as an emerging gold producing district, being positioned immediately south of the +0.8Moz Au Daisy Milano Mine and +0.4Moz Au Salt Creek Mine owned by Silver Lake Resources. The project consists of four exploration licences that overlie a prospective but relatively 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 and Octagonal is systematically exploring the potential of the area to host a major gold, copper-gold, or nickel sulphide deposit. At present the project overlies four exploration target areas at various stages of exploration; Burns copper-gold prospect, Quimby gold prospect, Lisa’s Dune nickel sulphide prospect, and Yalca Hill nickel sulphide prospect.

The Hogan’s Project can be classified as an Exploration Area Mineral Asset. A mineral resource and/or exploration target as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2012 Edition) has not been defined for the Hogan’s Project.



To derive appropriate values for the tenure within the Hogan’s project Ravensgate reviewed the exploration data and prospectivity for the tenements. The preferred value thus determined for each tenement was based upon a review of the prospectivity of each tenement and the number of exploration targets on each tenement as described in Section 3.5.

Ravensgate has concluded that Octagonal’s Hogan’s project is of merit and worthy of further exploration. A summary of Octagonal’s Hogan’s Project valuation in respective ownership percentage terms is provided in Table 1. The applicable valuation date is 21 October 2015 and is derived from using the Comparable Transactions valuation method. The value of Octagonal’s Hogan’s Project is considered to lie in a range from \$0.165M to \$0.464M, within this range Ravensgate has selected a preferred value of \$0.314, which is approximately the middle of the range.

Table 1 Octagonal’s Hogan’s Project Technical Valuation in Equity Ownership Percentage Terms

Project	Mineral Asset	Equity %	Area km ²	Valuation		
				Low \$M	Preferred \$M	High \$M
Hogan’s Project	Exploration Area	100	129.2	0.165	0.314	0.464

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.



2. INTRODUCTION

The objectives of this report are to firstly provide a Technical Project Review of the Hogan’s Project in which Octagonal has a 100% equity interest and secondly to provide an independent valuation and technical assessment of the project prepared in accordance with the guidelines of the VALMIN Code. This work has been commissioned by Octagonal for inclusion in an IER prepared by PPB Advisory.

This report does not provide a valuation of Octagonal as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any two companies. The conclusions expressed in this Technical Project Review and Independent Technical Valuation are valid as at the Valuation Date (21 October 2015). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

2.1 Terms of Reference

Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by Octagonal to provide an Independent Technical Project Review on Octagonal’s Hogan’s Project and an Independent Technical Valuation over the project.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the date of this report.

2.2 Tenement Status Verification

Ravensgate has not independently verified the status of the tenements that are referred to in this report as set out in the Tenement Schedule in Table 2 of this report, which is a matter for independent legal experts. Octagonal commissioned an independent review of Octagonal’s exploration licence status. Tenement specialists Anderson’s Tenement Management (Anderson’s) supplied Ravensgate with the required information.

Ravensgate is satisfied based on Anderson’s review that the tenements are in good standing and the values assigned to the tenements correctly reflect Octagonal’s ownership.

2.3 Site Investigation

Ravensgate did not carry out a site visit to the project area however Mr Alan Hawkins of Ravensgate has visited the Hogan’s Project area numerous times between 2009 and 2010, whilst working as project manager for Newmont Asia Pacific. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through an additional site visit to the project area at this stage. Ravensgate has concluded that the Hogan’s Project is of technical merit and worthy of conducting further review and exploration.

2.4 Qualifications, Experience and Independence

Ravensgate has been consulting to the mining industry since 1997 with its services that include valuations, independent technical reporting, exploration management and resource estimation. Our capabilities include reporting for all the major securities exchanges and encompass a diverse variety of commodity types.

Author: Sam Ulrich, Principal Consultant, BSc (Hons) Geology, GDipAppFin, MAusIMM, MAIG, FFin.

Sam Ulrich is a geologist with over 19 years’ experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has



worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd, a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia 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'. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Co-Author: Alan Hawkins, Principal Consultant, BSc (Hons) Geology, MSc (Ore Deposit Geology), MAIG RPGeo, FSEG

Alan Hawkins is a geologist with over 19 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia and Indonesia, primarily in gold and copper. Prior to joining Ravensgate, Alan worked for Newmont Mining Corporation as a Principal Geologist in their exploration, corporate and business development divisions, providing technical support, due diligence and rapid first-filter geological and economic analysis to M&A teams in the Asia Pacific region as well as US and African EBD teams. This role also included project and non-core asset divestments including commercial negotiations with junior exploration companies, stakeholders and land & legal teams.

Previous to this, Alan held various principal and senior regional exploration management roles in WA and NT. In the 1990's Alan worked as a near mine exploration geologist for Eagle Mining Corporation NL, Great Central Mines Ltd and Normandy Mining Ltd at the Jundee-Nimary Gold Mine and was part of the team that discovered the +2Moz gold Westside deposit, where he also worked as a resource modelling geologist before joining Newmont's regional exploration team. Alan holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101 and is a Registered Professional Geoscientist in the field of Mineral Exploration with the Australian Institute of Geoscientists.

Peer Reviewer: Neal Leggo, Principal Consultant, BSc (Hons) Geology, MAIG, MSEG

Neal Leggo has over 28 years' experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities including gold, copper, iron ore, silver, lead and zinc, uranium and manganese across numerous geological terrains within the Asia-Pacific region.

Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of WA. Previous to this Neal was Exploration Manager at Crescent Gold where he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments including scoping, prefeasibility and review studies, geological audit and due diligence. At BHP he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines.

Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal completed an Honours degree in Geology at the University of Queensland in 1980 and holds the relevant qualifications, experience and professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.



2.5 Disclaimer

Mr Alan Hawkins was project manager for Newmont Asia Pacific (Newmont) at the Hogan’s Project between 2009 and 2010 and was involved in the sale and purchase agreement of the project from Newmont to Octagonal in 2010. Ravensgate have had no prior association with Octagonal in regard to the mineral assets and have no interest in the outcome of this technical assessment.

Ravensgate is independent of Octagonal, its directors, senior management and advisors and has no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are in the order of \$15,000 to \$17,000.

The relationship with Octagonal is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of Octagonal or any group, holding or associated companies of Octagonal.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate’s independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert’s ability to present an unbiased opinion within this report.

This report has been compiled based on information available up to and including the date of this report. The statements and opinions are based on the reference date of 21 October 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

2.6 Consent

Ravensgate consents to this report being distributed, in full, in the form and context in which the technical assessment is provided, for the purpose for which this report was commissioned. Ravensgate provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report.

2.7 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Octagonal and their partners or consultants, publicly available information such as ASX releases, government reports and discussions with Octagonal’s technical and corporate management personnel. With the consent of Octagonal, other general report contents describing the regional geology, historical exploration and current exploration have been reproduced verbatim from a number of Octagonal internal and publicly available reports. A listing of the principal sources of information is included in the references attached to this report.

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Octagonal prior to finalisation by Ravensgate, requesting that Octagonal identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

2.8 Competent Persons Statement

The information in this report to which this statement is attached relating to Exploration Results (Section 3.5) is based on information compiled by Mr Anthony Gray, who is a Member of the Australian Institute of Geoscientists (AIG) and who has more than five years’ experience in the field of activity being reported on and is the Managing Director of

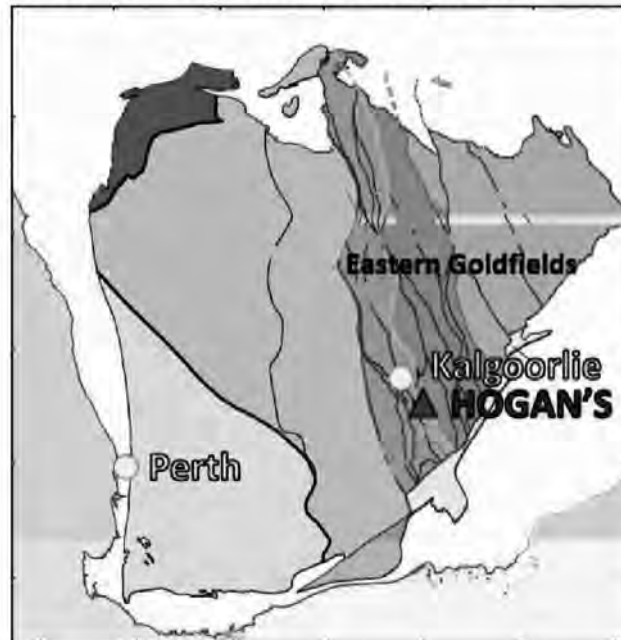


Octagonal. Mr Gray has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code 2012 Edition). 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. The JORC Code (2012 Edition) ‘Table 1’ for the Burns Prospect Exploration results can be found in Octagonal’s ASX release dated 29 August 2014.

2.9 Background Information

The project discussed in this report is located in the Eastern Goldfields of Western Australia. A locality map of the project is presented in Figure 1 below. A summary of the tenement details is listed in Table 2 in Section 3.2. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that the project tenements are held in good standing. A brief overview of the projects is outlined in Section 3. The Independent Valuation of the tenements is outlined in Section 4.

Figure 1 Location of Octagonal’s Hogan’s Project



3. HOGAN’S PROJECT, WESTERN AUSTRALIA

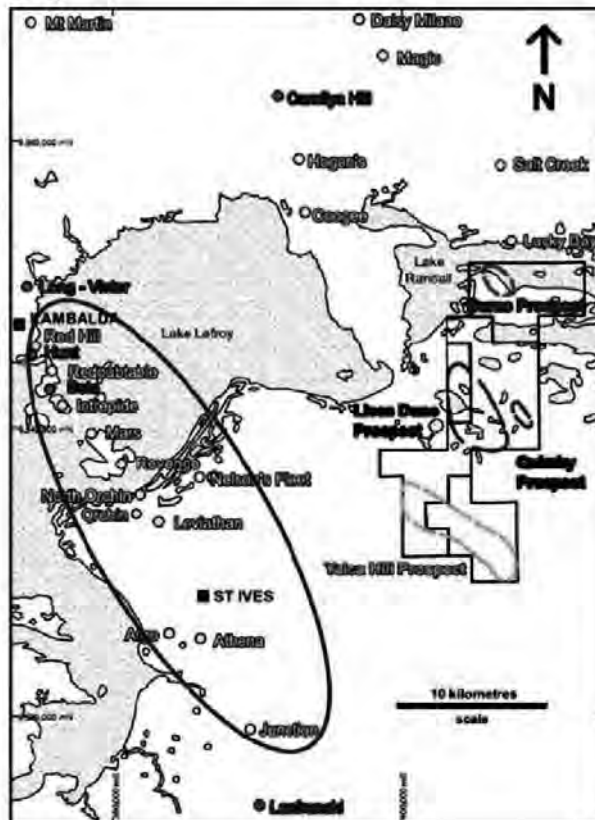
3.1 Introduction

The Hogan’s Project is located within the Eastern Goldfields Province of Western Australia. The project is situated 70km southeast of the 70Moz Au Kalgoorlie Super Pit and east of the 13Moz Au St Ives Goldfield. Once the subject of small scale historical mining, the area has recently established itself as an emerging gold producing district, being positioned immediately south of the +0.8Moz Au Daisy Milano Mine and +0.4Moz Au Salt Creek Mine owned by Silver Lake Resources. The project consists of four exploration licences that overlie a prospective but relatively underexplored area of greenstone (Figure 1).

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

Most of the Hogan’s Project area is overlain by shallow transported cover and Octagonal is systematically exploring the potential of the area to host a major gold, copper-gold, or nickel sulphide deposit. At present the project overlies four exploration target areas at various stages of exploration; Burns copper-gold prospect, Quimby gold prospect, Lisa’s Dune nickel sulphide prospect, and Yalca Hill nickel sulphide prospect.

Figure 2 Hogan’s Project Location Showing Tenement Outlines, Prospect Locations and Significant Gold and Nickel Deposits in the Region (after Octagonal Resources Ltd, 2015)



3.1.1 Project Location

The Hogan’s Project is located 70km southeast of Kalgoorlie in Western Australia (Figure 1). The Project covers approximately 126km² and is centred 25km south-southeast of Mt Monger Station (Figure 3). The Project lies near the northern edge of the Widdiemooltha (SG 51-14) 1:250,000 map sheet and cuts across the Lake Lefroy (3235) and Mount Belches (3335) 1:100,000 map sheets.

3.1.2 Access

The Hogan’s Project partially overlies both Madoonia Downs and Mt Monger Station and is accessible from Kalgoorlie by travelling southeast along the Mt Monger Road to Mt Monger Station and then southwest along the Carnilya Hill Road and southeast on station tracks. Access within the tenements is rather limited in areas and is restricted to station tracks of varying quality, exploration tracks and grid lines - some constructed in the 1960’s. The numerous salt lakes (Figure 3) restrict access even further during the wet season.

3.1.3 Supporting Infrastructure

Although the Hogan’s Project is a greenfields exploration project, given the proximity to Kalgoorlie, the history of gold mining in the Mt Monger field and recent new discoveries and developments, a moderate amount of infrastructure exists in the area. Telstra mobile phone coverage is also available over most of the project area.

The Mount Monger Homestead is located 60km east of Kalgoorlie and is accessed via the Mt Monger Road. The property is owned by Brendan and Janie Jones who operate the Saltbush Pastoral Company. The homestead offers accommodation and meals, earthmoving equipment for drill site clearing and subsequent rehabilitation and water supply and delivery for diamond drill programs.

3.1.4 Geopolitical Environment

Australia is a politically stable, liberal democracy. According to Control Risks Group Limited on the SNL Metals and Mining website, Political risk, Security risk and Terrorism risk ratings are all categorised as low risk, with Operational risk rating categorised as insignificant risk.

3.2 Ownership and Tenure

3.2.1 Project Ownership and Relevant Interests

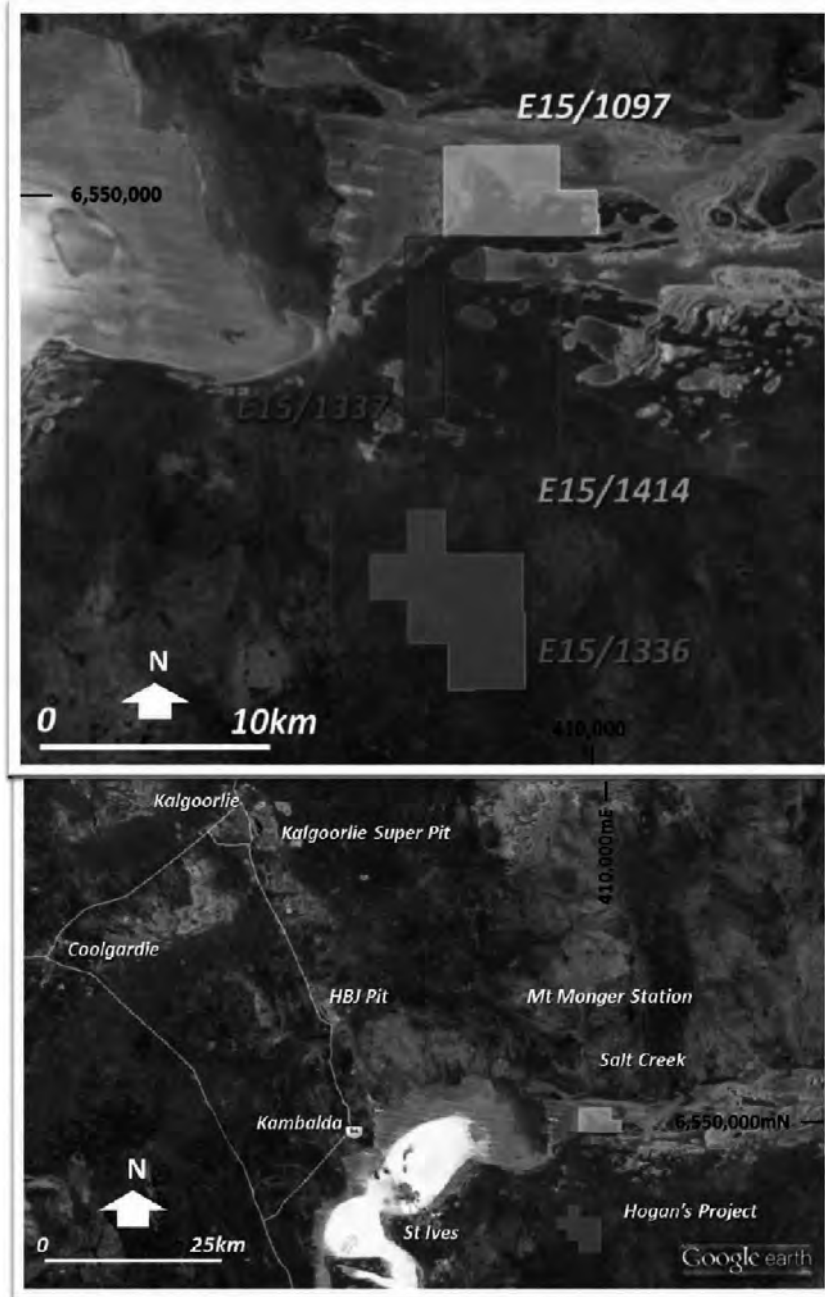
The four tenements of the Hogan’s Project are all held by Octagonal through a wholly owned subsidiary company Octagonal Resources (WA) Pty Ltd, the details of which are listed in Table 2 and a map of the tenements are shown in Figure 3. All tenements are grouped in the St Ives East Combined Reporting Group C156/2012.

Table 2 Hogan’s Project Tenement Details

Exploration Licence	Area (km ²)	Grant Date	Expiry Date	Owner and Equity
E15/1097	20.6	13/05/2009	12/05/2019	100% Octagonal Resources (WA) Pty Ltd
E15/1336	29.3	14/02/2013	13/02/2018	100% Octagonal Resources (WA) Pty Ltd
E15/1337	8.8	14/02/2013	13/02/2018	100% Octagonal Resources (WA) Pty Ltd
E15/1414	70.5	19/09/2014	18/09/2019	100% Octagonal Resources (WA) Pty Ltd



Figure 3 Hogan’s Project: Tenement Location Plan



3.2.2 Agreements

A search of the Native Title Register shows that the project is subject to the following native title claims as shown in Table 3.

Table 3 *List of Native Title Claimants*

Claimant	NNTT Claim No.	Federal Court No.	Status
Ngadju	WC99/002	WAD6020/98	Determined

Aboriginal Heritage Agreements are in place for all of the tenements and have been cited by the authors in the preparation of this report, with no impediments to further exploration.

Octagonal gained 100% ownership of the Hogan’s Project tenements in November 2012 (see ASX announcement dated 16 November 2012).

3.2.3 Royalties and Taxes

There are no royalties applicable to the tenements of the Hogan’s Project.

3.3 History

3.3.1 Ownership History

The ownership history is detailed in Table 4 in Section 3.3.2 below.

3.3.2 Exploration History

Following major gold discoveries at Kalgoorlie in 1893, local prospectors found gold near Mount Monger in 1896. The main production period dates from 1916 when several mines were developed close to the Mount Monger homestead. These include the Caledonian, Daisy, Big Bull, Leslie, Pauline, Milano, Haoma and Maranoa gold mines. During this period records show that the average production grade for all of these mines was in excess of one ounce per tonne.

The lack of water, the high costs of cartage to the treatment plants in Kalgoorlie, the high costs of mining narrow stopes with hand held machines, the poor availability of labour at mine sites remote from Kalgoorlie (particularly during the war years) and low gold prices made mining at Mount Monger a difficult proposition. The fragmented nature of the lease holding also provided a constraint to mining. In some cases mine development had to cease as the plunge of the ore body was carrying the ore zones into the lease boundaries of the neighboring tenements that were owned by other prospectors.

From 1955 to the 1960’s, the Mount Monger field continued to be mined on a small scale by private and small public consortiums for the next 50 years with mine development and exploration activities driven by the gold price. The field consisted of numerous prospectors and small companies each with their own piece of real estate to make a living from. The field grew and eventually consisted of 25 mine workings located on the Mount Monger tenements. All of these mining areas have been exploited by either small scale underground mining or shallow open pit. Most of this mining does not extend to depths of greater than 50m below the surface and very little exploration has previously been completed below and along strike of these areas. During this period the Mount Monger field remained unconsolidated with numerous players operating along the tenements.

Modern exploration of the area is detailed in Table 4 below.



Table 4 Hogan’s Project Area: Exploration History

Date	Company	Findings
1966 - 1973	BHP Exploration Ltd / INCO (Mt Monger Project JV)	The main objective of the Mt Monger Project JV was discovery of nickel sulphide deposits and BHP drilled several diamond drill holes into magnetic highs. BHP has been credited with the successful discovery of the Carnilya Hill nickel-copper mineralisation. Due to extensive superficial cover, little relevant exploration was done within the area covered by the current Hogan’s Project exploration licences.
1985 - 1989	CRA Exploration Pty Ltd	Between 1985 and 1989 CRA Exploration Pty Ltd conducted exploration for gold on their tenement E26/6 which covered a large portion to the northwest of the current Hogan’s tenements. Their work comprised: An airborne magnetic / radiometric survey at 80m height on 300m flight lines, Geological mapping by J.A.Hallberg, soil sampling, auger and RAB drilling. The RAB drilling returned only few moderately anomalous values with a peak value of 104ppb Au.
1991 - 1994	Sovereign Resources	Sovereign Resources’ Lefroy Project was also located to the northwest of the current Hogan’s tenements. Work comprised: airborne magnetics and Landsat TM interpretations, 40 rock chip samples, petrography, SEM and three RAB programs for 3,764m.
1996 - 2001	Kanowna Consolidated Gold Mines NL / St. Ives Gold Mining Company Pty Ltd (St Alvano JV)	In 1996, Kanowna Consolidated Gold Mines NL (KCGM) formed their St Alvano Project; these old Exploration Licences covered the northern half of the current Hogan’s Project area. In December 1996, the St. Alvano Joint Venture (SAJV) was formed between WMC Resources Limited (WMC), its subsidiary St. Ives Gold Mining Company Pty Ltd and KCGM. The SAJV at times comprised tenements covering an area of more than 800km ² as tenements beside those belonging to KCGM were added to the project area. WMC identified eleven gold and nickel targets prior to the takeover of the St. Ives Gold Mining Company Pty Ltd by Goldfields Australia Pty Ltd (Goldfields) in January 2001. Goldfields continued operating the SAJV until the Joint Venture was terminated on 1st December 2001. During that period they continued the exploration of nine of the gold targets previously identified and investigated by WMC: SA7, SA10, SA11, SA13, SA20, SA22, Flanders, Homers Inlet and Neon (Deutschman, 2002). Lisa’s Dune was identified at this time as an ultramafic, lying 14km to the southeast of Mt Hogan, interpreted as rimming a doubly-plunging fold of about 13km in length. WMC identified substantial ortho- and mesocumulates and formed a high priority exploration target for nickel sulphides. SA11. Drilling (60 aircore holes) of an aeromagnetic anomaly intersected extremely anomalous gold geochemistry possibly associated with north-northwest trending structures, however the better results (SAL1089, 2m @ 5g/t Au, 94 - 96m BOH) were marginally to the south of the current E15/1097. Exploration targeted secondary gold dispersion within the weathered Archaean profile. Mineralisation was interpreted to be associated with magnetite enrichment within an interpreted dilational site near the southern edge of a small granitoid intrusion. However, mineralisation at the contact between felsic and mafic sequences within the north-northwest trending structures (which also cut the granite intrusion) may have been a result of the rheological contrast rather than structural dilation. Follow-up infill drilling was recommended and pegged, but never carried out.
2005 - 2007	Gladiator Resources Ltd	A total of 1,797 soil samples were collected from three east-west and one north-south soil grids over targets in E15/774 (over the



		<p>central area of the current E15/1414), E26/107 and E26/108 (both to the northwest of the current tenements). Two Mobile Metal Ion (MMI) soil sampling programs were completed, one each on E15/774 and E26/107. The MMI soil sampling program on E15/774 covered the WMC SA11 prospect. 293 samples were collected. The area is covered by windblown Quaternary Sands and no anomalous gold assays over 3ppb were returned. The MMI soil sampling program on E15/107 covered an area of sub-cropping and outcropping gabbros, dolerites and ultramafics. 202 samples were collected. The soil lines extended to the east as far as the salt lake. No samples were collected from the salt lake.</p> <p>A total of 735 screened soil samples were collected from the eastern edge of E15/774. The program was designed to test a linear aeromagnetic feature that is apparently displaced by a fault.</p> <p>Earthscan Pty Ltd was contracted to produce a Structural and Mineral Alteration Report over the project area using multi-client data from Fugro Airborne Services.</p>
<p>2008 - 2009</p>	<p>Newmont Exploration Pty Ltd (Hogan's JV)</p>	<p>Newmont, in alliance with Sipa Resources, entered into a JV with Gladiator and three other (private) companies (Velvet Strike, West River and Gold Attire) to put together the package of land covering the potential southern extension of the Mt Monger Fault, specifically the Salt Creek / Lucky Bay trend. Independence Group NL had the nickel rights to the tenements owned by Gladiator, with all parties operating under a Deed of Cooperation.</p> <p>A ground gravity survey was completed over the project area in April 2009, with aircore drilling for a total of 5,290m carried out between June and July 2009. The drilling was focused over four main targets:</p> <p>Salt Creek / Lucky Bay corridor / gravity break, immediately south of the salt lake at the northern end of E15/1097 (named Smithers Prospect). Drilling was on 640m spaced lines with 80m hole spacing across the gravity break and 160m hole spacing away from the gravity break.</p> <p>Two regional lines crossing perpendicular to the gravity break, south of Smithers, across E15/774 & E15/1030 (to the immediate east of the current E15/1414) named Bleeding Gums Prospect.</p> <p>Two lines across the interpreted granitoid pluton and surrounding high-magnetic halo (E15/1097, named Burns Prospect). Holes were drilled at 320m spacing, with lines spaced 1,200m apart. This prospect includes the historic diamond hole (BHPLR2) drilled by BHP in 1985.</p> <p>Infill drilling within Goldfield's St Alvano JV SA11 prospect, centred around hole SAL1089 (2m @ 5g/t Au BOH). Eleven holes were drilled for a final drill spacing of 80m×160m. The prospect was re-named the Springfield Prospect and is located at the border of E15/1097 & E15/774 (current northern area of E15/1414).</p> <p>Of the 118 holes drilled, only three failed to penetrate the Tertiary cover sequences. An RC hole was attempted at the Springfield prospect, which was planned to twin the historic Goldfields hole (SAL1089, 2m @ 5g/t Au, 94 - 96m BOH), but was ineffective due to excessive groundwater. A single diamond core hole was drilled, which concluded that the BOH anomaly in SAL1089 was transported gold in quartz that had washed downhole from the palaeochannel interface with the remainder of the hole being massive diorite.</p> <p>A divestment process for the Newmont's earn-in equity of the Hogan's Project was carried out by Newmont in mid-2010 with Octagonal being the successful purchasers in November 2010, including the project in their IPO to list on the ASX in early 2011.</p>



3.3.3 Previous Mineral Resource Estimates

No previous Mineral Resources or Ore Reserves as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 and 2012 Edition) have been reported over the current tenements of the Hogan’s Project.

3.3.4 Previous Production

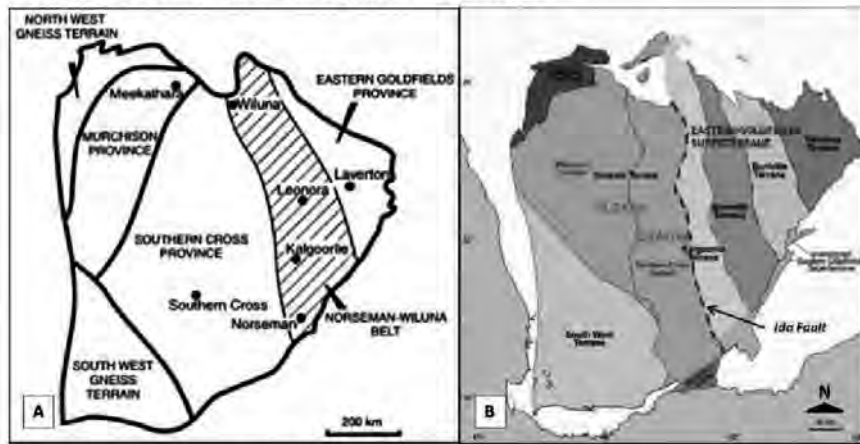
Other than small scale prospecting, several old gold workings are known to occur within the Hogan’s Project area, but no production has been recorded.

3.4 Geological Setting

The project is located in the Paleo- to Neoproterozoic Yilgarn Craton (Block) of Western Australia Figure 4 - a highly mineralised granite-greenstone terrane with world-class deposits of gold and nickel, and significant iron and volcanic hosted massive sulphide (VHMS) base-metal deposits (Wyche *et al.*, 2012). The earliest widely used subdivision of the Yilgarn Craton (Gee *et al.*, 1981) contained four components - the Eastern Goldfields (containing the Norseman – Wiluna Belt), Southern Cross and Murchison Provinces; and the Western Gneiss Terrane (subdivided into Northwest and Southwest). According to Wyche (2007), the relationships between these regions were enigmatic, with the boundaries not strictly based on observed geological features (Figure 4 A).

Cassidy *et al.*, (2006) divided the Yilgarn Craton into terranes defined on the basis of distinct sedimentary and magmatic associations, geochemistry and ages of volcanism. The Narryer (formerly the Northwest Gneiss) and South West terranes in the west are dominated by granite and granitic gneiss with minor supracrustal greenstone inliers, whereas the Youanmi Terrane and the Eastern Goldfields Superterrane contain substantial greenstone belts separated by granite and granitic gneiss (Wyche *et al.*, 2012). Subsequent revision has further subdivided the Eastern Goldfields Superterrane into the Kalgoorlie, Kurnalpi, Burtville and Yamarna terranes (Figure 4 B; Pawley *et al.*, 2012).

Figure 4 Evolving Understanding of the Yilgarn Craton



(Modified from (A) Gee *et al.*, 1981 and (B) Pawley *et al.*, 2012)

The Ida Fault (Figure 4 B), which marks the boundary between the western Yilgarn Craton and the Eastern Goldfields Superterrane, is a major structure that extends to the base of the crust (Drummond *et al.*, 2000). Greenstone stratigraphies in the western Yilgarn differ from those in the Eastern Goldfields Superterrane in such things as the relative abundance of lithologies (especially komatiite and banded iron-formation) suggesting a substantially different depositional regime. According to Wyche (2007), the greenstones in much of the western Yilgarn are typically older than those in the Eastern Goldfields Superterrane. The major mafic



dominated successions in the western Yilgarn, date back to 3.0 Ga (e.g. Pidgeon and Wilde, 1990; Geological Survey of Western Australia (GSWA), 2007), whereas the mafic and felsic successions of the Eastern Goldfields Superterrane were largely deposited after 2.8 Ga (e.g. Barley *et al.*, 2003; GSWA, 2007).

Subsequent regional mapping, geochronology, geochemistry and isotope data suggest that, in the western Yilgarn Craton, the Southern Cross and Murchison *Provinces* of Gee *et al.*, (1981) do not represent allochthonous terranes that have come together during an accretionary event. Wyche (2007) describes a likely formation as part of the 3.0 – 2.7 Ga proto-Yilgarn Craton, to which the elements of the Eastern Goldfields Superterrane accreted after 2.7 Ga. As they are no longer considered to be provinces in the strict sense (Cassidy *et al.*, 2006), they are now called the Murchison and Southern Cross domains within the Youanmi Terrane (Figure 4 B).

Over the past ~20 years, the acquisition of large datasets and major advances in the understanding of the geological evolution of the Yilgarn Craton at all scales have encouraged the application of the holistic mineral systems approach to mineral exploration as a tool for developing targeting criteria, particularly for nickel and gold (McCuaig *et al.*, 2010).

3.4.1 Regional Geology and Mineralisation

The Hogan’s Project is located near the northern edge of the Widgiemooltha (SG 51-14) 1:250,000 map sheet (Griffin and Hickman, 1988b) and cuts across the Lake Lefroy (3235) 1:100,000 map sheet (Griffin and Hickman, 1988a) and Mount Belches (3335) 1:100,000 map sheet (Painter, 2000). The geology of the Widgiemooltha 1:250,000 scale map sheet is described by Griffin (1989), whereas the geology of the Mount Belches 1:100,000 scale map sheet is described by Painter and Groenewald (2001).

The Hogan’s Project is located 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.

To the west of the north-northeast trending Randalls Fault and the northwest trending Mount Monger Fault lies a sequence of greenstones belonging to the Parker Domain of the Kalgoorlie Terrane. This sequence is up to 7,000m thick and was deposited ~2,700Ma ago. It is largely composed of mafic and ultramafic komatiitic lavas overlain by high-magnesian and tholeiitic basalts. Thin shales and chert beds are common throughout the sequence. Overlying the dominantly mafic sequence are felsic volcanic rocks comprising lavas, tuffs and agglomerates with associated extrusive and intrusive felsic porphyries. Metasedimentary rocks of felsic composition overlie the dominantly volcanic sequence and are in turn capped by metamorphosed pebbly sandstones.

To the north and northeast of the Mount Monger Fault is a similar sequence to that of the Parker Domain although metamorphism has been less intense. These rocks belong to the Boorara Domain of the Kalgoorlie Terrane and occur on the northern edge of the project area.

East of the Randalls and Mt Monger faults is the Bulong Domain of the Kurnalpi Terrane. In the Hogan’s area these rocks are overlain by younger (less than 2,666Ma) sedimentary units of the Mount Belches Basin. This growth fault-bounded extensional basin is filled with turbiditic sedimentary units that mainly comprise graded polymictic conglomerates and wackes with siltstones and mudstones. Near the top of the sequence several banded chert-magnetite iron formations occur, the uppermost of which is known as the Santa Claus Member.

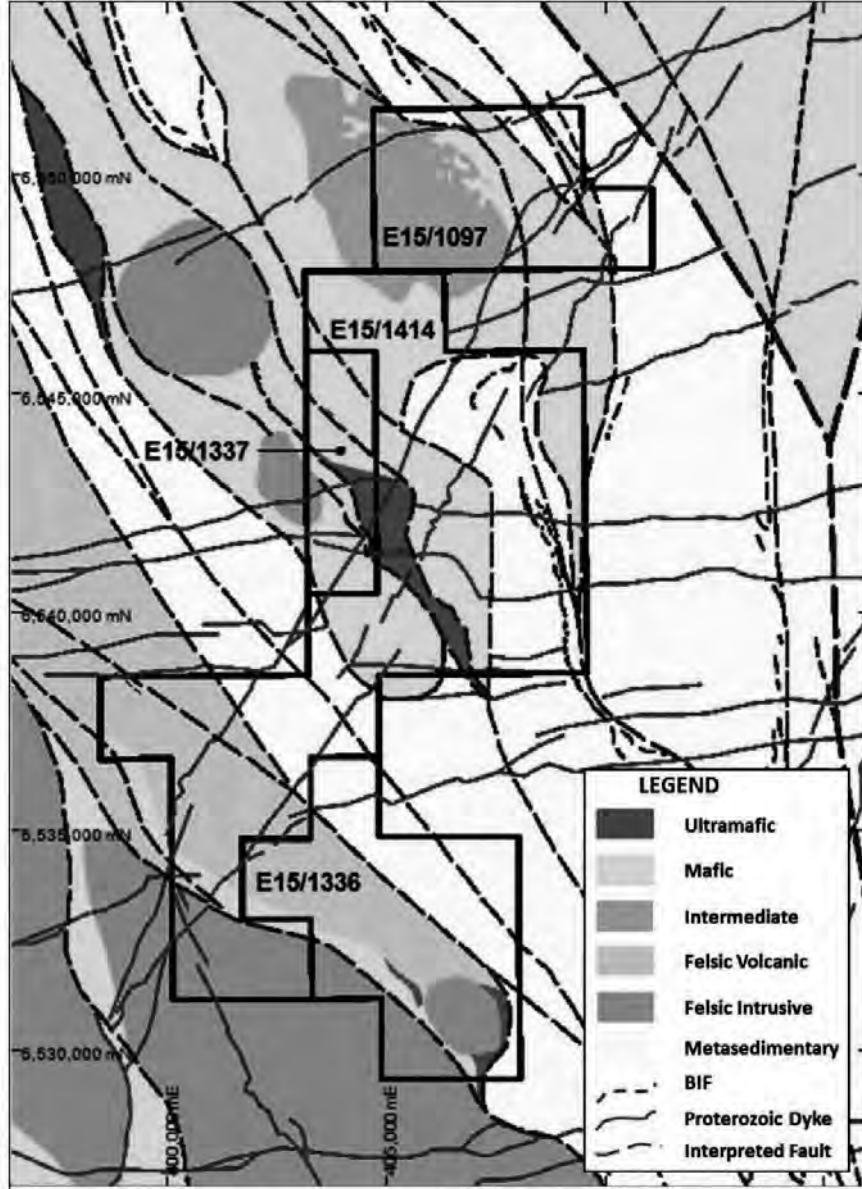
Subsequently, the basin underwent a period of major compression accompanied by complex folding and dome development with associated granite intrusion to form the Randall Dome. Significant gold mineralisation occurs associated with the Santa Claus Member at the Randalls Mining Centre.

3.4.2 Project Geology

An interpretive geology plan of the Hogan’s Project is presented in Figure 5.



Figure 5 Interpretive Geology Plan of the Hogan’s Project (after Octagonal Resources, 2015)



3.4.2.1 Burns Prospect

The Burns Prospect is characterised by a discrete granitic 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

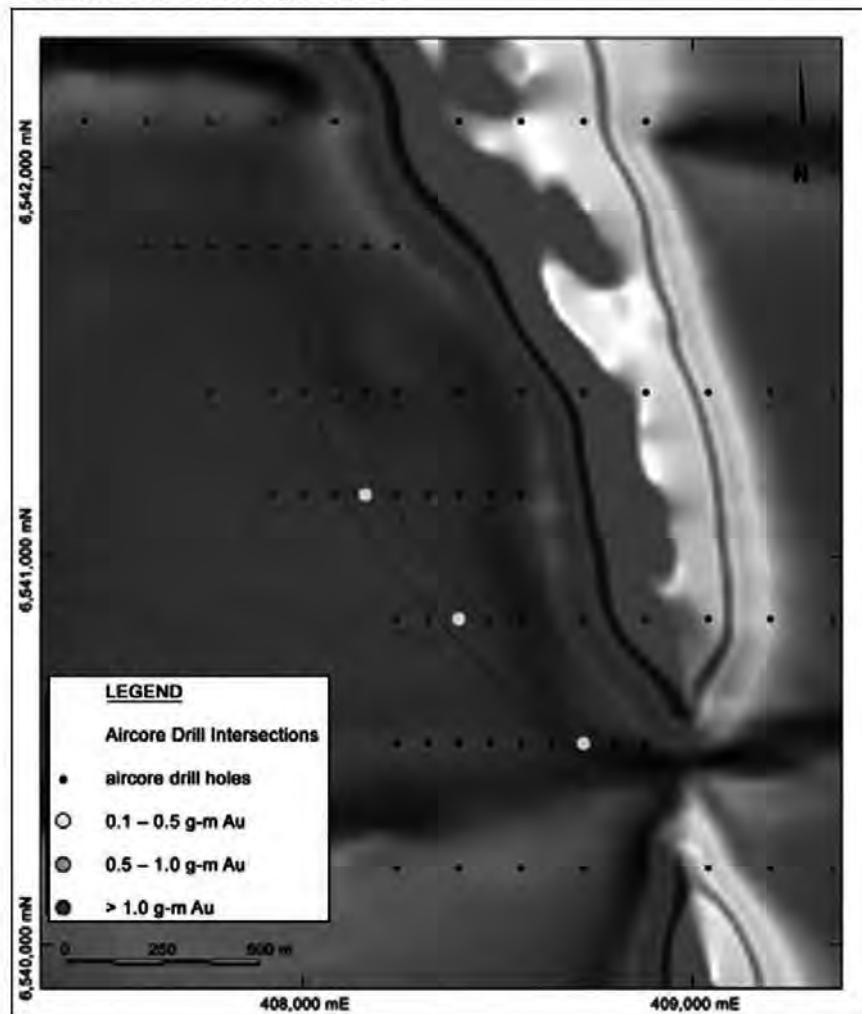


of dilational jogs associated with northwest trending structures, and localised lithological and structural complexity that forms favourable sites for the deposition of gold. Evidence of intense fluid flow is further supported by a high-magnetic alteration halo that surrounds the granite.

3.4.2.2 Quimby Prospect

The Quimby Prospect is an orogenic gold-only exploration target that is defined by 80m by 320m spaced vertical regional aircore drilling. The prospect is hosted within metasedimentary rocks adjacent to the west of a highly-magnetic banded iron formation (BIF) unit and consists of a 1.5km long northwest trending >0.1g/t Au in regolith anomaly (Figure 6).

Figure 6 Quimby Prospect: Drill hole Location Plan with Significant Gold in Regolith Assay Results on an Aeromagnetic Image



3.4.2.3 Lisa’s Dune Prospect

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. RC drilling intersected the presence of favourable host rocks for nickel sulphide mineralisation, with ortho- to mesocumulate ultramafic rocks containing sulphides interstitial to olivine. The ultramafics are enclosed by high MgO mafic volcanic rocks on both sides. Stratigraphic facings could not be identified and contacts between the mafic and ultramafic rocks were moderately to strongly deformed.

3.4.2.4 Yalca Hill Prospect

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 favourable host rocks for Kambalda-style nickel sulphide deposits.

3.4.3 Controls on Mineralisation

3.4.3.1 Burns Prospect

The mineralisation style is thought to be unique in the Eastern Goldfields of Western Australia as it is not associated with significant quartz veining or shearing, it is carbonate-poor, it is associated with magnetite-biotite alteration, and it is not associated with any typical pathfinder elements for Archaean greenstone hosted orogenic lode-gold deposits. In May 2011, Octagonal discovered significant gold and copper anomalies in regolith (weathered Archaean rock) at the Burns Prospect, with aircore drilling used to define a 1km² area of anomalous gold and a 2km long copper anomaly using a 40m by 160m spaced grid (Figure 7). The gold anomaly is unconstrained by drilling where it trends beneath salt lake cover to the north and east.

Analysis of the Burns drill samples with a Niton XLt 500 Series Portable XRF Analyser (Niton) in 2014 displayed the following results:

1. Copper anomalies do not directly correlate with gold anomalies;
2. No significant lead or zinc anomalies were detected (these metals are often associated with porphyry and VMS styles of copper-gold mineralisation); and
3. The copper anomaly defines a discrete target for surface geophysical testing.

Copper oxide mineralisation often occurs as malachite (dark green) and azurite (dark blue). These minerals are copper-carbonates and easily identified in drill chips.

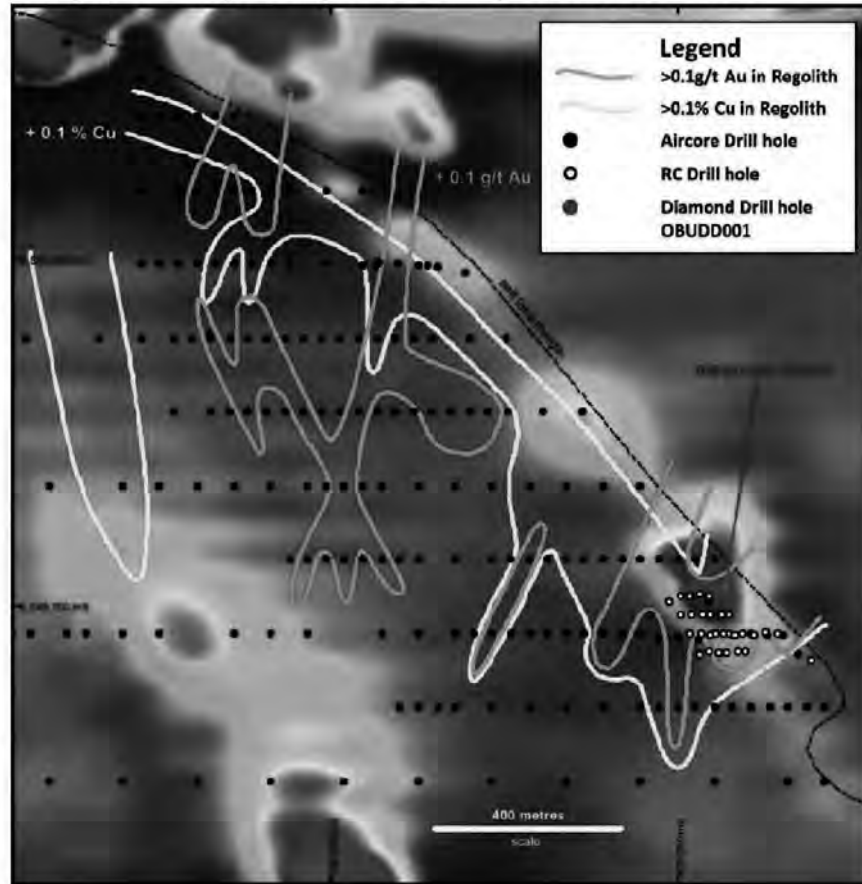
Petrological analysis of the mineralisation at Burns has revealed that this deposit is carbonate-poor and consequently copper presents itself as the copper-silicate chrysocolla (light blue) or the secondary copper-sulphide chalcocite (dark grey). Chalcocite is not easy to identify in weathered drill chips and is especially difficult to identify at the Burns Prospect where magnetite (that has a similar appearance) is also present as an alteration mineral.

The thickness, grade, and widespread distribution of copper in aircore drilling at the Burns Prospect could be indicative of a large copper sulphide deposit. Prior to these results, Octagonal was using low level gold anomalies in weathered rock to vector towards a primary gold deposit. This exploration technique, while effective, does not provide a discrete target for drill testing and requires a detailed understanding of gold mobility in the regolith.

Exploration for copper sulphide mineralisation can not only utilise copper anomalies in weathered rock to vector towards a primary copper deposit, but also surface geophysical techniques to detect for a conductive or chargeable anomaly that may be indicative of massive or disseminated primary copper sulphide mineralisation. The use of surface geophysics as an exploration tool is significantly more efficient than using regolith anomalism because discrete targets can be identified for drill testing.



Figure 7 Burns Prospect: Gold and Copper Anomalies in Regolith Defined by Aircore Drilling on an Aeromagnetic Image with Location of Diamond Hole OBUDD001



In 2013, a moving loop surface electromagnetic (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.

In June 2014 Octagonal completed one diamond hole (OBUDD001), for 401.5m, to test for the source of a strong magnetic anomaly defined by 3D inversion modelling of ground magnetic data (Figure 7, Figure 8 and Figure 9).



Figure 8 Burns Prospect: 3D Inversion Model of Ground Magnetic Data (red shape: 90 x 10⁻³ SI Isosurface) with RC Drilling (view from below surface and to the northeast)



This drill hole intersected strongly fractured high-magnesian pillow basalt intruded by feldspar-porphyritic intermediate rocks (Figure 9).

Between 191 and 284m depth variably strong magnetic rocks were observed that are interpreted to correlate with the targeted high-magnetic anomaly. This magnetism occurs within both mafic and intermediate rocks. A 3.6m wide zone of very high magnetism from 253.7 to 257.3m depth correlates with a mafic-dominant (chlorite-magnetite) breccia zone that contains intermediate intrusive clasts and a zone of massive magnetite-chalcopyrite mineralisation at the footwall contact that returned 0.9m @ 4.5g/t Au and 2.6% Cu from 256.4m depth (Figure 10) (refer to ASX Announcement dated 29/08/2014). This structure strikes north-northwest, dips steeply to the west, and is interpreted to be the main northwest trending magnetic feature observed at the prospect. In addition, as it is the only major structure observed in the drill hole, it is also interpreted to be the likely feeder structure or conduit of copper and gold bearing fluids at the prospect.

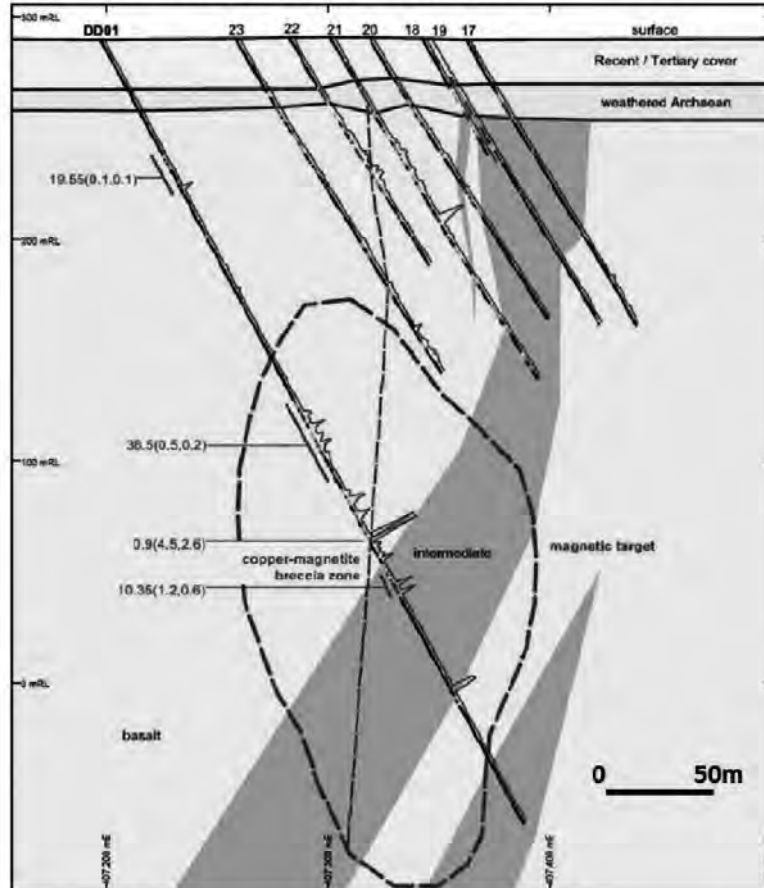
The only other structures observed in the drill hole are discrete zones of moderate to strong biotite-chlorite shearing in mafic rocks (with minor chalcopyrite) located at the contact with intermediate intrusive rocks. Most of these contacts and shears also strike northwest and dip steeply to the west.

Other zones of mineralisation intersected in the drill hole (also associated with magnetite alteration) include 38.5m @ 0.5g/t Au and 0.2% Cu from 184.5m depth and 55.95m @ 0.5g/t Au and 0.2% Cu from 229.85m depth, including 10.35m @ 1.2g/t Au and 0.6% Cu from 273.3m depth (refer to ASX Announcement dated 29/08/2014).

A down-hole EM survey completed in the drill hole to test for off-hole conductors associated with copper and magnetite mineralisation identified six localised EM sources ranging in areal size from ~10m x 10m to ~25m x 25m with moderate conductance levels. These conductive sources are situated between 200 and 340m downhole depth and correlate with magnetite and/or sulphide bearing units. The conductive sources appear to be sub-vertical and correlate with the structural measurements recorded from the feeder structure.



Figure 9 Burns Prospect: 6549730mN Cross-Section



Legend

- High-magnesian Basalt
- Intermediate Intrusive
- Transported Cover
- Weathered Archaean

Drill Holes

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

Purple polygon: high-magnetic target (90 x 10⁻³ SI isosurface defined by 3D inversion modelling)
 Red histogram: down hole magnetics (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 0.9m grading 4.5 g/t Au and 2.6 % Cu
 AuEq denotes Au equivalent grade - Au equivalent grade is provided for indicative purposes only and is based on the following assumptions; Au price: A\$1,400/oz, Cu price: A\$7,500/t, 100% metal recovery



Figure 10 OBUDD001: Massive Magnetite-Chalcopyrite at Base of Feeder Structure (0.9m @ 4.5g/t Au and 2.6% Cu from 256.4m depth)



It should be noted that hole OBUDD001 was designed to test the most magnetic area of the Burns Prospect and higher grade mineralisation is likely to be less magnetic because copper bearing minerals will displace magnetite.

The feeder structure presents a 2km long discrete planar structure for future drill testing.

3.4.3.2 Quimby Prospect

Following the discovery of copper at the Burns Prospect, available aircore sample pulps retained from the Quimby Prospect (when explored on E15/774) were re-analysed to test for copper anomalism using a Niton. The analytical suite tested included As, Co, Cu, Fe, Hg, Mn, Mo, Ni, Pb, Rb, Se, Sr, Th, U, Zn, and Zr. This analysis revealed that the copper anomalies are not associated with the gold anomalies.

Controls on mineralisation at Quimby are at an early stage and at present gold has been intersected within the Tertiary sand cover. This gold is interpreted to be derived from the erosion of a nearby primary gold-bearing quartz reef. The gold in regolith anomaly defined at the Quimby Prospect, in this geological environment, is considered prospective for a significant gold deposit as gold in regolith dispersion in metasediments is generally less extensive than in mafic rocks due to the iron-poor nature of the host rock.

3.4.3.3 Lisa’s Dune Prospect

Exploration work completed by WMC consisted predominantly of EM surveys, aircore drilling, and RC drilling (Figure 11). While the EM surveys failed to identify any conductors consistent with nickel sulphide mineralisation the effectiveness of these surveys was questionable due to the presence of Tertiary cover containing hypersaline groundwater.



Figure 11 Lisa’s Dune Prospect: Nickel in Aircore Drilling on Aeromagnetic Image with RC and Diamond Drill Holes



3.4.3.4 Yalca Hill Prospect

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 metasedimentary units.

3.5 Exploration Results and Potential

In addition to the drill programs, geophysical surveys and Niton analysis described below, Octagonal have also carried out (through AusSpec International, in September 2011) a hyperspectral analysis of 668 bottom of hole (BOH) aircore samples, using visible - near infrared - short wavelength infrared reflectance spectra, measured by the HyChips™ system.

Three petrological reports have also been compiled by A & A Crawford Geological Research Consultants, on 21 BOH aircore samples from the Hogan’s Project (September, 2011), six RC samples at the Burns Prospect (March, 2012) and a further 19 RC samples at the Burns Prospect in December, 2012.



3.5.1 Recent Exploration Activities

3.5.1.1 Burns Prospect

During 2012, thirty three RC holes were drilled, on four 40m spaced traverses in the southeast corner of the target area. This drill program intersected broad zones of moderate grade gold and copper hosted in fractured high-magnesian basalt and intermediate intrusive rocks (refer to ASX Announcements dated 6/03/2012, 2/05/2012, and 15/11/2012).

Significant assay results included:

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

Subsequent to having recognised the geometry of the primary feeder structure, reinterpretation of RC drilling data located this structure on all four traverses (Figure 12 and Figure 13) and revealed an apparent southerly plunge to the copper and gold mineralisation hosted within the structure, coincident with the margin of the 35×10^{-3} SI magnetic isosurface.

Significant assay results returned from this structure include:

- 9m @ 1.5g/t Au and 1.0% Cu from 58m in OBURC002
- 11m @ 2.8g/t Au and 0.7% Cu from 24m in OBURC012
- 15m @ 1.4g/t Au and 0.2% Cu from 43m in OBURC016
- 12m @ 1.5g/t Au and 0.5% Cu from 27m in OBURC021
- 30m @ 0.5g/t Au and 0.8% Cu from 44m in OBURC022
- 19m @ 0.9g/t Au and 0.5% Cu from 28m in OBURC025
- 9m @ 1.0g/t Au and 1.5% Cu from 115m in OBURC030
- 15m @ 1.1g/t Au and 0.7% Cu from 160m 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, Octagonal’s target prioritisation is focused on testing for the largest and greatest value deposit styles first.



Figure 12 Burns Prospect: Gold and Copper Anomalies in Regolith Defined by Aircore Drilling on Aeromagnetic Image with Location of RC and Diamond Holes, Interpreted Feeder Structure and Secondary Exploration Targets

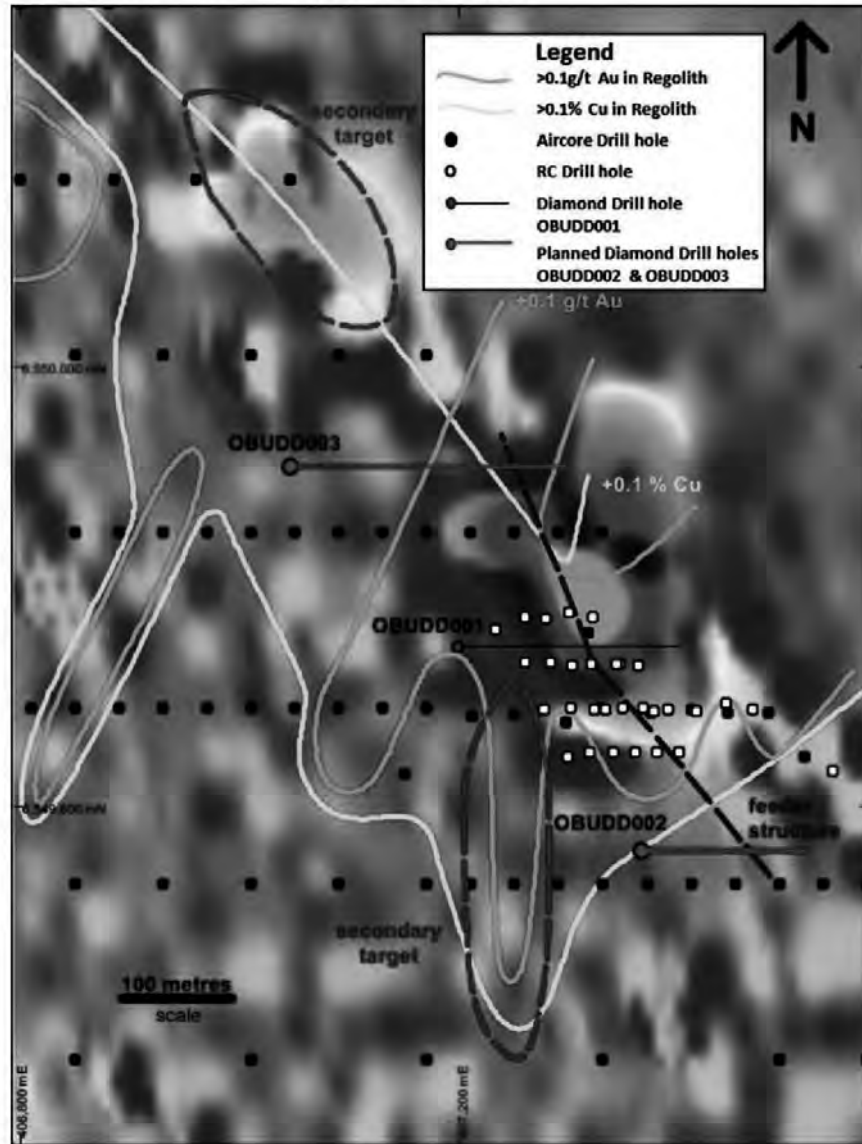
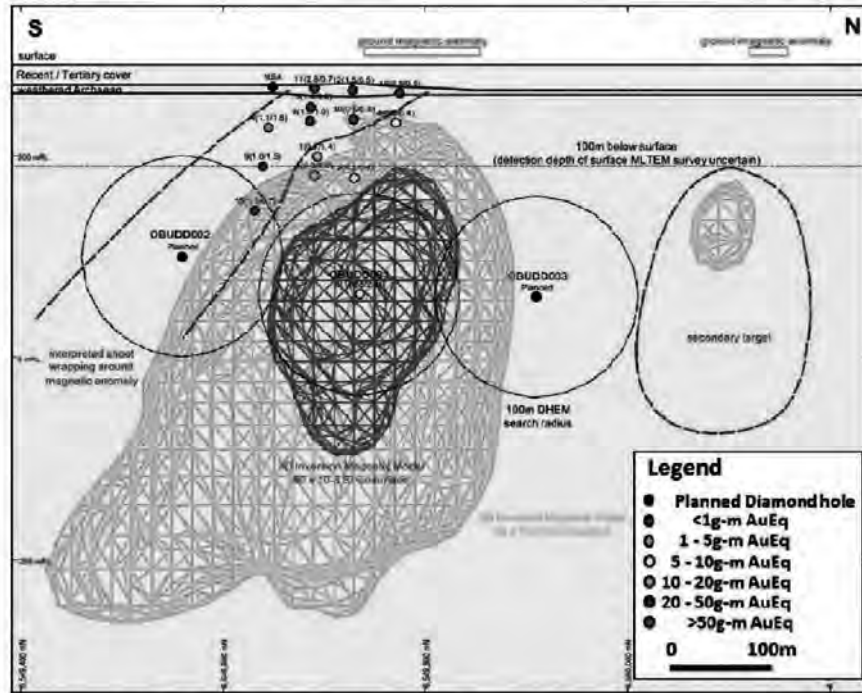


Figure 13 Burns Prospect: Long-Section of Interpreted Feeder Structure with Previous Drilling, Planned Phase 2 Diamond Drilling, Location of Surface and 3D Inversion Magnetic Anomalies, and Interpreted Search Distances of Surface and Downhole EM Surveys



Note: 0.9(4.5/2.6) denotes 0.9m grading 4.5g/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

3.5.1.1 Quimby Prospect

Gold in regolith results returned from aircore drilling during 2011 and 2012 include 1m @ 0.1g/t Au from 36m in OSC078, 3m @ 0.5g/t Au from 46m in OSC091, 1m @ 0.2g/t Au from 25m in OSC193, and 1m @ 0.3g/t Au from 42m in OSC199. These results are further supported by a 5m intersection grading 1.1g/t Au from 38m depth in OSC186 hosted within Tertiary sand at the base of a channel adjacent to drill hole OSC091.

3.5.1.2 Lisa’s Dune Prospect

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

Eleven RC holes, totalling 1,308m, were subsequently drilled on two traverses to test for primary nickel sulphide mineralisation. While this drilling failed to return any anomalous nickel results, the presence of favourable host rocks for nickel sulphide mineralisation was confirmed, with ortho- to mesocumulate ultramafic rocks intersected which contained sulphides interstitial to olivine.



Between 2006 and 2012 Independence Group NL (Independence) completed regional and infill SQUID EM surveys over the prospect area and two diamond drill holes (LDDD001 and LDDD002) totalling 649.3m.

While the EM surveys identified multiple conductors only two conductors were identified as moderate priority targets and tested with diamond drilling. These drill holes intersected predominantly basaltic rocks, with minor interflow sedimentary units determined to be the source of the conductors, by down hole EM in LDDD002. No ultramafic rocks were intersected in the drilling and no significant nickel assay results were returned.

3.5.1.3 Yalca Hill Prospect

Between 2006 and 2012 Independence explored the Yalca Hill Prospect area for gold and nickel sulphide mineralisation. During this period Independence completed surface geochemical surveys, a surface EM survey, and diamond drilling (Figure 14).

In 2006 a regional mag-lag surface geochemical sampling program was undertaken for gold using a 200m by 400m spaced grid. Samples were analysed for gold, arsenic, bismuth, copper, iron and nickel, but failed to identify any significant anomalies.

In 2010, a more detailed mag-lag surface geochemical program was completed over the Yalca Hill ultramafic stratigraphy using a 160m by 40m spaced grid. This survey returned strong zinc and copper anomalies. The nickel and platinum results also confirmed the known location of ultramafic rocks from outcrop and aeromagnetic interpretation. No significant gold results were received.

Infill mag-lag soil sampling using a 40m by 80m spaced grid was conducted over the southeast of the target area. Highly anomalous platinum and palladium values were interpreted to indicate possible nickel sulphide mineralisation.

In 2009, a -2mm soil sampling program was also completed using a 40m by 400m spaced grid to better delineate the ultramafic stratigraphy.

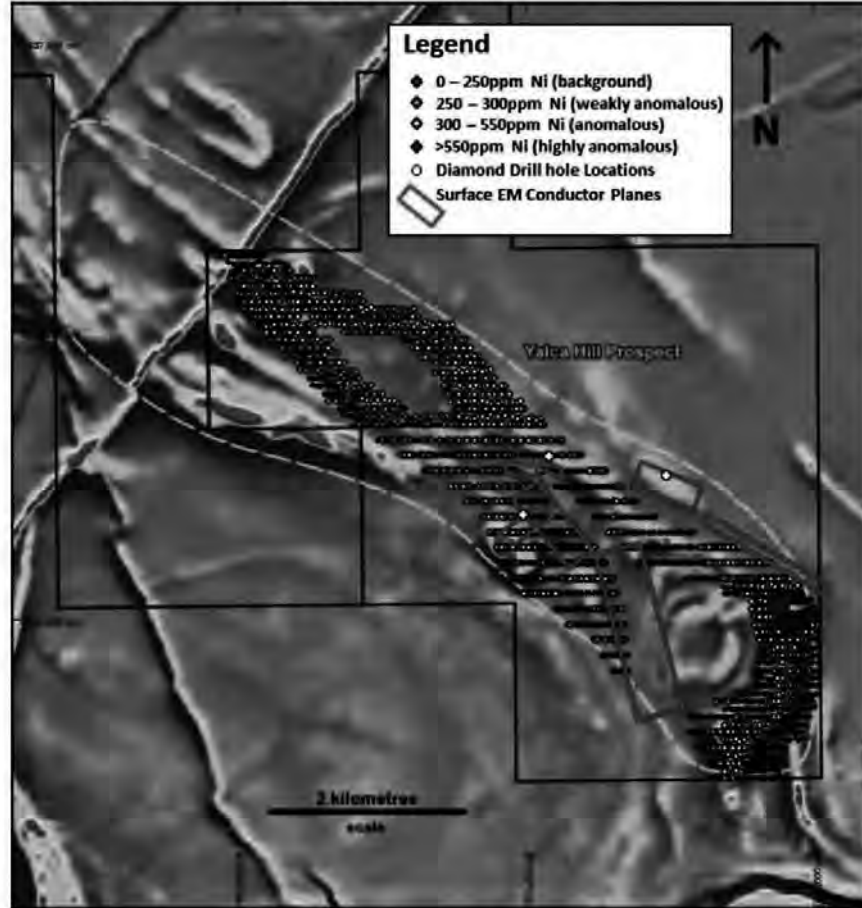
A conventional MLTEM survey was completed over the eastern half of the Yalca Hill ultramafic unit in the area of soil anomalism. Twenty eight lines were completed using two turn 100m x 100m transmitter loops in slingram configuration.

Significant late time responses were identified on all lines. Six of these conductors were interpreted to be related to sulphidic sedimentary units, whereas four conductors (T1, T2, T3, and T4) were considered to be potentially related to a massive nickel sulphide deposit.

Three diamond drill holes (YHDD001 to 003, refer to Figure 14), totaling 779.3m, were drilled to test three of the four conductors considered prospective for nickel sulphide mineralisation. This drill program intersected predominantly metasedimentary rocks with sulphidic zones that were determined to be the source of the conductors. No significant gold or nickel assay results were returned from this drilling.



Figure 14 *Yalca Hill Prospect: Nickel in Soil Sampling on Aeromagnetic Image with Surface EM Conductor Planes and Diamond Drill Holes*



3.5.2 Exploration Potential

3.5.2.1 Burns Prospect

A potential exploration target at the Burns Prospect is a massive sulphide copper-gold deposit. This style of mineralisation is able to be detected using EM techniques. 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 800m, is planned with holes positioned to intersect the targeted structure 200m below surface and 200m north and south of hole OBUDD001 (Figure 12 and Figure 13).

Hole OBUDD002, totalling 300m, 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 35×10^{-3} isosurface, whereas hole OBUDD003, totalling 500m, is designed to intersect the northern extension of the primary feeder structure along the margin



of the 35×10^{-3} isosurface (a similar magnetic and structural position to OBUIDD002). This hole will also test beneath significant copper and gold in regolith anomalism.

A budget for the next phase of diamond drilling at the Burns Prospect has been prepared and totals \$240,000, with estimated drilling costs of \$140,000. The total amount payable by Octagonal is reduced to \$170,000 with the receipt of a West Australian Government Co-Funded Drilling Grant from Round 11 of the Exploration Incentive Scheme (EIS) of \$70,000 (refer to ASX Announcement dated 23/06/2015).

The submission process to obtain these EIS drilling grants requires the applicant to provide high quality, technically and economically sound proposals that promote new exploration concepts and new exploration technologies, with the proposal assessed by an expert panel of officers in the Department of Mines and Petroleum and moderated by independent industry representatives nominated by the Director General, Department of Mines and Petroleum. The Burns Prospect has been judged worthy of merit and potential by the expert panel, with Octagonal’s submission selected as one of the 44 successful applicants. At this stage the drilling program is budgeted to commence in early 2016.

In Ravensgate’s opinion, the Burns Prospect is the most prospective target in the Hogan’s Project with the greatest potential for exploration success.

3.5.2.2 Quimby Prospect

Given the wide spacing of aircore drilling at this target and the iron-poor nature of the metasedimentary host rocks, the assay results described in Section 3.5.1.1 are considered by Octagonal to be significant and indicative of a potential primary gold deposit. Infill aircore drilling is proposed by Octagonal to better define the distribution of the gold anomalies in the regolith prior to bedrock drill testing.

In Ravensgate’s opinion, the Quimby prospect represents a target of interest and although being hosted in metasedimentary rocks, recent discoveries at St Ives, with the Invincible deposit, show that significant mineralisation can be hosted in sedimentary units. It is noted however, that the structural position of Invincible at the margin of a late basin, at the intersection of the Speedway Shear and Alpha Island Fault plays a far more important role than the lithology of the Black Flags Group.

3.5.2.3 Lisa’s Dune Prospect

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 nickel in regolith anomalies, reliance by previous explorers on surface geophysics as a targeting tool in a hypersaline environment, and confirmation of favourable 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.

In Ravensgate’s opinion, the broad exploration screening and initial testing by previous companies has failed to identify the footprint of a large nickel sulphide deposit, which has essentially downgraded the prospect. While a nickel deposit may potentially exist, the detailed exploration required to discover such a deposit will be costly and thus a difficult task for a junior company, especially in the current economic climate.

3.5.2.4 Yalca Hill Prospect

The results of historic exploration at Yalca Hill have down-graded the gold exploration potential of the tenement, while the exploration work completed by Independence to test for nickel sulphide mineralisation is considered encouraging and warranting a more detailed review of the exploration data.

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.

In Ravensgate’s opinion, the broad exploration screening and initial testing by previous companies has failed to identify the footprint of a large nickel sulphide deposit, which has essentially downgraded the prospect. While a nickel deposit may potentially exist, the detailed exploration required to discover such a deposit will be costly and thus a difficult task for a junior company, especially in the current economic climate.

3.5.3 Constraints to Further Exploration Success

Ravensgate views the current depressed gold and nickel prices and general negative market sentiment towards exploration projects, as the most problematic constraint to further exploration success at the Hogan’s Project.



4. VALUATION

4.1 Introduction

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

The VALMIN Code, which is binding upon Experts and Specialists involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a mineral resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A mineral resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified mineral resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where mineral resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (MEE) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (EB) through application of a Prospectivity Enhancement Multiplier (PEM). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a *grass roots* project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.
- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably arm’s length in accordance with the VALMIN Code, such transactions may be used as a guide to, or a means of valuation. This method (termed



Comparable Transactions) is considered highly appropriate in a volatile financial environment where other cost based methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at *arm’s length* between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company’s cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farm-inor, as follows:

$$V_{100} = \frac{100}{D} \left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}} \right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P \right) \right]$$

where:

- V₁₀₀ = Value of 100% equity in the project (\$)
- D = Deemed equity of the farm-inor (%)
- CP = Cash equivalent of initial payments of cash and/or stock (\$)
- CE = Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock (\$)
- EE = Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments (\$)
- I = Discount rate (% per annum)
- t = Term of the Stage (years)
- P = Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where mineral resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the *In-situ* Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the mineral resource.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2012), sets out minimum standards, recommendations and guidelines. A mineral resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral resources are sub-divided into Inferred, Indicated and Measured



to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

4.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any VALMIN valuations over Octagonal’s Hogan’s Project. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. Whilst ground is under application, there are uncertainties as to whether the tenement will be granted in its entirety or only part due to specific exclusions or if at all, due to environmental, Native Title or other considerations. There could be competing applications for the same ground with no guarantee that Octagonal would be successful in its application.

4.3 Material Agreements

Ravensgate has been commissioned by Octagonal to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses Octagonal’s Hogan’s Project. The Technical Valuation report provides an assessment of Octagonal’s Exploration Area mineral assets listed below. Brief details of Octagonal’s ownership are listed as follows.

<u>Mineral Asset</u>	<u>Octagonal’s Ownership %</u>
Hogan’s Project	100%

Ravensgate understands all exploration permits are granted at this point in time and are in good standing.

Ravensgate is not aware, nor have been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

4.4 Comparable Transactions

Ravensgate has completed a search for publicly available market transactions involving gold, copper and nickel exploration projects without mineral resources from Western Australia. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the mineral assets being valued. In Ravensgate’s opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 4.4.1 by commodity and region.

Publicly available market transactions have been separated to reflect transactions on a dollar per square kilometre of licence holding. This was undertaken to reflect the varying levels of geological exploration carried out within the various project licences. In general terms, exploration projects may start with a relatively large licence holding where a lack of detailed geological sampling and knowledge renders the use of the in-situ yardstick valuation method inappropriate (i.e. an Exploration Area Mineral Asset). For these particularly early-stage exploration areas, comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, licence areas tend to decrease to match a narrowing focus on more prospective areas.



4.4.1 Reported Market Transactions

4.4.1.1 *Reported Market Transactions Involving Exploration Area Gold, Copper and Nickel Projects in Western Australia*

Ravensgate’s analysis of Western Australian market transactions for Exploration Area Mineral Assets prospective for gold and/or copper and/or nickel (Table 5) indicates an implied value between \$105 and \$168,634 per km² for Exploration Area Mineral Assets. The implied value per km² is dependent on the existence of gold, copper or nickel, how much exploration has been conducted and whether that exploration was successful. The implied value was also affected by the strategic importance of the licences and the presence of known mineralisation or historical mining activities upon them and the grade of the respective mineralisation present.



Table 5 Market Transactions Involving Gold, Copper and Nickel Project at the Exploration Stage in Western Australia

Date	Vendor	Purchaser/Farmlinee	Transaction Type	Prospective Commodities ¹	Value ² \$M	Area km ²	Cost per km ² A\$
12-Feb-15	Enterprise Metals Limited	Apollo Minerals Limited	Joint Venture	Ni-Cu	0.571	600	952
15-Oct-14	Coxrocks Pty Ltd	Nexus Minerals Limited	Joint Venture	Au	0.602	24	25,072
16-Jul-14	Archean Star Resources Australia Pty Ltd	Doray Minerals Limited	Acquisition	Au	0.568	178	3,190
23-Jun-14	Tasex Geological Services Pty Ltd	MRG Metals Limited	Option to Acquire	Ni-Au	0.153	149	1,027
18-Jun-14	Atlas Iron Limited	Aruma Resources Limited	Joint Venture	Cu-Au	0.296	896	331
23-May-14	Alloy Resources Limited	Doray Minerals Limited	Joint Venture	Au	3.045	850	3,583
19-May-14	Private Vendor + Thor Mining PLC	Ram Resources Limited	Option to Acquire	Ni-Cu	0.790	410	1,928
30-Apr-14	Australian Mines Limited	Riedel Resources Limited	Joint Venture	Cu-Au	2.628	425	6,182
9-Apr-14	International Goldfields Limited	Segue Resources Limited	Acquisition	Ni-Cu-Au	0.571	832	687
26-Mar-14	Fraser Range Metals Group Limited	Segue Resources Limited	Joint Venture	Ni-Cu-Au	2.176	641	3,395
26-Mar-14	Next Commodities Pty Ltd	Mining Projects Group Limited	Acquisition	Ni-Cu	0.400	246	1,626
26-Mar-14	Coal First Pty Ltd	Mining Projects Group Limited	Acquisition	Ni-Cu	0.400	327	1,224
25-Mar-14	De Grey Mining Ltd	Rugby Mining Limited	Joint Venture	Au	2.292	798	2,872
10-Mar-14	Ram Resources Ltd	Newcrest Operations Limited	Acquisition	Au-Cu	0.646	77	8,418
7-Mar-14	Black Fire Minerals Limited & Entree Gold Inc.	Parmelia Resources Limited	Acquisition	Au	0.306	205	1,494
7-Mar-14	Mount Magnet South NL	Australian Mines Limited	Joint Venture	Au-Cu	1.515	129	11,745

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Date	Vendor	Purchaser/Farminnee	Transaction Type	Prospective Commodities ¹	Value ² \$M	Area km ²	Cost per km ² A\$
17-Feb-14	Private Vendor	Ram Resources Limited	Acquisition	Ni-Cu	0.285	163	1,747
13-Feb-14	Blackham Resources Limited	Rumble Resources Limited	Joint Venture	Ni-Cu-Au	0.300	370	811
24-Dec-13	Caeneus Minerals Pty Ltd	Matrix Metals Limited	Acquisition	Au-Ni-Cu	0.065	6	11,168
20-Dec-13	Talisman Mining Limited	Sandfire Resources NL	Joint Venture	Cu-Au	16.205	323	50,170
4-Dec-13	Northern Star Resources Limited	Resource and Investment NL	Joint Venture	Cu-Au	0.850	123	6,909
4-Dec-13	Platypus Minerals Ltd	Gondwana Resources Limited and Adelaide Prospecting Pty Ltd	Joint Venture	Cu-Ni	0.850	217	3,912
28-Nov-13	Private Vendor	Parker Resources NL	Joint Venture	Au	0.091	42	2,165
9-Oct-13	Private Vendor	Segue Resources Limited	Acquisition	Ni-Cu-Au	1.100	2,706	407
3-Sep-13	Yandal Investments Pty Ltd	Antipa Minerals Limited	Acquisition	Au-Cu	0.550	3,367	163
12-Aug-13	Plasia Pty Ltd	Gleneagle Gold Limited	Acquisition	Au	0.020	115	174
5-Aug-13	Mark Creasy	Orion Gold NL	Acquisition	Ni-Cu	2.571	2,628	978
24-Jul-13	Ashburton Minerals Limited	Terrain Minerals Limited	Joint Venture	Ni-Cu	0.648	310	2,091
4-Jul-13	Valley Floor Resources Pty Ltd	Eros Mining Limited	Acquisition	Au	0.150	6	27,273
1-Jul-13	Ramelius Resources Limited	Eros Mining Limited	Acquisition	Au-Ni	0.400	114	3,497
21-Jun-13	Fraser Range Resources Pty Ltd	International Goldfields Limited	Joint Venture	Au-Ni	1.552	832	1,865
13-Jun-13	Dourado Resources Limited	Proto Resources Limited	Joint Venture	Au-Cu	1.294	1,461	886
20-May-13	Glencore Xstrata	Great Western Exploration Limited	Joint Venture	Au-Cu	2.814	780	3,608



Date	Vendor	Purchaser/Farinee	Transaction Type	Prospective Commodities ¹	Value ² \$M	Area km ²	Cost per km ² A\$
1-May-13	Barrambie Minerals Limited	Carnavale Resources Limited	Joint Venture	Ni-Au	0.535	255	2,096
3-Apr-13	Resources and Investment NL	Naracoota Resources Ltd	Acquisition	Au	0.300	46	6,593
22-Mar-13	Kamax	Orion Gold NL	Acquisition	Ni-Au	2.215	1,582	1,400
5-Mar-13	XTL Energy Limited	AXG Mining Limited	Acquisition	Ni-Cu-Au	0.878	878	1,000
10-Dec-12	Interglobal Investments Ltd	Leopard Resources NL	Acquisition	Au	0.390	102	3,809
6-Dec-12	Laconia Resources Limited	Rubianna Resources Limited	Acquisition	Cu-Au	0.098	162	601
13-Nov-12	Private Vendors	Ashburton Minerals Ltd	Joint Venture	Ni-Cu	0.480	290	1,655
8-Nov-12	Urban Minerals Pty Ltd	Ferrowest Limited	Acquisition	Au-Ni	0.102	156	652
5-Nov-12	Epi Energy Pty Ltd	Mining Projects Group	Joint Venture	Ni-Cu	1.051	566	1,857
29-Oct-12	Regency Mines Australia Pty Ltd	Ram Resources Limited	Acquisition	Ni-Cu	2.269	271	8,372
10-Oct-12	Mindax Limited	Mr Chenfei Zhuang	Joint Venture	Au	4.249	55	76,723
9-Oct-12	National Minerals Pty Ltd	Pioneer Resources Limited	Acquisition	Au-Ni	0.667	338	1,972
19-Sep-12	Phosphate Australia Limited	Alloy Resources Limited	Joint Venture	Au	0.088	56	1,582
6-Aug-12	Triton Gold Limited	Matsa Resources Limited	Joint Venture	Au	0.136	1,300	105
10-Jul-12	Australian Mines Limited	Pioneer Resources Limited	Acquisition	Au-Ni	2.061	120	17,178
2-Jul-12	Interglobal Investments Ltd	Stratos Resources Limited	Acquisition	Au	0.800	104	7,692
25-Jun-12	Independence Group NL	Evolution Mining Limited	Acquisition	Au	0.743	650	1,142

Date	Vendor	Purchaser/Farminnee	Transaction Type	Prospective Commodities ¹	Value ² \$M	Area km ²	Cost per km ² A\$
15-May-12	Chrysalis Resources Limited	Talisman mining Limited	Joint Venture	Cu-Au	0.722	19	10,811
12-Apr-12	Cazador Resources Limited	Midas Resources Limited	Joint Venture	AU	0.578	156	3,704
28-Mar-12	Carrick Gold Limited	Phoenix Gold Limited	Acquisition	AU	0.706	85	8,311
28-Mar-12	Private Vendor	Mutiny Gold Limited	Acquisition	AU	0.200	1	168,634
07-Dec-11	LSA Exploration Pty Ltd.	Aurima Resources Limited	Option to Acquire	AU	1.832	244	7,507
30-Nov-11	Rubicon Resources Ltd	Saracen Mineral Holdings Limited	Acquisition	AU	0.850	1,147	741
22-Nov-11	Private Vendor	Exterra Resources Limited	Acquisition	AU	0.050	9	5,533
20-Sep-11	Jaguar Resources Pty Ltd	Comet Resources Limited	Acquisition	AU	0.281	93	3,020
15-Aug-11	Gold & Minerals Resources Pty Ltd	Phosphate Australia Limited	Acquisition	AU	0.130	270	481
27-Jun-11	Private Vendor	Talisman mining Limited	Acquisition	AU	0.850	260	3,269
20-Jun-11	Rubicon Resources Ltd	Integra Mining Limited	Joint Venture	AU	1.700	113	15,041
16-Jun-11	Breakaway Resources Limited	Aphrodite Gold Limited	Joint Venture	AU	0.748	159	4,697
13-Apr-11	Riedel Resources Limited	Silver Stone Resources Limited	Acquisition	AU	0.210	55	3,818
30-Mar-11	Heron Resources Limited	Southern Gold Limited	Joint Venture	AU	0.795	84	9,459
04-Mar-11	Semro Pty Ltd	Focus Minerals Limited	Acquisition	AU	8.537	95	89,460
17-Feb-11	Avoca Resources Limited	Rox Resources Limited	Acquisition	AU-Ni	1.000	615	1,626

1. Commodities: Au = Gold, Cu = Copper, Ni = Nickel

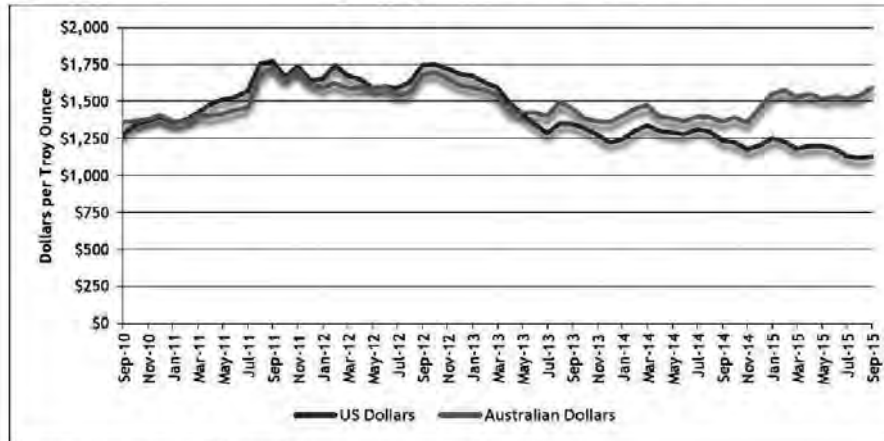
2. Value is on a 100% equity basis.



4.4.2 Commodity Prices

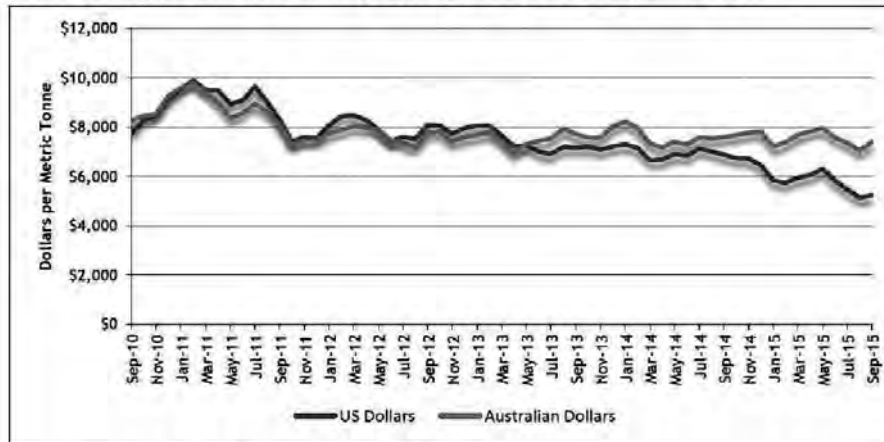
Ravensgate has examined the historical commodity charts for gold, copper and nickel in Figure 15, Figure 16 and Figure 17 respectively for general trends over time. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 15 Gold Five Year Monthly Average Price Chart to September 2015



Source: *Indexmundi.com (Gold, 99.5% fine, London afternoon fixing)*

Figure 16 Copper Five Year Monthly Average Price Chart to September 2015



Source: *Indexmundi.com (Copper, grade A cathode, LME Spot Price)*



Figure 17 Nickel Five Year Monthly Average Price Chart to September 2015



Source: Indexmundi.com (Nickel, melting grade, LME spot price)

4.5 Mineral Asset Valuation

4.5.1 Hogan’s Project

Ravensgate has valued the Hogan’s Project based on the prospectivity of its exploration tenements.

4.5.1.1 Selection of Valuation Method

The Hogan’s Project, in which Octagonal has a 100% equity interest can be classified as an Exploration Area mineral asset as defined in Section 4.1.

No Mineral Resources or Ore Reserves as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2012 Edition) have been reported for the Hogan’s Project. In valuing the Hogan’s Project under the VALMIN Code, Ravensgate considers the DCF/NPV method inappropriate, due to the early stage of the mineral asset.

Multiples of Exploration (MEE) and other cost based methods were not thought to be appropriate to apply to the Hogan’s Project exploration tenure. MEE and other cost based methods with prospectivity multipliers are very subjective and in Ravensgate’s experience can easily over value projects where considerable expenditure has been undertaken and do not provide a good indication of market value.

Ravensgate has elected to apply the Comparable Transaction method to value the Hogan’s Project after consideration of the various valuation methods outlined in Section 4.1.

4.5.1.2 Project Analysis - Comparable Transactions Method

Ravensgate’s analysis of the Western Australian gold, copper and nickel market transactions in Table 5 indicates that the implied value of exploration projects prospective for gold, copper and nickel generally range from \$105 to \$168,634 per km² for exploration mineral assets. Analysing the transactions in Table 5 in more detail the value ranges differ on their stage of exploration, prospectivity, how strategic the tenement is to the purchaser and the type of tenement. A breakdown of ranges for tenure based on their prospectivity and strategic value are shown in Table 6 below.



Table 6 Gold, Copper and Nickel Exploration Tenement Value Ranges Breakdown

Cost per km ² Range	Comments
\$100 - \$1,000	Grass roots early stage exploration, with limited work or limited exploration potential.
\$1,000 - \$4,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored.
\$4,000 - \$10,000	Advanced stage exploration with good potential, defined targets ready for resource drilling.
\$10,000 - \$20,000	Advanced stage exploration with excellent potential, defined targets ready for resource drilling
\$20,000+	Strategic to the purchaser and additionally advanced stage exploration with excellent potential, defined targets ready for resource drilling.

Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km² to apply to the area of the granted licences (see Table 7) which have a total combined area of 129.2km². These values relate to approximately \$0.165M to \$0.464M. From this range a preferred value of \$0.314M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 6. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 3.5. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- E15/1097 - This tenement contains the Burns Prospect which has generated the most encouraging results to date and displays the most promising potential for future exploration success at the Hogan’s Project. This potential has also been recognised by an expert panel at the West Australian Government with the grant of EIS funds in a highly competitive environment. The preferred value assigned reflects the defined target, positive results and good potential which could rapidly advance the project from the average exploration stage to resource stage drilling. The tenement area also covers the southern extension of the Salt Creek / Lucky Bay gravity break that was targeted by previous explorers.
- E15/1336 - This tenement contains the Yalca Hill Prospect which has been screened by geophysical techniques without any immediate defined targets for follow up, effectively downgrading the potential prospectivity for a major deposit. Further work at this prospect to further define potential targets is likely to be costly, with the value assigned placing the tenement at the lower end of the average exploration stage.
- E15/1337 - Two thirds of this tenement area is contained by the Lisa’s Dune Prospect with the same comments applying here that were outlined above for E15/1336. Value assigned to this tenement is however marginally higher due to the predominant mafic and ultramafic lithologies that underlie the tenement; and
- E15/1414 - The largest of the four tenements, E15/1414 contains the northwest extension of the Yalca Hill Prospect in the southern area, the Quimby Prospect in the central area and the eastern half of the Lisa’s Dune Prospect, as well as unexplored areas on largely felsic and metasedimentary basement. The value assigned to E15/1414, therefore reflects the combination of grass roots early stage ground with the lower end average exploration stage areas containing the prospects mentioned above.



Table 7 Comparative Transactions Valuation for the Hogan’s Project

Hogan’s Project Tenement	Mineral Asset	Area km ²	Value per km ²			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
E15/1097	Exploration Area	20.6	4,000	6,000	8,000	0.082	0.124	0.165
E15/1336	Exploration Area	29.3	1,000	2,000	3,000	0.029	0.059	0.088
E15/1337	Exploration Area	8.8	2,000	3,000	4,000	0.018	0.026	0.035
E15/1414	Exploration Area	70.5	500	1,500	2,500	0.035	0.106	0.176
TOTAL	Exploration Area	129.2	NA	NA	NA	0.165	0.314	0.464

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

As the technical valuation for Octagonal’s Hogan’s Project is based on comparable market transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).



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6. LIST OF ABBREVIATIONS

<i>A\$</i>	Australian dollar(s)
<i>AC</i>	Aircore (drill hole)
<i>Ag</i>	Silver
<i>ASX</i>	Australian Securities Exchange
<i>Au</i>	Gold
<i>Azi</i>	Azimuth
<i>Cu</i>	Copper
<i>g/t</i>	Grams per tonne
<i>IPO</i>	Initial Public Offering
<i>JORC Code</i>	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
<i>K</i>	Thousand(s)
<i>km</i>	kilometre(s)
<i>km²</i>	Square kilometre(s)
<i>m</i>	Metre(s)
<i>M</i>	Million(s)
<i>MAIG</i>	Member of the Australian Institute of Geoscientists
<i>MAusIMM</i>	Member of the Australasian Institute of Mining and Metallurgy
<i>MLTEM</i>	Moving Loop Transient Electromagnetic
<i>mm</i>	Millimetre(s)
<i>MMI</i>	Mobile Metal Ion
<i>Mt</i>	Million Tonnes.
<i>NPV</i>	Net present value
<i>NQ</i>	Diamond Drilling. A core diameter of 47.6mm.
<i>oz</i>	Ounce (Troy ounce measure of weight)
<i>Pb</i>	Lead
<i>PGE</i>	Platinum Group Element
<i>ppb</i>	Parts per billion; a measure of concentration
<i>ppm</i>	Parts per million; a measure of concentration
<i>QA/QC</i>	Quality Assurance / Quality Control
<i>RAB</i>	Rotary Air Blast (drill hole)
<i>RC</i>	Reverse circulation (drill hole)
<i>SEM</i>	Surface Electro-magnetic
<i>SQUID</i>	Superconducting Quantum Interference Device
<i>t</i>	Tonne(s)
<i>Zn</i>	Zinc



7. GLOSSARY

<i>aircore drilling</i>	A relatively inexpensive drilling technique similar to RC drilling, in that the drill cuttings are returned to surface inside the rods.
<i>aeromagnetic</i>	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth’s magnetic field.
<i>anomalies</i>	An area where exploration has revealed results higher than the local background level.
<i>Archaean</i>	The oldest rocks of the Precambrian era, older than about 2,500 million years.
<i>assayed</i>	The testing and quantification metals of interest within a sample.
<i>bedrock</i>	Any solid rock underlying unconsolidated material.
<i>craton</i>	An old and stable part of the continental lithosphere
<i>diamond drilling</i>	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
<i>dolerite</i>	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
<i>domain</i>	Geological zone of rock with similar geostatistical properties; typically a zone of mineralisation
<i>dykes</i>	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
<i>EM</i>	Electromagnetic induction, as the name implies, uses the principle of induction to measure the electrical conductivity of the subsurface.
<i>fault</i>	A wide zone of structural dislocation and faulting.
<i>geochemical</i>	Pertains to the concentration of an element.
<i>geophysical</i>	Pertains to the physical properties of a rock mass.
<i>geosyncline</i>	A subsiding linear trough that was caused by the accumulation of sedimentary rock strata deposited in a basin and subsequently compressed.
<i>granite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<i>greenschist</i>	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
<i>greenstone belt</i>	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
<i>HyChips™</i>	An automated drill chip, pulp and core logging mineral analysis service using spectral analysis to map rock characteristics such as primary, secondary and alteration minerals
<i>magnetite</i>	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
<i>mesothermal</i>	A hydrothermal ore deposit formed at intermediate temperatures (200-300°C) and depths.
<i>metamorphic</i>	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids
<i>mobile metal ion</i>	MMI is a highly sensitive proven geochemical exploration method whereby Mobile Metal Ions, adsorbed onto the surface of screened soil particles, are dissolved using patented chemical extractants and analysed at ppb levels. This method is more sensitive than conventional geochemical methods.
<i>Niton</i>	A hand-held X-Ray Fluorescence (XRF) analyser which enables fast acquisition of data for rapid quantitative geochemical analysis of metal concentrations
<i>orogeny</i>	The process of mountain formation, especially by a folding and



	faulting of the earth’s crust.
<i>outcrop</i>	Surface expression of underlying rocks.
<i>Precambrian</i>	A period of geological time older than 570 million years before present.
<i>Proterozoic</i>	An eon of geological time spanning the period from 2,500 million years to 570 million years before present
<i>RAB drilling</i>	Rotary Air Blast. A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
<i>RC drilling</i>	Reverse Circulation. A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
<i>regolith</i>	The layer of unconsolidated material which overlies or covers in situ basement rock
<i>resource</i>	In situ mineral occurrence from which valuable or useful minerals may be recovered.
<i>rock chip sampling</i>	The collection of rock specimens for mineral analysis.
<i>sedimentary</i>	A term describing a rock formed from sediment.
<i>slingram</i>	An EM survey configuration, in which the receiver is located at a fixed distance outside the transmitter loop.
<i>soil sampling</i>	The collection of soil specimens for mineral analysis.
<i>strata</i>	Sedimentary rock layers.
<i>stratigraphic</i>	Composition, sequence and correlation of stratified rocks.
<i>strike</i>	Horizontal direction or trend of a geological structure.
<i>unconformity</i>	An erosional or non-depositional surface separating two rock masses or strata of different ages, indicating that sediment deposition was not continuous.
<i>volcanics</i>	Rocks formed or derived from volcanic activity.
<i>XRF</i>	X-Ray Fluorescence: A consequence of changes that take place within an atom. A stable atom comprises a nucleus and the electrons orbiting it. Orbiting electrons are organised into shells: each shell is made up of electrons with the same energy. When a high energy incident (primary) X-ray collides with an atom it disturbs this stability. An electron is ejected from a low energy level and a space is created. As a result an electron from a higher energy level falls into this space. The difference in energy produced as the electron moves between these levels is released as secondary X-rays which are characteristic of the element. This process is called XRF.



Appendix D - Valuation methodologies

To estimate the fair market value of the Octagonal and A1 Gold, we have considered the common market practice and the valuation approaches recommended by RG 111, which provide guidance in respect of the content of independent expert’s reports. The common valuation approaches are as follows:

- market based approach
- income based approach
- asset based approach.

Each approach is appropriate in certain circumstances. The decision as to which approach and specific methodology to apply generally depends on the nature of the company or asset being valued, the methodology most commonly adopted in valuing such companies or assets and the availability of appropriate information.

These approaches are summarised below:

Market based approach

Market based approach estimates the fair market value by considering the market price of transactions in its shares or the market value of comparable companies. The market based approach includes the following methods:

- capitalisation of earnings method
- analysis of a company’s recent share trading history
- industry specific methods.

The capitalisation of earnings method estimate the fair market value based on a company’s future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where a company’s earnings are relatively stable and it is assumed that the business will continue trading as a going concern indefinitely.

The most recent share trading history provides evidence of the market value of the shares of the company where they are publicly traded in an informed market.

Industry specific methods estimate the fair market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods, because they do not account for company specific factors. Industry specific methods are typically used as cross checks in specific industries.

Income based approach

Under the income approach, the discounted cash flow (“DCF”) method estimates the fair market value by discounting a company’s future cash flows to a net present value using an appropriate discount rate. The DCF method is appropriate where there are long term projections of future cash flows of at least five to ten years and the projections can be made with a reasonable level of confidence. DCF method is typically used where:

- the businesses’ earnings are capable of being forecast for a reasonable period (preferably five to 10 years) with reasonable accuracy
- earnings or cash flows are expected to fluctuate significantly from year to year
- the business or asset has a finite life
- the business is in a 'start up' or in early stages of development
- the business has irregular capital expenditure requirements
- the business involves infrastructure projects with major capital expenditure requirements

- the business is currently making losses but is expected to recover.

Asset based approach

Asset based approach estimates the fair market value of a company’s shares based on the realisable value of its identifiable net assets. The asset based approach includes the following methods:

- orderly realisation of assets
- liquidation of assets
- net assets on a going concern basis.

The orderly realisation of assets method estimates the fair market value of the net assets by estimating the amount that would be distributed to its shareholders after the payment of all liabilities are satisfied including realisation costs and taxation, assuming that the company is wound up in an orderly manner.

The liquidation of assets method is similar to the orderly realisation of assets method except that the liquidation method assumes that the assets are sold in a shorter timeframe. Since wind up or liquidation of the company may or may not be contemplated, this method in its strictest form may not necessarily appropriate.

The net assets on a going concern basis estimates the market value of the net assets of the company but does not take into account realisation costs.

The net asset value of a trading will generally provide the lowest possible value for the business. The difference between the value of the company’s identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The assets based methods are relevant where a company is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding company, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business.

The net realisable assets method is also used as a cross check for the values derived using other methods.

Annexure B

Scheme Implementation Deed

OCTAGONAL RESOURCES LIMITED

and

ABBOTSLEIGH PROPRIETARY LIMITED

Amended and Restated Scheme Implementation Deed



Kliger Partners
Lawyers

in association with Nathan Kuperholz

*Liability limited by a scheme approved under Professional
Standards Legislation*

Level 2
280 Queen Street
MELBOURNE VIC 3000

Ausdoc: DX 343 Melbourne

tel: + 61 3 8600 8888
fax: + 61 3 8600 8899
email: rrothfield@kligers.com.au

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328025983_2.docx

This Deed is made between:

OCTAGONAL RESOURCES LIMITED

ACN 147 300 418

of Suite 3, 51-55 City Road
Southbank Victoria 3006

("Company")

and

ABBOTSLEIGH PROPRIETARY LIMITED

ACN 005 612 377

c/- of Pitcher Partners, Level 19, 15 William Street
Melbourne Victoria 3000

("Abbotsleigh")

Recitals

- A. Abbotsleigh, in its own capacity and in its capacity as trustee of the Abbotsleigh Superfund, is the holder of 102,140,000 Company Shares
- B. The Gandel Shareholders are collectively the holders of 102,422,200 Company Shares and have proposed the Scheme to the Company.
- C. Abbotsleigh and the Company have agreed to co-operate with each other in relation to the Scheme and on or about 26 November 2015, Abbotsleigh and the Company entered into the scheme implementation deed.
- D. Abbotsleigh and the Company now wish to amend and restate the scheme implementation deed dated 26 November 2015 in its entirety pursuant to the letter of variation of even date and as set forth in this Amended and Restated Scheme Implementation Deed.

Operative part

1. Definitions and interpretation

1.1 Definitions

In this deed:

"**A1 Gold**" means A1 Consolidated Gold Limited ACN 149 308 921;

"**A1 Gold Share**" means a fully paid ordinary share in the capital of A1 Gold;

"**Abbotsleigh Board**" means the directors of the Abbotsleigh from time to time;

"**Adviser**" means any person who is engaged to provide professional advice of any type (including legal, accounting, consulting or financial advice) to the Company or Abbotsleigh or any of their respective Related Bodies Corporate;

"**ASIC**" means the Australian Securities and Investments Commission;

"Associate" has the meaning given in the Corporations Act and a reference to an Associate of any person means a reference to the associates of that person within the meaning of the Act;

"ASX" means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it;

"ASX Listing Rules" means the official listing rules of the ASX, as amended from time to time;

"Authorised Person" means, in respect of a person:

- (a) a director, officer, member or employee of the person;
- (b) an Adviser of the person; and
- (c) a director, officer or employee of an Adviser of the person;

"Business Day" means a weekday on which trading banks are open for business in Sydney, Australia, excluding any Saturday, Sunday or public holiday;

"Cash Consideration" means a cash payment of \$0.0055 for each Company Share held by a Non-Gandel Shareholder;

"Company Board" means the directors of the Company from time to time;

"Company Group" means the Company and its Subsidiaries;

"Company Information" means information to be included by the Company in the Scheme Booklet that explains the effect of the Scheme and sets out the information prescribed by the Corporations Act and the *Corporations Regulations 2001* (Cth), and any other information that is material to the making of a decision by the Company Shareholders whether or not to vote in favour of the Scheme, being information that is within the knowledge of the Company's directors and has not previously been disclosed to the Company Shareholders, other than the Gandel Shareholder Information, and the Independent Expert's Report;

"Company Material Adverse Change" means an event, matter or circumstance (including a change in law) that occurs, is announced or becomes known (in each case whether or not it becomes public) after the date of this deed which:

- (a) has or could reasonably be expected to have individually or when aggregated with all such events, matters or circumstances the effect of diminishing the net assets of the Company Group or A1 Gold by 10% or more (as compared to the Company's or A1 Gold's (as applicable) most recent audited financial statements as at the date of this deed);
- (b) has the result that the impact on the EBITDA of the Company Group or A1 Gold that was generated from contracts that are either lost or become non-revenue generating exceeds 10% on an annualised basis;
- (c) has the result (or is reasonably likely to have the result) that the business of the Company Group or A1 Gold is unable to be carried on in substantially the same manner as carried on at the date of this deed;
- (d) results in the occurrence of an Insolvency Event in relation to any member of the Company Group or in relation to A1 Gold;

- (e) results in any member of the Company Group or A1 Gold ceasing, or threatening to cease to, carry on the business conducted as at the date of this deed; or
- (f) has the result (or is reasonably likely to have the result) that present or future third party monetary obligations of a member of the Company Group or A1 Gold in respect of moneys borrowed or raised totalling at least \$500,000 (or, without limitation, its equivalent in any other currency or currencies) becomes capable of being declared due and payable before their stated maturity or expiry (other than as a result of the Proposed Transaction),

but does not include any event, matter or circumstance:

- (g) required to be done or procured by the Company or a member of the Company Group pursuant to this deed or the Scheme;
- (h) done with the express prior written consent of Abbotsleigh;
- (i) to the extent that it was fairly disclosed in documents that were publicly available prior to the date which is two Business Days prior to the date of this deed from public filings of the Company with ASX or ASIC or public registers;
- (j) relating to costs and expenses incurred by the Company associated with the Scheme process, including all fees payable to external advisers of the Company, to the extent such amounts are fairly disclosed; or
- (k) to the extent that event, matter or circumstance was actually known to Abbotsleigh prior to the date of this deed (which does not include knowledge of the risk of an event, matter or circumstance occurring);

"Company Option" means an unlisted option over unissued Company Shares;

"Company Share" means a fully paid ordinary share in the capital of the Company;

"Company Shareholder" means each person who is registered as a holder of a Company Share;

"Competing Proposal" means any offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement other than the Proposed Transaction) under which, if ultimately completed substantially in accordance with its terms, a person or two or more persons who are Associates would directly or indirectly:

- (a) acquire a relevant interest or voting power in or become the holder of more than 20% of the the Company Shares;
- (b) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 20% or more by value of the business or property of the Company or any member of the the Company Group;
- (c) acquire Control of the Company;
- (d) otherwise acquire or merge with the Company or amalgamate with, or acquire a significant shareholding or economic interest in the Company or any member of the Company Group or 20% or more by value of the total assets or business of any member of the Company Group, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for

the Company or the the Company Group or other synthetic merger or any other transaction or arrangement; or

- (e) the Company will cease to be admitted to the official list of ASX or the the Company Shares will cease to be officially quoted on the market operated by ASX, or which may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Proposed Transaction;

"Conditions" means the conditions set out in clause 3.1 and Condition means any one of them;

"Control" has the meaning given under section 50AA of the Corporations Act. **Controlled** has the equivalent meaning.

"Convertible Securities" means any securities which confer on the holder the right to have Company Shares issued to them;

"Corporations Act" means the *Corporations Act 2001* (Cth);

"Court" means the Supreme Court of Victoria or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing;

"Deed Poll" means the deed poll to be executed by Abbotsleigh prior to the First Court Date, in the form set out in Schedule 1 or in such other form as is acceptable to the Company acting reasonably;

"Effective" means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme;

"Effective Date" with respect to the Scheme, means the date on which the Scheme becomes Effective;

"End Date" means:

- (a) 31 March 2016; or
- (b) such other date and time agreed in writing between Abbotsleigh and the Company;

"First Court Date" means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act;

"Gandel Shareholders" means Abbotsleigh, McNeil Nominees Pty Ltd (ACN 003 207 592), Ian Gandel, Linda Gandel, Steven Gandel, Darren Gandel, Nicole Gandel, Robert Tolliday and any other Company Shareholders which are Associates of any of them;

"Gandel Shareholder Information" means such information regarding the Gandel Shareholders, the source of funds to meet the Cash Consideration and Abbotsleigh's intentions in relation to the Company Group's business, assets and employees that is provided by or on behalf of Abbotsleigh to the Company or the Independent Expert:

- (a) to enable the Scheme Booklet to be prepared and completed in compliance with all applicable laws;
- (b) to enable applications for Regulatory Approvals to be made; and

- (c) otherwise in compliance with Abbotsleigh's obligations under clause 5.2(a)(i) and 5.2(a)(iii);

"Implementation Date" means, with respect to the Scheme, the fifth Business Day, or such other Business Day as the parties agree or as may be required by ASX, following the Record Date for the Scheme;

"Independent Expert" means an expert, independent of the parties, engaged by the Company in good faith to opine on whether the Scheme is in the best interests of the Company Shareholders and whether the capital return, the related party benefit given to Abbotsleigh and the repayment of the loan (if proposed) is fair and reasonable;

"Independent Expert's Report" means the report prepared by the Independent Expert and stating whether the Scheme is in the best interests of the Company Shareholders, and any update to such report that the Independent Expert issues prior to the Scheme Meeting;

"Ineligible Foreign Shareholder" means a Company Shareholder whose address as shown in the Company's register of members (as at the Record Date) is a place outside of Australia and its external territories and New Zealand;

"Insolvency Event" means:

- (a) **(insolvency official)** the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days;
- (b) **(arrangements)** the entry by the person into a compromise or arrangement with its creditors generally;
- (c) **(winding up)** the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (d) **(suspends payments)** the person suspends or threatens to suspend payment of its debts as and when they become due;
- (e) **(ceasing business)** the person ceases or threatens to cease to carry on business;
- (f) **(insolvency)** the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (g) **(deregistration)** the person being deregistered as a company or otherwise dissolved;
- (h) **(deed of company arrangement)** the person executing a deed of company arrangement;
- (i) **(person as trustee or partner)** the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:

- (i) a breach of trust or obligation as partner by the person;
 - (ii) the person acting outside the scope of its powers as trustee or partner;
 - (iii) a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability; or
 - (iv) the assets of the trust or partnership being insufficient to discharge the liability; or
- (j) (**analogous events**) anything analogous to those set out in any of paragraphs (a) to (i) inclusive occurs in relation to the person under the laws of a foreign jurisdiction;

"Meeting Date" means the date on which the meetings of the Company Shareholders are held to consider the Scheme;

"Non-Gandel Shareholder" means a Company Shareholder which is not a Gandel Shareholder;

"Proposed Transaction" means the proposed Scheme pursuant to which the Company Shares held by the Non-Gandel Shareholders will be cancelled, through the implementation of the Scheme, which will result in all of the Company Shares being held by the Gandel Shareholders;

"Record Date" means, in respect of the Scheme, 7.00pm on the fifth Business Day (or such other Business Day as the parties agree in writing or as may be required by ASX) following the Effective Date;

"Regulatory Approval" means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisaton, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Regulatory Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Regulatory Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action;

"Regulatory Authority" means:

- (a) any government, semi-government or local authority and any department, minister or agency of any government; and
- (b) any other authority, agency, commission, administrative, fiscal or judicial body (including a court), tribunal or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange, including the ASX;

"Related Bodies Corporate" has the meaning given in the Corporations Act;

"Resolutions" means all of the resolutions to be considered and voted on as set out in the notices of meeting included with the Scheme Booklet;

"RG 60" means Regulatory Guide 60 issued by ASIC on 22 September 2011;

"**Scheme Booklet**" means the explanatory booklet to be prepared in respect of the Scheme in accordance with the terms of this deed and to be despatched by the Company to the Company Shareholders;

"**Scheme Meeting**" means the meeting of the Company Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting;

"**Scheme Shares**" means Company Shares held by Non-Gandel Shareholders on the Record Date;

"**Scheme**" means the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between the Company and Scheme Shareholders in respect of all Scheme Shares, substantially in the form set out in Schedule 2 or in such other form as the parties agree in writing, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by each party;

"**Scheme Consideration**" means the Cash Consideration, plus 2 A1 Gold Shares for every 5 Company Shares held by a Non-Gandel Shareholder;

"**Second Court Date**" means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the first day on which the adjourned application is heard or scheduled to be heard;

"**Security Interest**" has the meaning given in section 12 of the *Personal Property Securities Act 2009* (Cth);

"**Subsidiary**" has the meaning given to that term in section 9 of the Corporations Act;

"**Timetable**" means the indicative timetable in relation to the Proposed Transaction set out in clause 6 with such modifications as may be agreed in writing by the parties; and

"**Transaction Document**" means this deed, the Deed Poll and the Scheme.

1.2 Interpretation

In this deed unless the contrary intention appears:

- (a) a word importing the singular includes the plural and vice versa;
- (b) a word indicating a gender includes every other gender;
- (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (f) a reference to a document (including this deed) is to that document as varied, novated, ratified or replaced from time to time;

- (g) a reference to a party or clause is a reference to a party or clause to or of this deed;
- (h) a reference to a statute includes any regulations or other instruments made under it and a reference to a statute or any regulation or other instrument made under it or a provision of any such statute, regulation or instrument includes consolidations, amendments, re-enactments and replacements;
- (i) a reference to any time is a reference to that time in Melbourne, Australia; and
- (j) a reference to A\$ or dollar is to Australian currency.

2. Agreement to propose Scheme

- 2.1 The Company agrees to propose and implement the Scheme on and subject to the terms and conditions of this deed, and to use all reasonable endeavours to do so as soon as is reasonably practicable and otherwise substantially in accordance with the Timetable.
- 2.2 Abbotsleigh agrees to assist the Company in proposing and implementing the Scheme on and subject to the terms and conditions of this deed, and to use all reasonable endeavours to do so as soon as is reasonably practicable and otherwise substantially in accordance with the Timetable.

3. Conditions precedent and pre-implementation steps

3.1 Conditions to Scheme

- (a) Subject to this clause 3, the Scheme will not become Effective, and the obligations of the Company under clause 5.1(a)(xiii) and Abbotsleigh's obligations to provide, or procure the provision of, the Cash Consideration in accordance with the Deed Poll and clause 4.1(b) will not be binding, until each of the following conditions precedent is satisfied or waived to the extent and in the manner set out in this clause 3:
 - (i) **(ASIC and ASX Approvals)** before 8.00am on the Second Court Date, ASIC and ASX issue or provide such consents or approvals as are necessary or which the Company and Abbotsleigh agree are desirable to implement the Scheme and such consent, approval or other act has not been withdrawn or revoked before 8.00am on the Second Court Date;
 - (ii) **(No Company Material Adverse Change)** no Company Material Adverse Change occurs or is announced or disclosed between the date of this deed and 8.00am on the Second Court Date;
 - (iii) **(Shareholder approval)** the Resolutions are approved by the Company Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act;
 - (iv) **(Court approval)** the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act;
 - (v) **(Independent Expert)** the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interests of the Company Shareholders on or before the date on which the Scheme Booklet is registered by ASIC under the Corporations Act and the Independent Expert not having notified the Company in writing that it has withdrawn or qualified this conclusion as at 8.00am on the Second Court Date;

- (vi) **(No Company material breach)** before 8.00am on the Second Court Date, the Company has not breached any material provision of this deed to a material extent in the context of the Scheme taken as a whole;
- (vii) **(No Abbotsleigh material breach)** before 8.00am on the Second Court Date, Abbotsleigh has not breached any material provision of this deed to a material extent in the context of the Scheme taken as a whole; and
- (viii) **(Restraining orders)** no judgment, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Regulatory Authority of competent jurisdiction remains in effect as at 8.00am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme or any Transaction Document.

3.2 Benefit and waiver of conditions precedent

- (a) The Conditions in clauses 3.1(a)(i), 3.1(a)(v) and 3.1(a)(viii) are for the benefit of each party and any breach or non-fulfilment of them may only be waived (if capable of waiver) with the written consent of both parties, which consent either party may give or withhold in its absolute discretion.
- (b) The Conditions in clauses 3.1(a)(ii), and 3.1(a)(vi) are for the sole benefit of Abbotsleigh and any breach or non-fulfilment of them may only be waived by Abbotsleigh giving its written consent.
- (c) The Condition in clause 3.1(a)(vii) is for the sole benefit of the Company and any breach or non-fulfilment of it may only be waived by the Company giving its written consent.
- (d) A party entitled to waive a Condition pursuant to clauses 3.2(a) - 3.2(c) may do so in its absolute discretion subject to the provision of written notice to the other party. Any waiver of a Condition by a party for whose benefit the condition applies must take place on or prior to 8.00am on the Second Court Date.
- (e) The Conditions in clauses 3.1(a)(iii) and 3.1(a)(iv) cannot be waived.
- (f) If a party waives the breach or non-fulfilment of any of the Conditions in clause 3.1(a), that waiver will not preclude it from suing the other party for any breach of this deed including without limitation a breach that resulted in the non-fulfilment of the Condition that was waived.
- (g) Waiver of a breach or non-fulfilment in respect of one Condition does not constitute:
 - (i) a waiver of breach or non-fulfilment of any other Condition resulting from the same event; or
 - (ii) a waiver of breach or non-fulfilment of that Condition resulting from any other event.

3.3 Reasonable endeavours

- (a) The Company and Abbotsleigh will use their respective reasonable endeavours to procure that each of the Conditions is satisfied as soon as reasonably practicable after the date of this deed or continues to be satisfied at all times until the last time they are to be satisfied (as the case may require).

- (b) Without limiting clauses 3.4(a) and 3.5(a) below:
- (i) the Company must promptly apply for all relevant Regulatory Approvals and provide Abbotsleigh with a copy of all applications for Regulatory Approvals; and
 - (ii) each of the Company and Abbotsleigh must:
 - A. take all the steps for which it is responsible as part of the Regulatory Approvals process;
 - B. respond to all requests for information in respect of the applications for Regulatory Approvals at the earliest practicable time;
 - C. provide the other with all information and assistance reasonably requested in connection with the applications for Regulatory Approvals;
 - D. to the extent that it is within either party's respective control, use its reasonable endeavours to procure that there is no occurrence that would prevent the Condition being satisfied and no other party shall take any action that will or is likely to hinder or prevent the satisfaction of the Condition except to the extent that such action is required by law; and
 - E. so far as it is able, allow the other and its Authorised Persons the opportunity to be present and make submissions at any meetings with any regulatory body relating to the Regulatory Approvals in respect of the Scheme.

(c) Before providing any document or other information to the other party (in this clause 3.3(c), the "**Recipient**") pursuant to clause 3.3(b)(ii)C, a party (in this clause 3.3(c), the "**Discloser**") may redact any part of that document, or not disclose any part of that information, which contains or is confidential, non-public information ("**Sensitive Confidential Information**") if the Discloser reasonably believes that:

- (i) the Sensitive Confidential Information is of a commercially sensitive nature; or
- (ii) the disclosure of the Sensitive Confidential Information to the Recipient would be damaging to the commercial or legal interest of the Discloser or any of its Related Bodies Corporate,

and may provide the document or disclose the information to the Recipient with any Sensitive Confidential Information redacted or excluded, provided that, where Sensitive Confidential Information is so redacted or excluded, the Discloser must provide:

- (iii) the Recipient with as much details about the relevant communication, submission or correspondence (and any other relevant circumstances) as is reasonably possible without disclosing Sensitive Confidential Information; and
- (iv) a complete version of the document or other information, without any redaction or exclusion of information, to the Recipient's external lawyers on the basis that the Recipient's external lawyers will not disclose the Sensitive Confidential Information to the Recipient or any other third party without the

Discloser's prior written consent and will only use the information for the purpose of satisfying the Condition in clause 3.1(a)(i).

3.4 Notifications

- (a) Each of Abbotsleigh and the Company must:
 - (i) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
 - (ii) promptly notify the other in writing if it becomes aware that any Condition has been satisfied; and
 - (iii) promptly notify the other in writing if it becomes aware that any Condition is or has become incapable of being satisfied (having regard to the respective obligations of each party under clauses 3.3(a) – 3.3(c)), and where a party is entitled to waive that Condition upon receipt or delivery of such a notice (as applicable) that party must notify the other party in accordance with clauses 3.2(a) – 3.2(g) as soon as possible (in any event before 5.00pm on the Business Day before the Second Court Date) as to whether the party waives the non-fulfilment of the Condition.

3.5 Certificate

- (a) On the Second Court Date:
 - (i) Abbotsleigh and the Company will provide a joint certificate to the Court confirming whether or not the Conditions set out in clauses 3.1(a)(i), 3.1(a)(iii), 3.1(a)(v) and 3.1(a)(viii) have been satisfied or waived in accordance with the terms of this deed;
 - (ii) the Company will provide a certificate to the Court confirming whether or not the Conditions set out in clauses 3.1(a)(ii) and 3.1(a)(vi) have been satisfied or waived in accordance with the terms of this deed; and
 - (iii) Abbotsleigh will provide a certificate to the Court confirming whether or not the Condition set out in clause 3.1(a)(vii) has been satisfied or waived in accordance with the terms of this deed.

3.6 Conditions not capable of being fulfilled

- (a) If:
 - (i) any Condition is not satisfied or (where capable of waiver) waived by the date specified in this deed for its satisfaction (or an event occurs which would or is likely to prevent a Condition being satisfied by the date specified in this deed);
 - (ii) a circumstance occurs with the result that a Condition is not capable of being fulfilled and, if the Condition is able to be waived by a party under clause 3.2(a) the party does not waive the Condition within five Business Days after the occurrence of the circumstance; or
 - (iii) the Scheme does not become Effective by the End Date,and neither of the following has occurred:

- (iv) the Independent Expert opines to the effect that the Scheme is not in the best interests of the Company Shareholders; or
- (v) a superior proposal has been publicly announced,

then the Company and Abbotsleigh must consult in good faith with a view to determining whether:

- (vi) the Scheme may proceed by way of alternative means or methods;
- (vii) to extend the relevant time or date for satisfaction of the Condition;
- (viii) to change the date of the application to be made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties; or
- (ix) to extend the End Date.

(b) Subject to clause 3.6(c), if a Condition becomes incapable of being satisfied before the End Date and the Company and Abbotsleigh are unable to reach agreement under clause 3.6(a) within five Business Days of the date on which they both become aware that the Condition has become incapable of being satisfied (or, if earlier, by 8.00am on the Second Court Date), then unless the relevant Condition (where capable of waiver) is waived:

- (i) in relation to the Conditions in clause 3.1(a)(i), 3.1(a)(iii), 3.1(a)(iv), 3.1(a)(v) and 3.1(a)(viii), either Abbotsleigh or the Company may terminate this deed by giving the other notice;
- (ii) in relation to the Conditions in clause 3.1(a)(ii) and 3.1(a)(vi), Abbotsleigh may terminate this deed by giving the Company notice; and
- (iii) in relation to the Conditions in clause 3.1(a)(vii), the Company may terminate this deed by giving Abbotsleigh notice,

within 10 Business Days (or any shorter period ending before 8.00am on the Second Court Date), without any liability to any other party by reason of that termination alone except as otherwise contemplated in this deed.

(c) A party will not be entitled to terminate this deed pursuant to clause 3.6(b) if the relevant Condition has not been satisfied as a result of:

- (i) a breach of this deed by that party; or
- (ii) a deliberate act or omission of that party which either alone or together with other circumstances prevents that Condition being satisfied.

3.7 Interpretation

(a) For the purposes of this clause 3, a Condition will be incapable of satisfaction, or incapable of being fulfilled if:

- (i) in the case of a Condition relating a Regulatory Approval, the relevant Regulatory Authority makes or has made a final adverse determination in writing to the effect that it will not provide the Regulatory Approval or such Regulatory Approval will be subject to conditions that are unacceptable to the Company or Abbotsleigh (acting reasonably); and

- (ii) in all other cases, there is an act, failure to act or occurrence that will prevent the Condition being satisfied by the End Date (and the breach or non-fulfilment that would otherwise have occurred has not already been waived in accordance with this deed).

4. Scheme structure

4.1 Scheme

- (a) The Company must, as soon as reasonably practicable after the date of this deed and otherwise substantially in compliance with the Timetable, propose the Scheme under which, subject to the Scheme becoming Effective, all the Company Shares held by the Non-Gandel Shareholders will be cancelled under a selective capital reduction and the Non-Gandel Shareholders will be entitled to receive, for each Company Share held at the Record Date, the Scheme Consideration, in each case in accordance with the terms of the Scheme.
- (b) The Company must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Abbotsleigh.

4.2 Scheme Consideration

- (a) Abbotsleigh covenants in favour of the Company, in consideration for the promise to cancel the Scheme Shares under the terms of the Scheme (and in any event prior to the cancellation of the Scheme Shares), to advance to the Company on the terms set out in Schedule 3 a cash sum equal to the aggregate amount of the Cash Consideration, to enable the Company to pay the Cash Consideration (as part of the Scheme Consideration) under the terms of the Scheme to each Non-Gandel Shareholder on the Implementation Date and otherwise in accordance with the Scheme.
- (b) Subject to clauses 4.3(a) and 4.4 and to the Scheme becoming Effective, at 10.00am on the Implementation Date, the transactions which form part of the Scheme will be implemented as follows:
 - (i) subject to clause 4.2(b)(ii), all existing Scheme Shares at the Record Date will be cancelled; and
 - (ii) in return, each Non-Gandel Shareholder will receive the Scheme Consideration for each Scheme Share held by that Non-Gandel Shareholder at the Record Date, which is to be paid and delivered in the manner set out in clause 4.2(c).
- (c) Subject to receipt of the cash sum in accordance with clause 4.2(a), and to clauses 4.3(a) and 4.4, and to the Scheme becoming Effective, the Company must, on the Implementation Date:
 - (i) pay to each Non-Gandel Shareholder the Cash Consideration they are entitled to under the Scheme; and
 - (ii) transfer to each Non-Gandel Shareholder 2 A1 Gold Shares for each 5 Scheme Shares held by that Non-Gandel Shareholder on the Record Date in accordance with the Scheme;
 - (iii) do everything reasonably necessary to ensure that the transfer of all those A1 Gold Shares to Non-Gandel Shareholders is effected in accordance with the ASX Listing Rules; and

- (iv) ensure that on transfer, each such A1 Gold Share is free from any mortgage, charge, lien, encumbrance or other Security Interest.

4.3 Ineligible Foreign Shareholders

- (a) Unless the Company is satisfied that the laws of an Ineligible Foreign Shareholder's country of residence (as shown in the Company's register of members) permit the transfer of A1 Gold Shares to the Ineligible Foreign Shareholder either unconditionally or after compliance with terms which the Company reasonably regards as acceptable and practical:
 - (i) the Company will be under no obligation under the Scheme to transfer any A1 Gold Shares to Ineligible Foreign Shareholders, and instead will transfer the A1 Gold Shares that would otherwise have been transferred to the Ineligible Foreign Shareholders to a nominee appointed by the Company;
 - (ii) the Company will procure that as soon as reasonably practicable, and in any event no more than 15 Business Days after the Implementation Date, the nominee sell those A1 Gold Shares issued to the nominee on-market in such manner, at such price and on such other terms as the nominee determines in good faith;
 - (iii) promptly after the last sale of those A1 Gold Shares, the Company will procure that the nominee pays the net proceeds from that sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges) to the Company; and
 - (iv) the Company will then remit the proceeds it receives from the nominee to each Ineligible Foreign Shareholder in accordance with their entitlement.

4.4 Fractional entitlements

Any fractional entitlement of a Non-Gandel Shareholder to a part of an A1 Gold Share will be rounded up or down to the nearest whole number of A1 Gold Shares (rounded up if the fractional entitlement is equal to or greater than one half, and rounded down if the fractional entitlement is less than one half).

5. Implementation obligations

5.1 Company's obligations

- (a) The Company must take all steps reasonably necessary to implement the Scheme as soon as reasonably practicable after the date of this deed and otherwise substantially in accordance with the Timetable, including without limitation taking each of the following steps:
 - (i) **(Scheme Booklet)** prepare the Scheme Booklet in accordance with clause 6;
 - (ii) **(Independent Expert)** promptly instruct the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Scheme Booklet;
 - (iii) **(approval of draft for ASIC)** as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that the Company Board, or the independent directors of the Company, consider approving that draft as being in a form appropriate

for provision to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act;

- (iv) **(liaison with ASIC)** as soon as reasonably practicable after the date of this deed:
 - A. provide an advanced draft of the Scheme Booklet, in a form approved in accordance with clauses 5.1(a)(iii) and 5.2(a)(viii), to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act; and
 - B. liaise with ASIC during the period of its consideration of that draft of the Scheme Booklet and keep Abbotsleigh reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet and use reasonable endeavours, in consultation with Abbotsleigh, to resolve any such matters;
- (v) **(approval of Scheme Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the Company Board, or the independent directors of the Company, is held to consider approving the Scheme Booklet for despatch to the Company Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act;
- (vi) **(section 411(17)(b) statements)** apply to ASIC for the production of statements in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (vii) **(first Court hearing)** lodge all documents with the Court and take all other reasonable steps to ensure that promptly after, and provided that, the approvals in clauses 5.1(a)(vi) and 5.1(a)(xvii) have been received, an application is heard by the Court for an order under section 411(1) of the Corporations Act directing the Company to convene the Scheme Meeting;
- (viii) **(registration of explanatory statement)** if the Court directs the Company to convene the Scheme Meeting, request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (ix) **(convening Scheme Meeting)** take all reasonable steps necessary to comply with the orders of the Court including, as required, despatching the Scheme Booklet to the Company Shareholders and convening and holding the Scheme Meeting;
- (x) **(updating Scheme Booklet)** until the date of the Scheme Meeting, promptly update the Scheme Booklet with any information that arises after the Scheme Booklet has been dispatched that is necessary to ensure that the Scheme Booklet does not contain any material statement that is false or misleading in a material respect (including because of any material omission from that statement);
- (xi) **(Court approval application if parties agree that conditions are capable of being satisfied)** if the Resolutions are passed by the majorities required under section 411(4)(a)(ii) of the Corporations Act and, if necessary, the parties agree on the Business Day immediately following the Scheme Meeting that it can be reasonably expected that all of the Conditions will be satisfied or waived prior to the proposed Second Court Date, apply (and, to

the extent necessary, re-apply) to the Court for orders approving the Scheme;

- (xii) **(appeal process)** if the Court refuses to make any orders directing the Company to convene the Scheme Meeting or approving the Scheme, the Company and Abbotsleigh must:
 - A. consult with each other in good faith as to whether to appeal the Court's decision; and
 - B. appeal the Court decision unless the parties agree otherwise or an independent senior counsel opines that, in his or her view, an appeal would have no reasonable prospect of success;
- (xiii) **(implementation of Scheme)** if the Scheme is approved by the Court:
 - A. subject to the ASX Listing Rules, promptly lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act;
 - B. determine entitlements to the Scheme Consideration as at the Record Date in accordance with the Scheme;
 - C. execute proper instruments of transfer of and effect and register the transfer of the A1 Gold Shares forming part of the Scheme Consideration to Non-Gandel Shareholders on the Implementation Date; and
 - D. do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme;
- (xiv) **(Regulatory notifications)** in relation to the Regulatory Approvals required to be applied for by the Company, lodge with any Regulatory Authority within the relevant time periods all documentation and filings required by law to be so lodged by the Company in relation to the Proposed Transaction;
- (xv) **(Documents)** consult with Abbotsleigh in relation to the content of the court documents required for the purpose of the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders);
- (xvi) **(Shareholder support)** promote to its shareholders the merits of the Scheme, in the absence of a superior proposal; and
- (xvii) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.

5.2 Abbotsleigh's obligations

- (a) Abbotsleigh must take all steps reasonably necessary to assist the Company to implement the Scheme as soon as reasonably practicable and otherwise substantially in accordance with the Timetable including, without limitation, taking each of the following steps:
 - (i) **(Gandel Shareholder Information)** prepare and provide to the Company, in a form appropriate for inclusion in the Scheme Booklet, the Gandel Shareholder Information that is required by all applicable law, the ASX Listing Rules and ASIC Regulatory Guides for inclusion in the Scheme

Booklet and as may be necessary to ensure that Gandel Shareholder Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (whether by omission or otherwise);

- (ii) **(Regulatory notifications)** in relation to the Regulatory Approvals required to be applied for by Abbotsleigh, lodge with any Regulatory Authority within the relevant time periods all documentation and filings required by law to be so lodged by Abbotsleigh in relation to the Proposed Transaction;
- (iii) **(Independent Expert)** promptly provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report for inclusion in the Scheme Booklet;
- (iv) **(liaison with ASIC)** provide assistance reasonably requested by the Company to assist the Company to resolve any matter raised by ASIC regarding the Scheme Booklet or the Scheme during its review of the Scheme Booklet;
- (v) **(review of Scheme Booklet)** as soon as reasonably practicable after delivery, review the drafts of the Scheme Booklet prepared by the Company and provide comments on those drafts in good faith;
- (vi) **(approval of draft for ASIC)** as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that the Abbotsleigh Board, or of a committee of the Abbotsleigh Board appointed for the purpose, considers approving the Gandel Shareholder Information contained in that draft as being in a form appropriate for provision to ASIC for review;
- (vii) **(approval of Scheme Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the Abbotsleigh Board, or of a committee of the Abbotsleigh Board appointed for the purpose, is held to consider approving those sections of the Scheme Booklet that comprise the Gandel Shareholder Information as being in a form appropriate for despatch to the Company Shareholders, subject to approval of the Court;
- (viii) **(Representation)** procure that, if requested by the Company, Abbotsleigh is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act;
- (ix) **(Deed Poll)** prior to the First Court Date, execute the Deed Poll; and
- (x) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.

6. Timetable

6.1 The parties agree to use reasonable endeavours to adhere to the following timetable in respect of the Scheme:

Wednesday, 25 November 2015	Announcement of Scheme
Monday, 30 November	Submit Scheme Booklet to ASIC

2015	
Tuesday, 15 December 2015	ASIC complete review
Thursday, 17 December 2015	First Court Date
Tuesday, 29 December 2015	Dispatch of Scheme Booklet to Company Shareholders
Friday, 29 January 2016	Scheme Meeting
Friday, 5 February 2016	Second Court Date. Court approval of Scheme
Monday, 8 February 2016	Effective Date
Monday, 15 February 2016	Record Date
Monday, 22 February 2016	Implementation Date

7. Scheme Booklet

7.1 As soon as reasonably practicable after the date of this deed and otherwise substantially in accordance with the Timetable, the Company must prepare the Scheme Booklet in compliance with:

- (a) all applicable laws, in particular with the Corporations Act, RG 60 and the ASX Listing Rules; and
- (b) this clause 7,

except that the obligations to do so in respect of the Gandel Shareholder Information is subject to Abbotsleigh complying with its obligations under clauses 5.2(a) and this clause 7.

7.2 The Scheme Booklet will include or be accompanied by:

- (a) the terms of the Scheme;
- (b) the notice convening the Scheme Meeting, and any other notice of meeting in respect of any resolution that is necessary, expedient or incidental to give effect to the Scheme, together with a proxy form for the Scheme Meeting and for any ancillary meeting;
- (c) the Company Information;
- (d) the Gandel Shareholder Information;
- (e) a copy of this deed (without the schedules or annexures) or a summary of the terms of this deed;

- (f) a copy of the executed Deed Poll; and
 - (g) a copy of the Independent's Expert Report.
- 7.3 The Company must make available to Abbotsleigh drafts of the Scheme Booklet (excluding any draft of the Independent Expert's Report before that report is finalised), consult with Abbotsleigh in relation to the content of those drafts (other than the Gandel Shareholder Information), and consider in good faith, for the purpose of amending those drafts, comments from Abbotsleigh on those drafts. Abbotsleigh acknowledges and agrees that the Company has ultimate discretion with respect to the preparation, form and content of the Scheme Booklet, other than as expressly provided in this deed with respect to the Gandel Shareholder Information.
- 7.4 The Company must seek approval from Abbotsleigh for the form and context in which the Gandel Shareholder Information appears in the Scheme Booklet, which approval Abbotsleigh must not unreasonably withhold or delay, and the Company must not lodge the Scheme Booklet with ASIC until such approval is obtained from Abbotsleigh.
- 7.5 Abbotsleigh must provide written consent to the Company in relation to the form and context in which the Gandel Shareholder Information (and any information solely derived from, or prepared solely in reliance on, the Gandel Shareholder Information) is used in the Scheme Booklet, such consent not to be unreasonably withheld or delayed by Abbotsleigh.
- 7.6 The Company must take all reasonable steps to ensure that the Scheme Booklet (other than the Gandel Shareholder Information and the Independent Expert's Report) is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date it is despatched to the Company Shareholders.
- 7.7 Abbotsleigh must take all reasonable steps to ensure that the Gandel Shareholder Information is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date on which the Scheme Booklet is despatched to the Company Shareholders.
- 7.8 The Company must provide to Abbotsleigh all such further or new information of which the Company becomes aware (or ought reasonably to have become aware after making all reasonable and diligent enquiries) that arises after the Scheme Booklet has been despatched until the date of the Scheme Meeting where this is or may be necessary to ensure that the Scheme Booklet continues to comply with the Corporations Act, RG 60 and the ASX Listing Rules or that the Company Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (whether by omission or otherwise).
- 7.9 Abbotsleigh must provide to the Company all such further or new information of which Abbotsleigh becomes aware (or ought reasonably to have become aware after making all reasonable and diligent enquiries) that arises after the Scheme Booklet has been despatched until the date of the Scheme Meeting where this is or may be necessary to ensure that the Abbotsleigh Information continues to comply with the Corporations Act, RG 60 and the ASX Listing Rules or that the Abbotsleigh Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (whether by omission or otherwise).
- 7.10 The Company and Abbotsleigh each agree that the efficient preparation of the Scheme Booklet and the implementation of the Scheme are in the interests of the Company Shareholders and Abbotsleigh and that they will use all reasonable endeavours and utilise all necessary resources (including management resources and the resources of external advisers) to comply with their respective obligations under this clause 7 and to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable.

- 7.11 Abbotsleigh and the Company are entitled to separate representation at all Court proceedings affecting the Proposed Transaction. Nothing in this document provides one party with any right or power to give undertakings to the Court on behalf of the other party without that party's written consent.
- 7.12 The Company must undertake appropriate verification processes in relation to the Company Information contained in the Scheme Booklet, and Abbotsleigh must undertake appropriate verification processes in relation to the Gandel Shareholder Information contained in the Scheme Booklet.
- 7.13 **Responsibility statement**
- (a) The Scheme Booklet must contain a responsibility statement to the effect that:
- (i) Abbotsleigh is responsible for the Gandel Shareholder Information contained in the Scheme Booklet; and
 - (ii) the Company is responsible for the Company Information contained in the Scheme Booklet.
- 7.14 **Company Board recommendation**
- (a) Subject to clause 7.15, the Company must use its best endeavours to procure that the Scheme Booklet and all public announcements by the Company in relation to the Proposed Transaction must include statements that:
- (i) the independent directors of the Company unanimously recommend that the Company Shareholders vote in favour of the Scheme; and
 - (ii) each independent director of the Company intends to vote all the Company Shares held or controlled by him or her in favour of the Scheme,
-
- qualified only by the words to the effect of:
- (iii) 'in the absence of a superior proposal'; and
 - (iv) other than in respect of the Scheme Booklet or any document issued after the issue of the Scheme Booklet, 'subject to the Independent Expert opining that the Scheme is in the best interests of the Company Shareholders'.
- 7.15 The Company must use its best endeavours to ensure that the directors of the Company only make a public statement or take any action that qualifies their support of the Scheme or contradicts, or subsequently change, withdraw or modify the recommendation referred to in clause 7.14, in either of the following circumstances:
- (a) the Independent Expert opines either prior to the despatch of the Scheme Booklet or prior to the Scheme Meeting to the effect that the Scheme is not in the best interests of the Company Shareholders (except where the Independent Expert opines that the Scheme is not in the best interest of the Company Shareholders as a result of a Competing Proposal); or
 - (b) a majority of the directors of the Company determine that a Competing Proposal constitutes a superior proposal, and the Company Board has determined in good faith and acting reasonably, after having consulted with its financial and legal advisers, that failure to take this action would or would be likely to constitute a breach of the directors of the Company's fiduciary or statutory obligations.

- 7.16 Subject to clause 7.15, the Company represents and warrants to Abbotsleigh that it has been advised by each director of the Company in office at the date of this deed that he or she will act in accordance with clauses 7.14 and 7.15 .

8. Confidentiality and Public Announcement

8.1 Gandel Confidential Information

During the period until the Gandel Shareholder Information becomes publicly available, the Company must:

- (a) keep the Gandel Shareholder Information confidential and not directly or indirectly disclose, divulge or communicate any Gandel Shareholder Information to, or otherwise place any Gandel Shareholder Information at the disposal of, any other person without the prior written consent of Abbotsleigh;
- (b) take all reasonable steps to secure and keep secure all Gandel Shareholder Information coming into its possession or control; and
- (c) not use the Gandel Shareholder Information for any purposes other than those expressly contemplated by this deed or the Scheme without the prior written consent of Abbotsleigh.

8.2 Company Confidential Information

During the period until the Company Information becomes publicly available, Abbotsleigh must:

- (a) keep the Company Information confidential and not directly or indirectly disclose, divulge or communicate any Company Information to, or otherwise place any Company Information at the disposal of, any other person without the prior written consent of the Company;
- (b) take all reasonable steps to secure and keep secure all Company Information coming into its possession or control; and
- (c) not use the Company Information for any purposes other than those expressly contemplated by this deed or the Scheme without the prior written consent of the Company.

8.3 Exceptions

The obligations of confidentiality under clauses 8.1 and 8.2 do not apply to any Gandel Shareholder Information or Company Information (as applicable) that:

- (a) is disclosed to the Company or Abbotsleigh (as applicable) by a third party entitled to do so;
- (b) was already lawfully in the Company or Abbotsleigh's possession (as applicable) prior to the date of this deed and was not otherwise acquired from the disclosing party directly or indirectly; or
- (c) is generally available to the public at the date of this deed or subsequently becomes so available other than by reason of a breach of this deed or any breach of confidence.

- 8.4 Immediately after the execution of this deed, the parties must issue public announcements in a form previously agreed to in writing between them.

- 8.5 Except if a Competing Proposal exists, any further public announcements by the Company or Abbotsleigh in relation to, or in connection with, the Proposed Transaction or any other transaction the subject of this deed or the Scheme may only be made in a form approved by each party in writing (acting reasonably) subject to where a party is required by law or the ASX Listing Rules to make any announcement or to make any disclosure in relation to, or in connection with, the Proposed Transaction or any other transaction the subject of this deed or the Scheme.

9. Termination

9.1 Termination by notice

- (a) Abbotsleigh or the Company may, by notice in writing to the other, terminate this deed at any time prior to 8.00am on the Second Court Date:
- (i) if the other is in material breach of any of its material obligations under this deed and:
 - A. the other party has failed to remedy that breach within five Business Days (or 8.00am on the Second Court Date if earlier) of receipt by it of a notice in writing from the terminating party setting out details of the relevant circumstance and requesting the other party to remedy the breach; or
 - B. the breach cannot be remedied by subsequent action on the part of that other party before 8.00am on the Second Court Date; or
 - (ii) in accordance with clause 3.6.
- (b) The Company may, by notice in writing to Abbotsleigh, terminate this deed at any time prior to 8.00am on the Second Court Date if, at any time before then:
- (i) a majority of the directors of the Company withdraw or adversely modify their recommendation of the Proposed Transaction, or publicly recommend a Competing Proposal, in accordance with clause 7.15;
- (c) Abbotsleigh may, by notice in writing to the Company, terminate this deed at any time prior to 8.00am on the Second Court Date if, at any time before then:
- (i) a majority of the directors of the Company:
 - A. fail to recommend the Scheme in accordance with clause 7.14; or
 - B. withdraw or adversely modify their recommendation of the Scheme or make any public statement that is inconsistent with a recommendation of the Scheme in accordance with clause 7.14.

9.2 Effect of termination

- (a) In the event of termination of this deed under clauses 3.6 or 9.1, this deed will become void and have no effect, except that the provisions of this clause 9 and clauses 1, 8 and 10 to 23 (inclusive) survive termination.
- (b) Termination of this deed does not affect any accrued rights of a party in respect of a breach of this deed prior to termination.

9.3 Disclosure on termination of deed

- (a) The parties agree that, if this deed is terminated under this clause 9, any party may disclose:
 - (i) the fact that this deed has been terminated, where such disclosure is required by the relevant listing rules or is in the reasonable opinion of that party required to ensure that the market in its securities is properly informed;
 - (ii) the fact that this deed has been terminated to ASIC and the Court; and
 - (iii) information that is required to be disclosed as a matter of law or in any proceedings.

10. Representations and warranties

10.1 The Company represents and warrants to Abbotsleigh that:

- (a) as at the date of this deed and separately on each date up to and including the Meeting Date:
 - (i) the Company is a validly existing corporation registered under the laws of Australia;
 - (ii) the execution and delivery of this deed by the Company has been properly authorised by all necessary corporate action and the Company has full corporate power and lawful authority to execute and deliver this deed and to perform or cause to be performed its obligations under this deed;
 - (iii) this deed constitutes legal, valid and binding obligations on the Company and this deed does not conflict with or result in a breach of or default under the constitution of the Company or any Subsidiary of the Company; and
- (b) as at the date of this deed there are 248,331,672 Company Shares on issue and the Company has no other Convertible Securities on issue or instruments which are still outstanding and which may convert into Company Shares or other securities.

10.2 Abbotsleigh represents and warrants to the Company as at the date of this deed and separately on each date up to and including the Meeting Date that:

- (a) Abbotsleigh is a validly existing corporation registered under the laws of the country or jurisdiction of its incorporation;
- (b) the execution and delivery of this deed by Abbotsleigh has been properly authorised by all necessary corporate action and Abbotsleigh has full corporate power and lawful authority to execute and deliver this deed and to perform or cause to be performed its obligations under this deed; and
- (c) this deed constitutes legal, valid and binding obligations on Abbotsleigh and this deed does not conflict with or result in a breach of or default under Abbotsleigh's constitution.

10.3 Each representation and warranty in this deed is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this deed.

10.4 The parties acknowledge and agree that at the date of this deed the Gandel Shareholders and their holdings of Company Shares and Company Options are:

Name	Number of Company Shares	Number of Company Options
Abbotsleigh	102,140,000	0
McNeil Nominees Pty Ltd (ACN 003 207 592)	55,000	0
Ian Gandel	12,800	0
Linda Gandel	12,800	0
Steven Gandel	16,000	0
Darren Gandel	12,800	0
Nicole Gandel	12,800	0
Robert Tolliday	160,000	0

11. Notices

- 11.1 A notice or communication to be served or given under this deed must be in writing and may be served or given by any lawful means of service within the State of Victoria including without limitation service by hand delivery, ordinary, certified or registered pre-paid post or by facsimile transmission, but only if the facsimile sending machine prints immediately after transmission a report showing the time and date of successful transmission and a copy of part of the first page of the relevant transmission as part of that report. The date a notice is deemed served, given and received is:
- (a) if delivered by hand, the day of delivery but if delivery takes place after 4:00 pm on a Business Day or on a day that is not a Business Day then it is deemed served, given and received on the next Business Day;
 - (b) if posted, three Business Days after the day it is posted;
 - (c) if by facsimile transmission, on the day of transmission but if transmission is not on a Business Day or is not completed by 4:00 pm on a Business Day then it is deemed served, given and received the next Business Day.
- 11.2 The address and facsimile number at which a party may be served or given notices under this deed is its address and facsimile number as appearing in this deed or such other address or facsimile number for service it notifies the other parties of in writing.

12. Costs

Each party must pay its own costs incurred in respect of the preparation and negotiation of this deed.

13. Further Assurances

The parties agree to sign all documents and do all things reasonably required to fully and effectively complete and perfect the transactions recorded in this deed.

14. No Assignment

No party to this deed may assign any of its rights or obligations pursuant to this deed without the prior written consent of the other party.

15. Recitals and Schedule

The recitals to this deed are expressly incorporated into and form part of this deed.

16. No Adverse Construction

This deed or a term of this deed is not to be construed to the disadvantage of a party because that party was responsible for its preparation.

17. Non Merger

The provisions of this deed which are capable of having effect after completion of any transaction referred to in this deed including without limitation warranties and indemnities do not merge on completion of any transaction referred to in this deed.

18. Severability

As far as is possible this deed is to be construed so as not to be void, voidable, unenforceable or illegal, but if any part of this deed is void, voidable, unenforceable or illegal by operation of any law, then the offending part of this deed as far as is possible is to be read down to the extent necessary to make sure that it is not invalid, unenforceable or illegal but if it cannot be so read down then it is to be deemed severed without affecting the remainder of this deed which will continue to apply as amended.

19. Waiver

A waiver by any party of breach of any provision in this deed or any rights arising under it is not effective unless that waiver is in writing and is signed by the party granting the waiver. No waiver will vitiate the remainder of this deed which will continue to apply, nor will it prevent the exercise of any other provision or part of this deed or any other right arising under it.

20. Entire Agreement

This deed represents the entire agreement reached between the parties and no terms or representations not expressly included in this deed will be deemed to apply.

21. Variation

No variation to this deed is valid or enforceable unless reduced to writing and signed by duly authorised officers of each of the parties.

22. Law

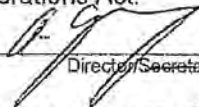
The law governing this deed will be the law in Victoria and the parties irrevocably submit to the exclusive jurisdiction of its courts and tribunals and to the Federal Court of Australia sitting in Victoria.

23. Counterparts

This deed may be executed in any number of counterparts and all counterparts taken together shall be deemed to be the one agreement.

Executed as a Deed

EXECUTED by OCTAGONAL)
RESOURCES LIMITED ACN 074 449 513)
in accordance with section 127 of the)
Corporations Act:



Director/Secretary (Signature)

ANTHONY ROBERT GRAY

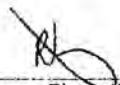
Full name (please print)

14/12/15

Date

SUITE 3, 51-55 CITY ROAD, SOUTHBANK, VIC, 3006

Usual Address (please print)



Director/Secretary (Signature)

ROBERT PAUL TULLYDAY

Full name (please print)

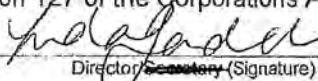
14/12/15

Date

2 GOODWOOD ST, SURREY HILLS, VIC, 3127

Usual Address (please print)

EXECUTED by ABBOTSLEIGH)
PROPRIETARY LIMITED)
ACN 005 612 377 in accordance with)
section 127 of the Corporations Act:



Director/Secretary (Signature)

LINDA EMILY GANDEL

Full name (please print)

14/12/15

Date

SUITE 3, 51-55 CITY ROAD SOUTHBANK, VIC, 3006

Usual Address (please print)



Director/Secretary (Signature)

IAN JEFFREY GANDEL

Full name (please print)

14/12/15

Date

SUITE 3, 51-55 CITY RD, SOUTHBANK, VIC, 3006

Usual Address (please print)

Schedule 1 – Deed Poll

Schedule 2 – Scheme

Schedule 3 – Terms of Abbotsleigh Advance

1. Definitions

1.1 In this Schedule, the following terms have the following meanings unless the context clearly indicates otherwise:

“Advance” has the meaning given in clause 2.1 of this Schedule;

“Encumbrance” means an interest or power;

- (a) reserved in or over an interest in any asset including, but not limited to, any retention of titles; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power; or
- (c) by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to, any agreements to grant or create any of the above;

“Event of Default” means any of the following events:

- (a) if the Company fails to punctually and properly comply with any of its obligations under this Schedule;
- (b) if any representation or warranty made or given by the Company to Abbotsleigh in respect of the Advance, the Company or otherwise concerning in any way the transactions referred to in this Schedule proves to be incorrect in any material respect;
- (c) if any provision in this Schedule is, or for any reason becomes, invalid or unenforceable or if the Company alleges that any provision in this Schedule is invalid or unenforceable;
- (d) if an Insolvency Event occurs in respect of the Company;
- (e) if a person holding any form of security granted by Company becomes entitled to take any action to enforce its security rights or if any form of execution is levied or enforced in respect of any of the assets of the Company and is not discharged within 7 days of being levied or enforced; or
- (f) if the Company without the prior consent in writing of Abbotsleigh creates or attempts to create any form of Encumbrance over any asset which is now or which in the future is secured to Abbotsleigh; and

“Permitted Encumbrance” means:

- (a) every lien created by operation of law securing an obligation that is not yet due; and
- (b) any Encumbrance which Abbotsleigh consents to in writing.

- 1.2 All other capitalised terms in this Schedule have the same meaning as given in the body of this deed.

2. The Advance

- 2.1 Abbotsleigh agrees to lend to the Company the amount referred to in clause 4.1 of this Schedule ("**Advance**") at least one Business Day before the Implementation Date.
- 2.2 The Advance will be held on trust by the Company for Scheme Participants until the earlier of:
- (a) the payment of the Cash Consideration to Scheme Participants occurring in accordance with the Scheme, at which point the amount of the Advance will become a liability owing from the Company to Abbotsleigh in accordance with this Schedule; or
 - (b) the End Date or such other earlier date on which the parties agree in writing that the Scheme has not become Effective, in which case the Advance will be immediately refunded to Abbotsleigh out of the moneys held on trust by the Company.
- 2.3 The Company must apply the proceeds of the Advance for the purpose set out in clause 4.2 of this Schedule.

3. Repayment of Loan

- 3.1 Subject to the Advance becoming a liability of the Company in accordance with clause 2.2(a), the Advance is repayable on the later of:
- (a) demand from Abbotsleigh; or
 - (b) 7 days after the Implementation Date.
- 3.2 Abbotsleigh must not make a call for the repayment of all or any part of the Advance if the payment of that call by the Company would result in it being unable to pay its debts (including the amounts owing to Abbotsleigh) as and when they become due and payable.

4. Advance and Interest

- 4.1 Abbotsleigh will advance \$802,502 to the Company on the terms set out in this Schedule.
- 4.2 The Company will apply the Advance to the payment of the Cash Consideration under the Scheme.
- 4.3 No interest will accrue on the Advance.

5. Default

- 5.1 Subject to the Advance becoming a liability of the Company in accordance with clause 2.2(a), if an Event of Default occurs the Advance will, at Abbotsleigh's option, become immediately due and payable on demand.
- 5.2 Subject to the Advance becoming a liability of the Company in accordance with clause 2.2(a), after an Event of Default has occurred Abbotsleigh may determine when it will demand repayment of the Advance.

- 5.3 Failure by Abbotsleigh to make demand for payment under this clause after an Event of Default has occurred will not prejudice Abbotsleigh's right to make demand for payment nor will it affect Company's obligation to make payment when that demand is made despite the period of time that passes between the Event of Default and the making of the demand and despite anything that happens in that period. It is intended that once an Event of Default has occurred the Company's obligation to make payment on demand may only be altered or released by the express written agreement of Abbotsleigh.
- 5.4 If the Event of Default is an Insolvency Event, clause 3.2 immediately ceases to apply.

A certificate by Abbotsleigh or one of its officers stating:

- (a) that an Event of Default has occurred and describing that Event of Default; and
 - (b) the amount then due and payable by the Company to Abbotsleigh,
- or any of those things will be prima facie evidence of the things stated in that certificate.

6. Representations and Warranties

- 6.1 The Company represents and warrants to Abbotsleigh that:
- (a) it is a validly existing corporation registered under the laws of Australia;
 - (b) the execution and delivery of this Schedule, including the provisions of this Schedule, by the Company has been properly authorised by all necessary corporate action and the Company has full corporate power and lawful authority to execute and deliver this Schedule and to perform or cause to be performed its obligations under this Schedule;
 - (c) this Schedule, including the provisions of this Schedule, constitutes a legal, valid and binding obligation on the Company and does not conflict with or result in a breach of or default under the constitution of the Company or any Subsidiary of the Company; and
 - (d) the execution, delivery and performance by the Company of this deed, incorporating this Schedule, does not and will not violate, breach, or result in a contravention of:
 - (i) any law, regulation or authorisation; or
 - (ii) any Encumbrance or document which is binding upon it or on any of its assets;and does not and will not result in:
 - (iii) the creation or imposition of any Encumbrance or restriction of any nature on any of its assets; or
 - (iv) the acceleration of the date of payment of any obligation existing under an Encumbrance or document which is binding upon it or on any of its assets.
- 6.2 The Company acknowledges that Abbotsleigh has agreed to provide the Advance to the Company in reliance upon the representations and warranties in, or given under, this Schedule.

7. Undertakings and Indemnity from Company

- 7.1 The Company must give notice to Abbotsleigh as soon as it becomes aware of any Event of Default occurring.
- 7.2 The Company must not, and must make sure that each of its Subsidiaries does not without the prior written consent of Abbotsleigh:
- (a) deal with, sell or otherwise dispose of or part with possession of;
 - (b) create, permit, suffer to exist or agree to, any interest or Encumbrance, other than a Permitted Encumbrance over; or
 - (c) attempt to do anything listed in clauses 7.2(a) and (b) in respect of;
- any of its assets or the assets of its Subsidiaries, except in the ordinary course of its ordinary business or in compliance with its obligations under the Scheme Implementation Deed (including this Schedule).
- 7.3 The Company must indemnify Abbotsleigh from all loss and damage it may suffer or incur because:
- (a) any provision in this Schedule is invalid or unenforceable;
 - (b) any provision in this Schedule becomes invalid or unenforceable under any law; or
 - (c) any representation made by the Company in this Schedule is untrue or incorrect in any material respect.

8. Costs

- 8.1 The Company must pay to Abbotsleigh on demand:
- (a) all stamp duty payable in respect of the transactions contemplated by this Schedule; and
 - (b) all of Abbotsleigh's legal (on a solicitor own client indemnity basis) and other costs relating to the default by the Company in observing or performing any covenants or agreements contained or implied in this Schedule.

9. Performance by Abbotsleigh of the Company's Obligations

If the Company defaults in fully and punctually performing any obligation contained or implied in this Schedule, Abbotsleigh may do all things necessary or desirable, in its opinion, to make good or attempt to make good that default to its satisfaction.

Annexure C

Scheme of Arrangement

Scheme of Arrangement

pursuant to section 411 of the Corporations Act 2001

Octagonal Resources Limited

and

The holders of fully paid ordinary shares in Octagonal Resources Limited as at the Record Date other than Abbotsleigh Proprietary Limited and Associated Shareholders

Ref TK:DW:579061

Doc ID 328890493/v4

Level 26, 530 Collins Street, Melbourne VIC 3000 Australia
PO Box 3, Collins Street West VIC 8007 Australia
DX 564 Melbourne

Telephone +61 3 8644 3500
Facsimile 1300 365 323 (Australia) +61 2 8507 6582 (International)
hwlebsworth.com.au

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Scheme of Arrangement

Date

Parties **Octagonal Resources Limited ACN 147 300 418**
of Suite 3, 51-55 City Road, Southbank VIC 3006
(ORS)

Each holder of fully paid ordinary shares in the capital of ORS as at the Record Date other than Abbotsleigh Proprietary Limited and Associated Shareholders

(Scheme Participants)

1. Definitions and interpretation clauses

1.1 Definitions

In this Scheme:

- A1 Gold** means A1 Consolidated Gold Limited (ACN 149 308 921).
- A1 Gold Share** means a fully paid ordinary share in the capital of A1 Gold.
- Abbotsleigh** Abbotsleigh Proprietary Limited ACN 005 612 377 c/- of Pitcher Partners, Level 19, 15 William Street, Melbourne VIC 3000
- Aggregate Cash Consideration** means the aggregate of all of the Cash Consideration payable to Scheme Participants under this Scheme.
- ASIC** means the Australian Securities and Investments Commission.
- Associate** has the meaning given in the Corporations Act and a reference to an Associate of any person means a reference to the associates of that

person within the meaning of the Act.

Associated Shareholders	means all of the following who are shareholders of ORS as at the Record Date: <ul style="list-style-type: none"> (a) McNeil Nominees Pty Ltd (ACN 003 207 592), Ian Gandel, Linda Gandel, Steven Gandel, Darren Gandel, Nicole Gandel, Robert Tolliday; (b) Associates of Abbotsleigh or any ORS Shareholder as at the Record Date who is referred to in paragraph (a) above; (c) any nominees or custodians of a person referred to in paragraph (b) above ; or (d) any nominees or custodians of Abbotsleigh or any person referred to in paragraph (a) above.
ASX	means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.
Business Day	means a weekday on which trading banks are open for business in Melbourne, Australia, excluding any Saturday, Sunday or public holiday.
Cash Consideration	means, for each Scheme Share, an amount equal to \$0.0055.
CHESS	means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement Pty Ltd (ACN 008 504 532).
Class Meeting	means the meeting of Scheme Participants convened to approve the Selective Reduction.
Conditions Precedent	means the conditions precedent in clause 3.1 of the Scheme Implementation Deed.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations	means the <i>Corporations Regulations 2001</i> (Cth).

Regulations

Court means the Supreme Court of Victoria or such other court of competent jurisdiction under the Corporations Act agreed to in writing by ORS and Abbotsleigh.

Deed Poll means the deed poll by Abbotsleigh in favour of the Scheme Participants.

Effective means, when used in relation to this Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date means:

- (a) 31 March 2016; or
- (b) such other date and time agreed in writing between Abbotsleigh and ORS.

Explanatory Statement means the statement pursuant to section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to this Scheme, a copy of which will be included in the Scheme Booklet.

First Court Date means the day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard.

General Meeting means the meeting of ORS Shareholders convened to approve:

- (a) the Selective Reduction; and
- (b) the Related Party Transaction.

Implementation Date means the fifth Business Day after the Record Date or such other date as ORS and Abbotsleigh agree in writing.

Independent Expert's Report means the report prepared by a person appointed by ORS to be provided to ORS and ORS Shareholders providing an opinion as to whether the Transaction is in the best interests of ORS Shareholders.

Ineligible Foreign Shareholder	means a Scheme Participant whose Registered Address as at the Record Date is a place outside Australia and its external territories and New Zealand.
ORS Constitution	means the constitution of ORS as amended from time to time.
ORS Share	means a fully paid ordinary share in the capital of ORS.
ORS Shareholder	means a person who is registered in the Share Register as the holder of an ORS Share.
Record Date	means 7.00pm (AEDT) on the fifth Business Day after the Effective Date.
Registered Address	means, in relation to an ORS Shareholder, the address of the ORS Shareholder as recorded in the Share Register.
Registry	means Computershare Investor Services Pty Ltd of 452 Johnston Street, Abbotsford, Victoria, 3067.
Related Bodies Corporate	has the meaning given in the Corporations Act.
Related Party Transaction	means the resolution to be proposed at the General Meeting for the granting of an overall financial benefit to Abbotsleigh, as contemplated by the Transaction.
Scheme	means this scheme of arrangement under Part 5.1 of the Corporations Act between ORS and the Scheme Participants.
Scheme Booklet	means the information to be despatched to all ORS Shareholders, and approved by the Court, in connection with the Transaction, including this Scheme, the Explanatory Statement, the Independent Expert's Report, the Deed Poll, a notice convening the Scheme Meeting and notices convening the General Meeting and the Class Meeting, together with proxy forms for the Scheme Meeting, General Meeting and Class Meeting.
Scheme	means for each Scheme Share:

Consideration	(a) the Cash Consideration; and (b) the Scrip Consideration.
Scheme Implementation Deed	means the scheme implementation deed between ORS and Abbotsleigh dated on or about 26 November 2015, as it stood at 8.00am on the First Court Date.
Scheme Meeting	means the meeting of ORS Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Participant	means each ORS Shareholder as at the Record Date, other than Abbotsleigh and the Associated Shareholders.
Scheme Share	means an ORS Share held by a Scheme Participant as at the Record Date.
Scrip Consideration	means two A1 Gold Shares for every five Scheme Shares held as at the Record Date.
Second Court Date	means the first day on which the application made to the Court for an order for the purposes of section 411(4)(b) of the Corporations Act approving the Scheme is heard or if the hearing is adjourned for any reason, the first day on which the adjourned application is heard.
Selective Reduction	means the selective capital reduction of Scheme Shares to be approved at each of the General Meeting and the Class Meeting.
Share Register	means the register of members of ORS.
Transaction	means implementation of the Scheme.

1.2 Interpretation

In this Scheme, headings and bold type are for convenience only and do not affect interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;

- (d) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture, a partnership, a trust and any government agency;
- (e) a reference to a clause, party, attachment or schedule is a reference to a clause of, and a party, attachment and schedule to this Scheme, and a reference to this Scheme includes any attachment and schedule;
- (f) a reference to a statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations ordinances or by laws amending, consolidating or replacing it, whether passed by the same or another government agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) a reference to any document (including this Scheme) is to that document as varied, novated, ratified or replaced from time to time;
- (h) the word **includes** in any form is not a word of limitation;
- (i) a reference to **\$** or **dollar** is to Australian currency;
- (j) a reference to any time or AEDT, unless otherwise indicated, is a reference to Australian Eastern Daylight Time;
- (k) if an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day; and
- (l) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme.

2. Preliminary

2.1 ORS

- (a) ORS is a public company incorporated in Australia and registered in Victoria and is a company limited by shares.
- (b) ORS is admitted to the official list of ASX.
- (c) As at the date of the Scheme Implementation Deed, ORS has on issue 248,331,672 ORS Shares which are officially quoted on ASX.

2.2 Abbotsleigh

Abbotsleigh is a private company incorporated in Australia and registered in Victoria and is a company limited by shares.

2.3 Consequences of the Scheme becoming Effective

If the Scheme becomes Effective:

- (a) ORS will implement the Selective Reduction under which:
 - (i) each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with the provisions of this Scheme;
 - (ii) the Scheme Consideration will be paid or provided to the Scheme Participants in accordance with the provisions of this Scheme; and
 - (iii) all Scheme Shares will be cancelled;
- (b) it will bind ORS and all Scheme Participants, including those who do not attend any or all of the Scheme Meeting, the General Meeting or the Class Meeting, those who do not vote at those meetings and those who vote against this Scheme, the Selective Reduction or the Related Party Transaction; and
- (c) it will override the ORS Constitution, to the extent of any inconsistency.

2.4 Deed Poll

Abbotsleigh has executed the Deed Poll in favour of the Scheme Participants pursuant to which it has covenanted to carry out its obligations under this Scheme.

3. Conditions Precedent

3.1 Conditions precedent to Scheme

The Scheme is conditional on:

- (a) all of the Conditions Precedent (other than the condition set out in clause 3.1(a)(iv) of the Scheme Implementation Deed) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by 8:00am on the Second Court Date; and
- (b) as at 8:00am on the Second Court Date the Scheme Implementation Deed having not been terminated in accordance with its terms.

3.2 Satisfaction of conditions

The fulfilment of clause 3.1 is a condition precedent to the operation of clauses 4.2, 4.3, 4.4, 4.5, 5.1, 5.2 and 5.3.

3.3 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

3.4 Certificates

Abbotsleigh and ORS must each provide to the Court at the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the Conditions Precedent in this Scheme (other than the condition relating to Court approval of this Scheme) have been satisfied or waived. The certificate constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

4. Implementation of Scheme

4.1 Lodgement of Court orders

ORS will lodge with ASIC an office copy of the Court orders under section 411 of the Corporations Act approving the Scheme by no later than 5.00pm on the first Business Day after the day such office copy is received (or such later date as agreed in writing by Abbotsleigh).

4.2 Monies to be held on trust for Scheme Participants

At least one Business Day before the Implementation Date (and in any event prior to the cancellation of the Scheme Shares),

- (a) ORS will procure that Abbotsleigh will advance to ORS \$802,502 on the terms set out in Schedule 3 of the Scheme Implementation Deed; and
- (b) ORS will hold the funds advanced by Abbotsleigh (namely, the \$802,502, being the Aggregate Cash Consideration) on trust for the Scheme Participants to be applied by ORS on the Implementation Date as Cash Consideration in accordance with clause 5.1.

4.3 Cancellation of Scheme Shares

On the Implementation Date, subject to clauses 4.4, 5.1 and 5.2, all of the Scheme Shares will be cancelled without any further act by any Scheme Participant (other than acts performed by ORS as attorney and agent for Scheme Participants under clause 8 or otherwise).

4.4 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the cancellation of each Scheme Share, each Scheme Participant will be entitled to receive the Scheme Consideration in accordance with clause 5.

4.5 Appointment of Abbotsleigh as sole proxy

From the Effective Date until the cancellation of the Scheme Shares, each Scheme Participant:

- (a) is deemed to have irrevocably appointed Abbotsleigh as attorney and agent (and directed Abbotsleigh in such capacity) to appoint an officer or agent nominated by Abbotsleigh as the Scheme Participants sole proxy and, where applicable, corporate representative to attend ORS shareholders' meetings, exercise the votes attaching to the Scheme Shares redirected in their name and sign any ORS shareholders' resolutions, whether in person, by proxy or by corporate representative;
- (b) undertakes not to otherwise attend ORS shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name or sign any ORS shareholders' resolutions, whether in person, by proxy or corporate representative;
- (c) must take all other actions in the capacity of a registered holder of the Scheme Shares as Abbotsleigh reasonably directs.

5. Scheme Consideration

5.1 Payment of Aggregate Cash Consideration

- (a) ORS must pay the Cash Consideration to each Scheme Participant within five Business Days of the Implementation Date by:
 - (i) where the Scheme Participant has nominated (by notice to ORS or the Registry on or before the Record Date) a bank account with an Australian financial institution for the purpose of payment of the Cash Consideration, depositing directly to that bank account; or
 - (ii) in any other case, dispatching or procuring the dispatch to the Scheme Participant by ordinary pre-paid post to their Registered Address a cheque in Australian currency drawn on an Australian bank in the name of the Scheme Participant,

the amount of Cash Consideration payable being the amount equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Cash Consideration.
- (b) In the case of joint holders of Scheme Shares who have not nominated a bank account with an Australian financial institution for the purpose of payment of the Cash Consideration, a cheque will be payable and forwarded in the names of those joint holders.
- (c) In the event that ORS believes that a Scheme Participant is not known at the Scheme Participant's Registered Address, and no account has been notified in accordance with clause 5.1(a)(i) or a deposit into such account is rejected or

refunded, ORS may credit the amount payable to the relevant Scheme Participant to a separate bank account of ORS to be held until the Scheme Participant claims the amount or the money is dealt with in accordance with any applicable unclaimed money legislation. ORS must hold the amount on trust, but any benefit accruing from the amount will be for the benefit of ORS. An amount credited to the account is to be treated as having been paid to the Scheme Participant when credited to the account. ORS must maintain records of the amounts paid, the Scheme Participants who are entitled to the amounts and any transfers of the amounts.

- (d) In the case of a notice having been given to ORS (or the Registry) of an order made by a court of competent jurisdiction:
- (i) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to the particular Scheme Participant in accordance with clause 5.1(a), then ORS must procure that payment is made in accordance with that order; or
 - (ii) which would prevent ORS from dispatching payment to any particular Scheme Participant in accordance with clause 5.1(a), then ORS must retain an amount that would otherwise be payable to that Scheme Participant in accordance with clause 5.1(a) until such time as payment is permitted by law.

5.2 Provision of A1 Gold Shares

- (a) The obligation of ORS to provide Scrip Consideration to Scheme Participants will be satisfied by ORS as follows:
- (i) on the Implementation Date (and in any event prior to the cancellation of the Scheme Shares), procuring that A1 Gold transfer the applicable A1 Gold Shares to each applicable Scheme Participant (or in the case of Ineligible Foreign Shareholders, the ORS appointed nominee) in accordance with the terms of this Scheme;
 - (ii) on the Implementation Date (and in any event prior to the cancellation of the Scheme Shares), procuring the entering in the register of members of A1 Gold, the name and address of each such Scheme Participant and the number of A1 Gold Shares which that Scheme Participant is entitled to receive under this Scheme; and
 - (iii) on or within five Business Days after the Implementation Date, procuring the despatch to each such Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant is outside Australia, by pre-paid airmail post) to their Registered Address at the Record Date confirmation of the registration of the transfer of the Scrip Consideration to that Scheme Participant in accordance with this Scheme.

- (b) In the case of Scheme Shares held in joint names, the Scrip Consideration must be registered in the names of the joint holders and sent to the holder whose name appears first in the Share Register on the Record Date.
- (c) The A1 Gold Shares to be transferred by ORS as part of the Scheme Consideration will be of equal ranking with all existing A1 Gold Shares then on issue and will be transferred free from all encumbrances.
- (d) Any fractional entitlement of a Scheme Participant to a part of an A1 Gold Share will be rounded up or down to the nearest whole number of A1 Gold Shares (rounded up if the fractional entitlement is equal to or greater than one half, and rounded down if the fractional entitlement is less than one half).

5.3 Scrip Consideration for Ineligible Foreign Shareholders

In respect of any Ineligible Foreign Shareholder:

- (a) ORS will be under no obligation under the Scheme to transfer any A1 Gold Shares to Ineligible Foreign Shareholders, and instead will transfer A1 Gold Shares that would otherwise have been transferred to the Ineligible Foreign Shareholders to a nominee appointed by ORS;
- (b) ORS will procure that as soon as reasonably practicable, and in any event no more than 15 Business Days after the Implementation Date, the nominee sell those A1 Gold Shares transferred to the nominee on-market in such manner, at such price and on such other terms as the nominee determines in good faith;
- (c) promptly after the last sale of those A1 Gold Shares, ORS will procure that the nominee pays the net proceeds from the sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges) to ORS;
- (d) ORS will receive and hold those net proceeds on trust for the Ineligible Foreign Shareholders whose Scrip Consideration was transferred to the nominee under paragraph 5.3(a) to be applied by ORS in accordance with this clause; and
- (e) ORS will then promptly remit the proceeds it receives from the nominee to each Ineligible Foreign Shareholder in accordance with their entitlement.

6. Dealings in ORS Shares

6.1 Dealings

To establish the identity of the Scheme Participants, dealings in ORS Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant ORS Shares on the Record Date; and

- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received at the Registry by the Record Date.

6.2 Registration of transmissions and transfers

- (a) ORS must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by, or as soon as practicable after, the Record Date. The persons shown in the Share Register, and the number of ORS Shares shown as being held by them, after registration of those transmission applications and transfers will be taken to be the ORS Shareholders, and the number of ORS Shares held by them, on the Record Date.
- (b) ORS will not accept for registration or recognise for any purpose any transmission application or transfer in respect of ORS Shares received after the Record Date (or received prior to the Record Date not in registrable form).

6.3 Maintenance of Share Register

For the purpose of determining entitlements to the Scheme Consideration, ORS must maintain or procure the maintenance of the Share Register in accordance with the provisions of this clause 5.3 until the Scheme Consideration has been paid or transferred to the Scheme Participants. The Share Register in this form will solely determine the identity of the Scheme Participants and their entitlements to the Scheme Consideration.

6.4 Provision of details

As soon as possible after the Record Date and in any event within 2 Business Days before the Implementation Date, ORS will ensure that details of the names, Registered Addresses and holdings of ORS Shares for each Scheme Participant are available to A1 Gold in the form A1 Gold reasonably requires.

7. Quotation

7.1 Quotation of ORS Shares

On a date after the Implementation Date to be determined by Abbotsleigh, ORS will apply for termination of the official quotation on the ASX of ORS Shares and will apply to have itself removed from the official list of ASX.

8. General Scheme provisions

8.1 Power of attorney

Each Scheme Participant, without the need for any further act, irrevocably appoints ORS and all of its directors, secretaries and officers severally as its attorney and agent

for the purpose of executing any document or doing any other act necessary to give effect to the Scheme including without limitation, executing any instrument appointing Abbotsleigh as sole proxy or attorney for or, where applicable, corporate representative of each Scheme Participant as contemplated by this Scheme.

8.2 Amendments to Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions, ORS may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Abbotsleigh has consented.

8.3 Stamp duty

Abbotsleigh will pay any stamp duty payable in respect of the Scheme and this Deed, the performance of this Deed and each transaction effected by or made under the Scheme and this Deed.

8.4 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to ORS, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the place where the Share Register is kept.
- (b) The accidental omission to give notice of the Scheme Meeting, the General Meeting or the Class Meeting or the non-receipt of such a notice by any Scheme Participant will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

8.5 Scheme Participants' consent

The Scheme Participants consent to ORS doing all things necessary, expedient or incidental to the implementation of this Scheme, including (to the extent permitted by law) the provision of any information held by ORS in relation to the Scheme Participants to A1 Gold.

8.6 Governing law

- (a) This Scheme is governed by the laws of the State of Victoria.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of the courts of the State of Victoria and courts competent to hear appeals from those courts.

8.7 Further action

ORS will execute all documents and do all things necessary to implement and perform its obligations under this Scheme.

Annexure D

Deed Poll

Deed Poll

Date 14 DECEMBER 2015

This deed poll is made by: **Abbotsleigh Proprietary Limited ACN 005 612 377** c/- of Pitcher Partners, Level 19, 15 William Street, Melbourne VIC 3000

(Abbotsleigh)

In favour of: **Octagonal Resources Limited ACN 147 300 418** of Suite 3, 51-55 City Road, Southbank VIC 3006

(ORS)

and

Each holder of fully paid ordinary shares in the capital of ORS as at the Record Date other than Abbotsleigh and the Associated Shareholders determined in accordance with the Scheme

(Scheme Participants)

-
- Recitals**
- A. Abbotsleigh considers that it is in the best interests of ORS and the ORS Shareholders that the ORS Shareholders are given the opportunity to consider and, if they think fit, approve the Scheme.
 - B. Accordingly, Abbotsleigh has proposed to the directors of ORS that ORS propose the Scheme.
 - C. The effect of the Scheme is that all ORS Shares (together with all rights and entitlements to those shares) held by the Scheme Participants will be cancelled under a selective reduction of capital.
 - D. Abbotsleigh is entering into this Deed for the purpose of covenanting in favour of ORS and the Scheme Participants to perform its obligations under the Scheme.

Under this Deed, Abbotsleigh covenants in favour of ORS and the Scheme Participants as follows:

1. Definitions and Interpretation

1.1 Definitions

In this Deed, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the scheme of arrangement document attached as Annexure A (**Scheme**); and
- (b) words and phrases not defined in the Scheme have the same meaning (if any) given to them in the Corporations Act.

1.2 Interpretation

In this Deed, headings are for convenience only and do not affect interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning;
- (d) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture, a partnership, a trust and any government agency;
- (e) a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to this Deed, and a reference to this Deed includes any annexure and schedule;
- (f) a reference to a statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations ordinances or by laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) a reference to any document (including this Deed) is to that document as varied, novated, ratified or replaced from time to time;
- (h) the word **includes** in any form is not a word of limitation;
- (i) a reference to **\$** or **dollar** is to Australian currency;
- (j) a reference to any time or AEDT, unless otherwise indicated, is a reference to Australian Eastern Daylight Time;
- (k) if an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day; and
- (l) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Deed.

1.3 **Nature of Deed**

Abbotsleigh acknowledges that this Deed may be relied on and enforced by ORS and by any Scheme Participant in accordance with its terms even though ORS and the Scheme Participants are not party to this Deed.

2. **Conditions**

2.1 **Conditions**

Abbotsleigh's obligations under clause 3 are subject to:

- (a) all of the Conditions Precedent (other than the condition set out in clause 3.1(a)(iv) of the Scheme Implementation Deed) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by 8:00am on the Second Court Date; and
- (b) the Scheme becoming Effective.

2.2 **Termination**

This Deed and Abbotsleigh's obligations under this Deed terminate automatically if the Effective Date does not occur on or before the End Date.

2.3 **Consequences of termination**

If this Deed is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Abbotsleigh is released from its obligations to further perform this Deed except those obligations under clause 5.2; and
- (b) ORS and the Scheme Participants retain the rights they have against Abbotsleigh in respect of any breach of this Deed which occurred before the termination of this Deed.

3. **Compliance with Scheme Obligations**

In consideration of the agreement to undertake the Selective Reduction in accordance with the Scheme, Abbotsleigh covenants in favour of ORS and of each Scheme Participant to:

- (a) vote in favour of each and all of the resolutions on which it is entitled to vote at the Scheme Meeting, General Meeting and Class Meeting; and
- (b) subject to clause 2, do all those things Abbotsleigh is required to do under the Scheme, including lending to ORS \$802,502 in accordance with the terms of the Scheme at least one Business Day before the Implementation Date (and in any event prior to the cancellation of the Scheme Shares).

4. **Warranties**

4.1 **Warranties**

Abbotsleigh represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this Deed and to carry out the transactions contemplated by this Deed;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed and has taken or will take all necessary corporate action to authorise the performance of this Deed and to carry out the transactions contemplated by this Deed;
- (d) this Deed is valid and binding on it;
- (e) it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets; and
- (f) this Deed does not conflict with or result in the breach of or default under any provision of its constitution, any material term or provision of any material agreement or any writ, order or injunction, judgment, law, rule, regulation or instrument to which it is a party or subject or by which it is bound.

5. General

5.1 Continuing obligations

This Deed is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Abbotsleigh has fully performed its obligations under this Deed; or
- (b) the earlier termination of this Deed under clause 2.2.

5.2 Stamp duty

Abbotsleigh must:

- (a) pay all stamp duties in respect of the Scheme and this Deed, the performance of this Deed and each transaction effected by or made under the Scheme and this Deed; and
- (b) indemnify ORS and each Scheme Participant against any liability arising from failure to comply with clause 5.2(a).

5.3 Notices

Any notice or other communication to Abbotsleigh in respect of this Deed must be in legible writing and in English and:

- (a) addressed as shown below:

Attention: Ian Gandel

Address: Suite 3, 51 - 55 City Road, Southbank, VIC, 3006

Fax no: (03) 9697 9001

Email: iang@gandelmetals.com.au

- (b) must be signed by the person making the communication or by a person duly authorised by that person;
- (c) must be delivered or posted by prepaid post to the address, or sent by fax to the fax number, or by email to the email address, of Abbotsleigh in accordance with clause 5.3(a); and
- (d) will be regarded as received by Abbotsleigh:
 - (i) if sent by fax, at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is a not a Business Day, or is after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day; and
 - (ii) in any other case, on delivery at the address of Abbotsleigh as provided in clause 5.3(a), unless that delivery is not made on a Business Day, or is after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day.

5.4 **Governing law and jurisdiction**

- (a) This Deed is governed by the laws of the State of Victoria.
- (b) Abbotsleigh irrevocably submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in the State of Victoria.

5.5 **Waiver**

- (a) Waiver of any right arising from a breach of this Deed or of any right, power, authority, discretion or remedy arising upon default under this Deed must be in writing and signed by the party granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of this Deed; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this Deed,

does not result in a waiver of that right, power, authority, discretion or remedy.

Executed as a deed poll

Executed by Abbotsleigh Proprietary Limited ACN 005 612 377 in accordance with section 127 of the *Corporations Act 2001* (Cth) by:



Signature of Director

LINDA EMILY GANDEL

Full name (print)



Signature of Director/Company Secretary

IAN JEFFREY GANDEL

Full name (print)

Annexure E

Notice of Scheme Meeting

Notice of Scheme Meeting

Notice is given that, by order of the Supreme Court of Victoria pursuant to section 411(1) of the *Corporations Act 2001* (Cth), a meeting of the ordinary shareholders of Octagonal Resources Limited (**ORS**) other than Abbotsleigh and its Associated Shareholders will be held at:

Location: HWL Ebsworth Lawyers
Level 26, 530 Collins Street
Melbourne VIC 3000

Date: 29 January 2016

Time: 10.00am (AEDT)

Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider, and if thought fit, to approve a scheme of arrangement (with or without modification) proposed to be made between ORS and the ORS Shareholders other than Abbotsleigh and its Associated Shareholders (**Scheme**) pursuant to Part 5.1 of the Corporations Act.

The Scheme is proposed to be made in the form of the scheme contained in Annexure C of the Scheme Booklet accompanying this Notice of Scheme Meeting. To assist you in making an informed voting decision, further information regarding the Scheme is set out in the Scheme Booklet.

Resolution 1 - Scheme Resolution

At the Scheme Meeting, you will be asked to consider and, if thought fit, to pass the following resolution:

“That, subject to the passing of:

- (a) Resolution 1 at the Non-Gandel Meeting; and*
- (b) Resolutions 1 and 2 at the General Meeting,*

pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between the Company and the holders of its fully paid ordinary shares (other than those shares held by Abbotsleigh and Associated Shareholders), the terms of which are described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to (with or without modification as approved by the Supreme Court of Victoria).

Words and phrases used in this Resolution have the meaning given to them in the Scheme Booklet that accompanies the Notice of this Meeting.”

By order of the Court

Dated: 21 December 2015

Anthony Gray
Managing Director
Octagonal Resources Limited

Explanatory Memorandum and Information for Shareholders

1. Material accompanying this notice

This Notice of Scheme Meeting and the Resolution to be proposed at this Scheme Meeting should be read in conjunction with the accompanying Scheme Booklet dated 21 December 2015, the Notice of Non-Gandel Meeting and the Notice of General Meeting.

Unless otherwise defined in this Notice of Scheme Meeting, capitalised terms used in this notice have the same meaning as set out in the Glossary of Terms in Section 14 of the Scheme Booklet.

A Proxy Form for the Scheme Meeting also accompanies this Notice of Scheme Meeting.

2. Recommendation

The Independent Director, Mr Anthony Gray, recommends that the Scheme Participants vote in favour of the Scheme Resolution, in the absence of a Superior Proposal.

3. Majority required

In order for the Scheme to be implemented the Scheme Resolution must be passed by Scheme Participants at the Scheme Meeting in accordance with s411 of the Corporations Act. This means that votes in favour of the Scheme Resolution must be received from:

- (a) unless the Court orders otherwise, a majority in number (more than 50%) of Scheme Participants present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, by corporate representative); and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution (whether in person, by proxy, by attorney or, by corporate representative).

Implementation of the Scheme is also subject to the passing of:

- (i) Resolution 1 at the Non-Gandel Meeting to be held at 10.30am; and
- (ii) Resolutions 1 and 2 at the General Meeting to be held at 11.00am,

on 29 January 2016. The notice of meeting for each of the Non-Gandel Meeting and the General Meeting accompanies this Notice of Scheme Meeting.

4. Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme is subject to the approval of the Court. If the Scheme Resolution is approved at the Scheme Meeting by the requisite majority of Scheme Participants, and the Conditions Precedent to the Scheme (set out in Section 3.1(f) of the Scheme Booklet) are satisfied or, where applicable, waived, ORS intends to apply to the Court for approval of the Scheme.

5. Voting

5.1 Entitlement

Each Scheme Participant that is registered on the Share Register as an ORS Shareholder at 7.00pm (AEDT) on 27 January 2016 is entitled to attend and vote at the Scheme Meeting, either in person, by proxy or by attorney. If you are a corporate shareholder, then you can appoint a corporate representative to attend and vote your shares at the Scheme Meeting.

In the case of ORS Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in relation to jointly held ORS Shares, only the vote of the shareholder whose name appears first in the Share Register will be counted.

Abbotsleigh and any Associated Shareholder are excluded from voting at the Scheme Meeting.

5.2 Voting by proxy

Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 10.00am (AEDT) on 27 January 2016 by:

Post to: GPO Box 242, Melbourne, Victoria 3001 in the reply paid envelope provided;

Hand delivery: Octagonal Resources Limited
c/- Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria 3067;

Fax to: Octagonal Resources Limited
c/- Computershare Investor Services Pty Limited on
1 800 783 447 (within Australia) or
+61 3 9473 2555 (outside Australia);

Online: **www.investorvote.com.au**; or

Custodians: For Intermediary Online subscribers only, please visit
www.intermediaryonline.com.

5.3 How to appoint a proxy

Using the Proxy Form, you can:

- (a) appoint a proxy and direct your proxy how to vote;
- (b) vote a portion of your holding; and
- (c) appoint up to two proxies to attend the meeting and vote on a poll for a specified portion of your holding.

A proxy does not need to be an ORS Shareholder.

5.4 Undirected proxies

The Chairman of the Scheme Meeting will act as your proxy if the Proxy Form is returned to the Registry without naming a proxy or proxies.

Proxy appointments in favour of the Chairman of the Scheme Meeting, the company secretary of ORS or any ORS Director which do not contain a direction as to how to vote will be voted in support of the Scheme, in the absence of a Superior Proposal.

5.5 Voting by attorney

Scheme Participants wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to ORS for notation, deliver to ORS the original instrument appointing the attorney by no later than 10.00am on 27 January 2016 (AEDT) (or, if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

Unless the contrary is evident from the express terms of attorney, any power of attorney granted by a Scheme Participant will, as between ORS and that Scheme Participant, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Scheme Participant is lodged with ORS.

5.6 Voting by corporate representative

To vote by corporate representative at the Scheme Meeting, a corporate Scheme Participant or proxy should obtain an appointment of corporate representative form from the Registry and complete and sign the form in accordance with the instructions on it. The appointment of corporate representative form must then be lodged either prior to the Scheme Meeting with the Registry or at the registration desk on the day of the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment or a certificate of the body corporate evidencing the appointment of a representative is evidence of a representative having been appointed.

The Chairman of the Scheme Meeting may permit a person claiming to be a representative to exercise the appointing body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

Annexure F

Notice of Non-Gandel Meeting

Notice of Non-Gandel Meeting

Notice is given that a meeting of the shareholders of Octagonal Resources Limited (**ORS**) (**Non-Gandel Meeting**) to be attended by Shareholders other than Abbotsleigh and its Associated Shareholders, will be held at:

Location: HWL Ebsworth Lawyers
Level 26, 530 Collins Street
Melbourne VIC 3000

Date: 29 January 2016

Time: 10.30am (AEDT), or at such later time as five minutes after the end of the Scheme Meeting

Business of the Non-Gandel Meeting

Resolution 1 – Selective Reduction Non-Gandel Resolution

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, pursuant to sections 256B and 256C(2)(a) of the Corporations Act 2001 (Cth), subject to and conditional on:

- (a) the Scheme proposed to be made between ORS and the Scheme Participants, being the holders of its fully paid ordinary shares other than those shares held by Abbotsleigh and its Associated Shareholders, and to be considered at a meeting of Scheme Participants on 29 January 2016, being approved by the Supreme Court of Victoria; and*
- (b) an office copy of the Order of the Supreme Court of Victoria approving the Scheme being lodged with the Australian Securities and Investments Commission; and*
- (c) the passing of Resolutions 1 and 2 at the General Meeting,*

the capital of ORS be reduced by cancelling all fully paid ordinary ORS Shares held by Scheme Participants (being 145,909,472 ORS Shares) with such cancellation to be in consideration for:

- (i) a cash payment to the Scheme Participants of \$0.0055 per ORS Share; and*
- (ii) an in-specie distribution to the Scheme Participants of two A1 Gold Shares for every five ORS Shares,*

held as at the Record Date, and on the terms set out in the Scheme Booklet.

Words and phrases used in this Resolution have the meaning given to them in the Scheme Booklet that accompanies the Notice of this Meeting.”

By order of the Board

Dated: 21 December 2015

Anthony Gray
Managing Director
Octagonal Resources Limited

Explanatory Memorandum and Information for Shareholders

1. Material accompanying this notice

This Notice of Non-Gandel Meeting and the Resolution to be proposed at this Non-Gandel Meeting should be read in conjunction with the accompanying Scheme Booklet dated 21 December 2015 and the Notice of Scheme Meeting and the Notice of General Meeting. Unless otherwise defined in this Notice of Non-Gandel Meeting, capitalised terms used in this notice have the same meaning as set out in the Glossary of Terms in Section 14 of the Scheme Booklet.

A Proxy Form for the Non-Gandel Meeting also accompanies this Notice of Non-Gandel Meeting.

2. Voting

The Independent Director, Mr Anthony Gray, recommends that the Scheme Participants vote in favour of the Selective Reduction Non-Gandel Resolution, in the absence of a Superior Proposal.

3. Voting exclusion statement

The Company will disregard any votes cast on this resolution by Abbotsleigh and its Associated Shareholders. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Majority required

In order for the Selective Reduction to occur, the Selective Reduction Non-Gandel Resolution must be passed by Scheme Participants at the Non-Gandel Meeting in accordance with section 256C of the Corporations Act. This means votes in favour of the resolutions must be received from at least 75% of the total number of votes cast at the Non-Gandel Meeting (whether in person, by proxy, by attorney or, by corporate representative).

The Selective Reduction may also only occur if the Scheme Resolution is passed at the Scheme Meeting, and Resolutions 1 and 2 are passed at the General Meeting.

5. Voting

5.1 Entitlement

Each Scheme Participant that is registered on the Share Register as an ORS Shareholder at 7.00pm (AEDT) on 27 January 2016 is entitled to attend and vote at the Non-Gandel Meeting, either in person, by proxy or by attorney. If you are a corporate shareholder, then you can appoint a corporate representative to attend and vote your shares at the Non-Gandel Meeting.

In the case of ORS Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in relation to jointly held ORS Shares, only the vote of the shareholder whose name appears first in the Share Register will be counted.

5.2 Voting by proxy

Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 10.30am (AEDT) on 27 January 2016 by:

- Post to: GPO Box 242, Melbourne, Victoria 3001 in the reply paid envelope provided;
- Hand delivery: Octagonal Resources Limited
c/- Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria 3067;
- Fax to: Octagonal Resources Limited
c/- Computershare Investor Services Pty Limited on
1 800 783 447 (within Australia) or
+61 3 9473 2555 (outside Australia);
- Online: **www.investorvote.com.au**; or
- Custodians: For Intermediary Online subscribers only, please visit
www.intermediaryonline.com.

5.3 How to appoint a proxy

Using the Proxy Form, you can:

- (a) appoint a proxy and direct your proxy how to vote;
- (b) vote a portion of your holding; and
- (c) appoint up to two proxies to attend the meeting and vote on a poll for a specified portion of your holding.

A proxy does not need to be an ORS Shareholder.

5.4 Undirected proxies

The Chairman of the Non-Gandel Meeting will act as your proxy if the Proxy Form is returned to the Registry without naming a proxy or proxies.

Proxy appointments in favour of the Chairman of the Non-Gandel Meeting, the company secretary of ORS or any ORS Director which do not contain a direction as to how to vote will be voted in support of the resolution, in the absence of a Superior Proposal.

5.5 Voting by attorney

Scheme Participants wishing to vote by attorney at the Non-Gandel Meeting must, if they have not already presented an appropriate power of attorney to ORS for notation, deliver to ORS the original instrument appointing the attorney by no later than 10.30am on 27 January 2016 (AEDT) (or, if the Non-Gandel Meeting is adjourned, at least 48 hours before the resumption of the Non-Gandel Meeting in relation to the resumed part of the Non-Gandel Meeting).

Unless the contrary is evident from the express terms of attorney, any power of attorney granted by a Scheme Participant will, as between ORS and that Scheme Participant, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Scheme Participant is lodged with ORS.

6. Voting by corporate representative

To vote by corporate representative at the Non-Gandel Meeting, a corporate Scheme Participant or proxy should obtain an appointment of corporate representative form from the Registry and complete and sign the form in accordance with the instructions on it. The appointment of corporate representative form must then be lodged either prior to the Non-Gandel Meeting with the Registry or at the registration desk on the day of the Non-Gandel Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment or a certificate of the body corporate evidencing the appointment of a representative is evidence of a representative having been appointed.

The Chairman of the Non-Gandel Meeting may permit a person claiming to be a representative to exercise the appointing body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

Annexure G

Notice of General Meeting

Notice of General Meeting

Notice is given that a general meeting of the shareholders of Octagonal Resources Limited (**ORS**) (**General Meeting**) will be held at:

Location: HWL Ebsworth Lawyers
Level 26, 530 Collins Street
Melbourne VIC 3000

Date: 29 January 2016

Time: 11.00am (AEDT), or at such later time as five minutes after the end of the Non-Gandel Meeting

Business of the General Meeting

Resolution 1 – Selective Reduction Gandel Resolution

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, pursuant to sections 256B and 256C(2)(a) of the Corporations Act (Cth), subject to and conditional on:

- (a) the Scheme proposed to be made between ORS and the Scheme Participants, being the holders of its fully paid ordinary shares (other than those shares held by Abbotsleigh and its Associated Shareholders) (**Scheme Participants**), and to be considered at a meeting of Scheme Participants on 29 January 2016, being approved by the Supreme Court of Victoria;*
- (b) an office copy of the Order of the Supreme Court of Victoria approving the Scheme being lodged with the Australian Securities and Investments Commission;*
- (c) the passing of Resolution 1 at the Non-Gandel Meeting; and*
- (d) the passing of Resolution 2 at this General Meeting,*

the capital of ORS be reduced by cancelling all fully paid ordinary ORS Shares held by Scheme Participants (being 145,909,472 ORS Shares) with such cancellation to be in consideration for:

- (i) a cash payment to the Scheme Participants of \$0.0055 per ORS Share; and*
- (ii) an in-specie distribution to the Scheme Participants of two A1 Gold Shares for every five ORS Shares,*

held as at the Record Date, and on the terms set out in the Scheme Booklet.

Words and phrases used in this Resolution have the meaning given to them in the Scheme Booklet that accompanies the Notice of this Meeting.”

Resolution 2 – Related Party Resolution

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and for all other purposes, subject to and conditional on:

- (a) the Scheme proposed to be made between ORS and the Scheme Participants, being the holders of its fully paid ordinary shares (other than those shares held by Abbotsleigh and its Associated Shareholders) (**Scheme Participants**), and to be considered at a meeting of Scheme Participants on 29 January 2016, being approved by the Supreme Court of Victoria; and*
- (b) an office copy of the Order of the Supreme Court of Victoria approving the Scheme being lodged with the Australian Securities and Investments Commission;*
- (c) the passing of Resolution 1 at the Non-Gandel Meeting; and*
- (d) the passing of Resolution 1 at this General Meeting,*

ORS Shareholder approval is given for ORS to facilitate the Scheme transaction for the benefit of Abbotsleigh, a company associated with Mr Ian Gandel (an ORS Director), and its Associated Shareholders, on the terms set out in the Scheme Booklet and the Explanatory Memorandum.

Words and phrases used in this Resolution have the meaning given to them in the Scheme Booklet that accompanies the Notice of this Meeting.”

Resolution 3 - Repayment Resolution

To consider and if thought fit to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.1, and for all other purposes, approval is given for the repayment by the Company of a loan of approximately \$1,500,000 from Gandel Metals to the Company by transferring shares in A1 Gold held by the Company to Gandel Metals, on the terms and conditions described in the Scheme Booklet and the Explanatory Memorandum.

Words and phrases used in this Resolution have the meaning given to them in the Scheme Booklet that accompanies the Notice of this Meeting.”

In the Independent Expert Report attached as Annexure A to the Scheme Booklet, PPB Advisory states that in their opinion, the Repayment is fair and reasonable to Non-Gandel Shareholders.

By order of the Board

Dated: 21 December 2015

Anthony Gray
Managing Director
Octagonal Resources Limited

Explanatory Memorandum and Information for Shareholders

1. Material accompanying this notice

This Notice of General Meeting and the Resolutions to be proposed at this General Meeting should be read in conjunction with the accompanying Scheme Booklet dated 21 December 2015. Unless otherwise defined in this notice of General Meeting, capitalised terms used in this notice have the same meaning as set out in the Glossary of Terms in Section 14 of the Scheme Booklet.

A Proxy Form for the General Meeting also accompanies this Notice of General Meeting.

2. Related Party Resolution

2.1 The Resolution

Resolution 2 of the General Meeting requires ORS Shareholder approval for the proposed financial benefit to be given by the Company to the Gandel Shareholders for the purposes of Chapter 2E of the Corporations Act.

2.2 The law

Overview of the regulatory approval requirements

ORS Shareholder approval under Resolution 2 of the General Meeting is sought for the granting of the financial benefit to Abbotsleigh in relation to ORS facilitating the Scheme. ORS Shareholder approval is required for the purposes of complying with Chapter 2E of the Corporations Act, which governs the giving of financial benefits to related parties.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit (which includes the providing of guarantees, indemnities or security for the purposes of assisting a related party to obtain finance or share in liability) to a related party (which includes a controlling entity) of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior Shareholder approval is obtained for the giving of the financial benefit.

Related party

The Corporations Act provides that a director of a public company or a director's spouse is a related party of the public company. In addition, any entity which the director or director's spouse controls will be a related party of the public company

An entity "controls" a second entity if the first entity has the capacity to determine the outcome of decisions about the second entity's financial and operating policies.

In determining whether the first entity has this capacity:

- (c) the practical influence the first entity can exert (rather than the rights it can enforce) is the issue to be considered; and
- (d) any practice or pattern of behaviour affecting the second entity's financial or operating policies is to be taken into account (even if it involves a breach of an agreement or a breach of trust).

Where a person is the 100% shareholder of a company or is the 100% shareholder of a holding company for a wholly owned subsidiary, that person can be taken to have the requisite degree of practical influence necessary to constitute "control".

As Mr Ian Gandel is a director of ORS and controls Abbotsleigh, Abbotsleigh is a related party of ORS. Also, given the nature of the relationship of the Associated Shareholders and Mr Gandel and/or Abbotsleigh, ORS considers that the Associated Shareholders are related parties for the purposes of this Resolution.

Financial benefit

The Corporations Act indicates that a broad interpretation is to be given to the term "financial benefit" such that the entering into the Scheme Implementation Deed and facilitating the Scheme constitutes a "financial benefit". As none of the nominated exceptions in the Corporations Act apply, Shareholder approval must be obtained.

2.3 Specific information required under section 219 of the Corporations Act

Section 219 of the Corporations Act sets out the information that must be included in the notice of meeting provided to ORS Shareholders for the purpose of obtaining shareholder approval pursuant to Chapter 2E of the Corporations Act.

For the purposes of section 219 of the Corporations Act the following information is provided to ORS Shareholders to allow ORS Shareholders to assess the proposed financial benefit to a related party.

No.	219 of the Corporations Act	Information																														
(i)	Identity of the related parties:	Abbotsleigh, Abbotsleigh as trustee for the Superfund Account, McNeil Nominees Pty Ltd, Ian Gandel, Linda Gandel, Steven Gandel, Darren Gandel, Nicole Gandel and Gillian Tolliday.																														
(ii)	Nature of the financial benefit:	<p>By the Company entering into the Scheme Implementation Deed and facilitating the Scheme the Gandel Shareholders are expected to receive a financial benefit in the form of becoming the sole shareholders of the Company.</p> <p>The value of the financial benefit is set of below in paragraph (viii) of this table.</p>																														
(iii)	Related party's existing interest:	<p>As at the date of this Circular, related parties have the following interests in the Company:</p> <table border="1"> <thead> <tr> <th>Gandel Shareholder</th> <th>Shares Held</th> <th>% of total ORS Shares</th> </tr> </thead> <tbody> <tr> <td>Abbotsleigh</td> <td>102,052,000</td> <td>41.10%</td> </tr> <tr> <td>Abbotsleigh as trustee for the Superfund Account</td> <td>88,000</td> <td>0.04%</td> </tr> <tr> <td>McNeil Nominees Pty Ltd</td> <td>55,000</td> <td>0.02%</td> </tr> <tr> <td>Ian Gandel</td> <td>12,800</td> <td>0.01%</td> </tr> <tr> <td>Linda Gandel</td> <td>12,800</td> <td>0.01%</td> </tr> <tr> <td>Steven Gandel</td> <td>16,000</td> <td>0.01%</td> </tr> <tr> <td>Darren Gandel</td> <td>12,800</td> <td>0.01%</td> </tr> <tr> <td>Nicole Gandel</td> <td>12,800</td> <td>0.01%</td> </tr> <tr> <td>Gillian Tolliday</td> <td>160,000</td> <td>0.06%</td> </tr> </tbody> </table>	Gandel Shareholder	Shares Held	% of total ORS Shares	Abbotsleigh	102,052,000	41.10%	Abbotsleigh as trustee for the Superfund Account	88,000	0.04%	McNeil Nominees Pty Ltd	55,000	0.02%	Ian Gandel	12,800	0.01%	Linda Gandel	12,800	0.01%	Steven Gandel	16,000	0.01%	Darren Gandel	12,800	0.01%	Nicole Gandel	12,800	0.01%	Gillian Tolliday	160,000	0.06%
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Darren Gandel	12,800	0.01%																														
Nicole Gandel	12,800	0.01%																														
Gillian Tolliday	160,000	0.06%																														

		Total	102,422,200	41.24%	
(iv)	Effect of entering into the Scheme Implementation Deed on Shareholder's interests:	Scheme Participants will be paid the Scheme Consideration for their Scheme Shares.			
(v)	Independent Director's recommendation:	The Independent Director recommends that you vote FOR the Resolution.			
(vi)	Directors' interest in the outcome:	<p>Mr Anthony Gray does not have a direct benefit in the giving of the financial benefit, other than receiving the Scheme Consideration.</p> <p>Mr Ian Gandel will receive a direct benefit in the giving of the financial benefit as, following completion of the Scheme, he and the other Gandel Shareholders will be the only shareholders of ORS.</p> <p>Mr Bob Tolliday will receive an indirect benefit in the giving of the financial benefit as, following completion of the Scheme, his wife and the other Gandel Shareholders will be the only shareholders of ORS.</p> <p>Further detail is set out in Section 13 of the Scheme Booklet.</p>			
(vii)	Other information:	Other than the information set out in the Scheme Booklet, the Directors are not aware of any additional information that would be reasonably required by the ORS Shareholders to enable them to make a decision in relation to whether to approve the Scheme. For the purposes of section 219(2) of the Corporation Act, the Directors do not consider that there is any material opportunity cost or benefit foregone to the Company in ORS Shareholders approving the Scheme.			
(viii)	Valuation of the financial benefit:	<p>The Company has engaged the Independent Expert to provide a valuation of the financial benefit. The valuation has been conducted by the Independent Expert as at 31 October 2015 (Valuation Date).</p> <p>The Independent Expert has calculated the value of the transaction to Abbotsleigh and its Associated Shareholders is between (\$0.0075) (being a cost to the Gandel Shareholders) and \$0.0082 per ORS Share; and</p> <p>A summary of the valuation methodology adopted by the Independent Expert, including the key assumptions used, is set out in the Independent Expert's Report at Annexure A of the Scheme Booklet.</p>			

3. Resolution 3 - Repayment Resolution

3.1 Repayment Resolution

Resolution 3 proposes that ORS Shareholder approval be obtained for the Company to repay loan monies and trade debts owed by ORS to Gandel Metals by transferring shares in A1 Gold to Gandel Metals. The number of A1 Gold Shares to be transferred will be calculated based on the five trading day volume weighted average price of ordinary shares in A1 Gold up to the trading day immediately prior to such transfer. The amount outstanding will be approximately \$1.5 million, equal to:

- (a) \$1.3 million loaned to ORS as at the date of this Scheme Booklet
- (b) approximately \$0.2 million loaned for the costs incurred by ORS in relation to the Scheme and corporate costs incurred between the date of this Scheme Booklet and the date on which the loan is repaid.

Based on A1 Gold's closing share price of \$0.025 as at 25 November 2015 (being the Pre-Announcement Trading Day), this would result in the transfer of 60,000,000 A1 Gold Shares to Gandel Metals.

3.2 ASX Listing Rule 10.1

Shareholder approval is required under Listing Rule 10.1, which applies if an entity proposes to dispose of a substantial asset to:

- (a) a related party of the entity;
- (b) a substantial holder in the entity if the person and their associates have a relevant interest in at least 10% of the total votes attached to the voting securities in the entity; or
- (c) an associate of a person referred to in paragraphs (i) or (ii) above.

Listing Rule 10.1 is relevant to the proposed Repayment because:

- (i) as defined in the Listing Rules, "dispose" includes disposing of an asset such as cash;
- (ii) a related party includes directors and entities controlled by directors;
- (iii) Gandel Metals is controlled by Ian Gandel who is a director of the Company;
- (iv) Abbotsleigh is an associate of Gandel Metals as they are both controlled by Ian Gandel, and Abbotsleigh currently holds a relevant interest in 102,195,000 ORS Shares which represents 41.1% of the total voting rights in the Company;
- (v) pursuant to Listing Rule 10.2, an asset is a "substantial asset" if its value is equal to 5% or more of the entity's equity interests; and
- (vi) the value of approximately \$1.5 million in A1 Gold Shares, subject to the calculation set out in the loan agreement for the Existing Gandel Loan, will exceed 5% of the Company's equity interests.

Accordingly, Resolution 3 seeks ORS Shareholder approval, for the purposes of Listing Rule 10.1, of the Company's repayment of the Existing Gandel Loan by the transfer of the A1 Gold Shares in accordance with the Existing Gandel Loan Agreement.

On 30 April 2015, ORS Shareholders approved the grant of the Security in favour of Gandel Metals to secure repayment of \$1 million (**Initial Gandel Loan**) in the event of default. Resolution 3, however, seeks shareholder approval for the Repayment in accordance with the terms of the Existing Gandel Loan Agreement, rather than where repayment occurs following a default under the Security (which was previously approved by ORS Shareholders on 30 April 2015).

3.3 Independent expert

Listing Rule 10.10 requires that the notice of meeting for a resolution under Listing Rule 10.1 include a report from an independent expert in which the independent expert states their opinion as to whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded. The Company engaged PPB Advisory to provide their opinion, and the report from PPB Advisory is attached as Annexure A to the Scheme Booklet.

In the Independent Expert Report attached as Annexure A to the Scheme Booklet, PPB Advisory states that in their opinion, the Repayment is fair and reasonable to the Company's Shareholders whose votes in relation to Resolution 3 are not to be disregarded (being the Non-Gandel Shareholders).

3.4 Overview of the Existing Gandel Loan

Since entering into the loan agreement for the Existing Gandel Loan, Gandel Metals has lent \$1.3 million to the Company for working capital purposes, and expects to lend a further \$0.2 million for the costs incurred by ORS in relation to the Scheme and for corporate costs between the date of this Scheme Booklet and the time of repayment.

The entry into the Initial Gandel Loan and the Existing Gandel Loan Agreement did not require Shareholder approval (for example, pursuant to Chapter 2E of the Corporations Act) as the Directors were of the view that the Initial Gandel Loan and the Existing Gandel Loan Agreements were on commercial arms' length terms.

The Existing Gandel Loan Agreement provides that the Existing Gandel Loan will be repayable in full on the earliest to occur of:

- (a) 5 February 2016. The repayment date was previously 1 December 2015, but was extended on 26 November 2015;
- (b) 5 business days after the Company completes a capital raising or sale of A1 Gold Securities for \$1,000,000 or more; or
- (c) as soon as a cash flow forecast for the Company approved by the Company's directors indicates that the Company has surplus cash reserves to repay the Existing Gandel Loan in full without affecting the Company's continuing operations.

The Existing Gandel Loan Agreement provides that the Company may repay the Existing Gandel Loan either:

- (i) in cash; and/or
- (ii) by the transfer of a number of A1 Shares to, or at the direction of, Gandel Metals equal in value to the Amount Outstanding on the basis of the five trading day volume weighted average price of ordinary shares in A1 Gold up to the trading day immediately prior to such transfer.

Additionally, the Company must use the proceeds from the sale of any of the Unrestricted A1 Securities to repay part of the Existing Gandel Loan.

If Resolution 3 is not approved, no further advances will be made, and the Existing Gandel Loan will be repayable in accordance with the above.

3.5 Overview of Security

On 30 April 2015, shareholder approval was obtained for the granting of the Security in relation to the Existing Gandel Loan, up to a maximum of \$1 million. Shareholder approval, however, was not obtained for the Repayment as set out in this Resolution 3.

Pursuant to the Security Gandel Metals was granted a mortgage over the Company's present and future interest in a number of shares in A1 Gold equal to 19.9% of the total issued ordinary shares in A1 Gold to secure the repayment of the Existing Gandel Loan.

3.6 Reasons for the Repayment

The primary purpose of the Repayment Resolution is to permit the discharge of the Existing Gandel Loan by way of transfer of A1 Gold Shares in accordance with the Existing Gandel Loan Agreement. The Company is of the view that the terms of the Repayment are on a basis consistent with terms that would reasonably be obtained if the Company and Gandel Metals were dealing at arms length.

3.7 Potential advantages of Repayment

The potential advantages to the Shareholders with approving Resolution 3 are:

- (a) if Resolution 3 is not approved, and the loan is not repaid, then Gandel Metals can enforce the Security. Under the Security Gandel Metals can take possession of the A1 Gold Shares and sell those A1 Gold shares on market which may be at a price significantly lower than the 5 day VWAP.
- (b) the Existing Gandel Loan Agreement, and the Repayment, are on terms consistent with terms that would reasonably be obtained if the Company and Gandel Metals were dealing at arms length; and
- (c) repaying the Existing Gandel Loan may assist the Company to obtain subsequent loans or advances from Gandel Metals or other entities associated with Ian Gandel, or other third parties, as may be required in the future to meet the Company's ongoing working capital requirements.

3.8 Potential disadvantages of the granting of Security

The potential disadvantages to the Shareholders with approving Resolution 3 are using the A1 Gold Securities to repay the Existing Gandel Loan will limit the Company's ability to use such assets as collateral for further debt requirements of the Company.

3.9 Directors' recommendations

The Independent Director recommends that ORS Shareholders vote in favour of Resolution 3 at the General Meeting.

4. Recommendation

The Independent Director, Mr Anthony Gray, recommends that:

- (a) Abbotsleigh and its Associated Shareholders vote in favour of, and that the Scheme Participants abstain from voting on, the Selective Reduction Gandel Resolution; and
- (b) the Scheme Participants vote in favour of the Related Party Resolution,

in the absence of a Superior Proposal.

The Independent Director also recommends that, if proposed, the Scheme Participants vote in favour of the Repayment Resolution.

5. Voting exclusion statement

5.1 Resolution 1 – Selective Reduction Gandel Resolution

Under s256C of the Corporations Act, only ORS Shareholders who are not to receive Scheme Consideration and are not their associate may vote in favour of Resolution 1 at this General Meeting. Accordingly the Company will disregard any votes cast in favour of this Resolution 1 at this General Meeting by anyone other than Abbotsleigh and its Associated Shareholders, and the Scheme Participants may either abstain or vote against Resolution 1 at this General Meeting. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5.2 Resolution 2 – Related Party Resolution

The Company will disregard any votes cast on Resolution 2 by Abbotsleigh or its Associated Shareholders, or by their associates, pursuant to sections 224(1) and 224(2) of the Corporations Act. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5.3 Resolution 3 - Repayment Resolution

The Company will disregard any votes cast on Resolution 3 by Abbotsleigh or its Associated Shareholders, or by their associates pursuant to ASX Listing Rule 10. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Majority required

In order for the Selective Reduction to occur, the Selective Reduction General Resolution and the Related Party Resolution must be approved at the General Meeting by a special resolution, and the Related Party Resolution must be approved at the General Meeting by an ordinary resolution. This means that:

- (a) votes in favour of the Selective Reduction General Resolution must be at least 75% of the total number of votes cast on the Selective Reduction General Resolution (whether in person, by proxy, by attorney or, by corporate representative); and
- (b) votes in favour of the Related Party Resolution must be a majority (more than 50%) of votes cast on the Related Party Resolution (whether in person, by proxy, by attorney or, by corporate representative).

The Repayment Resolution must be approved at the General Meeting by an ordinary resolution. This means that votes in favour must be a majority (more than 50%) of votes cast on the Payment Resolution (whether in person, by proxy, by attorney or, by corporate representative).

7. Voting

7.1 Entitlement

Each person that is registered on the Share Register as an ORS Shareholder at 7.00pm (AEDT) on 27 January 2016 may attend the General Meeting, either in person, by proxy or attorney. If you are a corporate shareholder, then you can appoint a corporate representative to attend and vote your shares at the General Meeting.

In the case of ORS Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in relation to jointly held ORS Shares, only the vote of the shareholder whose name appears first in the Share Register will be counted.

7.2 Voting by proxy

ORS Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 11.00am (AEDT) on 27 January 2016 by:

Post to: GPO Box 242, Melbourne, Victoria 3001 in the reply paid envelope provided;

Hand delivery: Octagonal Resources Limited
c/- Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria 3067;

Fax to: Octagonal Resources Limited
c/- Computershare Investor Services Pty Limited on
1 800 783 447 (within Australia) or
+61 3 9473 2555 (outside Australia);

Online: **www.investorvote.com.au**; or

Custodians: For Intermediary Online subscribers only, please visit
www.intermediaryonline.com.

7.3 How to appoint a proxy

Using the Proxy Form, you can:

- (a) appoint a proxy and direct your proxy how to vote;
- (b) vote a portion of your holding; and
- (c) appoint up to two proxies to attend the meeting and vote on a poll for a specified portion of your holding.

A proxy does not need to be an ORS Shareholder.

7.4 Undirected proxies

The Chairman of the General Meeting will act as your proxy if the Proxy Form is returned to the Registry without naming a proxy or proxies.

Proxy appointments in favour of the Chairman of the General Meeting, the company secretary of ORS or any ORS Director which do not contain a direction as to how to vote will be voted in support of the resolutions, in the absence of a superior proposal.

7.5 Voting by attorney

ORS Shareholders wishing to vote by attorney at the General Meeting must, if they have not already presented an appropriate power of attorney to ORS for notation, deliver to ORS the original instrument appointing the attorney by no later than 11.00am on 27 January 2016 (AEDT) (or, if the General Meeting is adjourned, at least 48 hours before the resumption of the General Meeting in relation to the resumed part of the General Meeting).

Unless the contrary is evident from the express terms of attorney, any power of attorney granted by an ORS Shareholder will, as between ORS and that ORS Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant ORS Shareholder is lodged with ORS.

7.6 Voting by corporate representative

To vote by corporate representative at the General Meeting, a corporate ORS Shareholder should obtain an appointment of corporate representative form from the Registry and complete and sign the form in accordance with the instructions on it. The appointment of corporate representative form must then be lodged either prior to the General Meeting with the Registry or at the registration desk on the day of the General Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment or a certificate of the body corporate evidencing the appointment of a representative is evidence of a representative having been appointed.

The Chairman of the General Meeting may permit a person claiming to be a representative to exercise the appointing body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.