

27 January 2016

No. of Pages: 10

ASX CODE: ORS

Market Cap.: \$2.98m (\$0.012 p/s)

Shares on issue: 248,331,672

Cash: \$0.03 m (31 December 2015)

Debt: \$1.3 m (31 December 2015)

ASX Investments

169,672,726 AYC shares

56,557,576 AYCO options

DIRECTORS

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

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QUARTERLY REPORT - FOR THE PERIOD ENDED **31 DECEMBER 2015**

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ending 31 December 2015 (4 pages)
- Appendix 5B for the period ending 31 December 2015 (5 pages)

For and on behalf of the Board.

Bob Tolliday

Company Secretary

OCTAGONAL RESOURCES LIMITED

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

www.octagonalresources.com.au

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Quarterly Report for the period ended 31 December 2015

Corporate

At 31 December 2015 Octagonal Resources Limited (“**Octagonal**” or “**Company**”) had cash reserves of \$0.03 million (unaudited), and \$1.3 million debt fully drawn down from a standby credit facility.

78,658,946 unlisted options to acquire shares in the Company at 2.0 cents per share expired on 11 December 2015 without any options being exercised.

Work during the quarter focussed on preparing documents to facilitate the convening of meetings to allow shareholders to consider and vote on a proposal by Gandel Shareholders to privatise the Company via a Scheme of Arrangement and Selective Capital Reduction. Details of the proposal are provided in the Scheme Booklet lodged with ASX on 21 December 2015 and briefly summarised below.

Scheme of Arrangement and Selective Capital Reduction

On 20 October 2015 Octagonal received a proposal from Gandel Metals Pty Ltd (“**Gandel Metals**”), a company associated with the Company’s Chairman Ian Gandel, to privatise Octagonal via a Selective Capital Reduction.

Following advice on the legal and regulatory requirements of the proposal and further discussions with Gandel Metals, Abbotsleigh Proprietary Limited (“**Abbotsleigh**”), Ian Gandel, and associated parties (collectively “**Gandel Shareholders**”) a modified offer was received.

Key Terms of the Offer

- (1) Shareholders of Octagonal will be asked to approve a Scheme of Arrangement and Selective Capital Reduction whereby the shares in Octagonal held by non-Gandel Shareholders will be 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.

Abbotsleigh agrees to loan Octagonal funds for the cash component of the Selective Capital Reduction consideration. The loan will only be made to the Company if the Scheme, Selective Capital Reduction and a resolution relating to the related party benefit given to the Gandel Shareholders, is approved by non-Gandel Shareholders.

- (2) The Scheme of Arrangement is conditional on Court approval being obtained.

- (3) The proposed Scheme of Arrangement and Selective Capital Reduction will require 75% approval from non-Gandel Shareholders. The resolution for the financial benefit to be provided to Gandel Metals in facilitating the Scheme of Arrangement will require 50% approval from non-Gandel Shareholders.
- (4) Gandel Metals has agreed to:
- (a) extend the repayment date of funds loaned to the Company (currently \$1.3 million) from 1 December 2015 to 5 February 2016; and
 - (b) loan to Octagonal the funds for Octagonal to facilitate the Scheme, including corporate costs.
- (5) Shareholder approval will be sought for the Company to repay the funds loaned by Gandel Metals. This amount will be repaid via the transfer of a number of A1 Gold shares equal to the loaned funds on the basis of the 5 day VWAP up to the trading day immediately prior to transfer (as provided for in the original loan agreement).

Court approval for the convening of shareholder meetings to approve the transaction was received on 18 December 2015.

Meetings to approve the resolutions necessary to implement the Scheme will be held on 29 January 2016. The Notice of Meetings and Scheme Booklet were sent to Octagonal shareholders on 29 December 2015, accompanied by a statement setting out all information material to the decision on how to vote and an Independent Expert Report.

Indicative Timetable

A copy of the indicative timetable to complete the transaction is provided below.

Friday 29 January 2016	Scheme Meeting held to approve Scheme, Non-Gandel Meeting held to approve Selective Capital Reduction, and General Meeting held to approve Selective Capital Reduction, Related Party Benefit, and Loan Repayment Resolution.
Friday 5 February 2016	Second Court Hearing to approve the proposed Scheme.
Monday 8 February 2016	Lodge with ASIC a copy of the court order approving the Scheme (Effective Date).
Monday 15 February 2016	Determine the entitlements to Scheme Consideration by reference to share register of ORS at that time (Record Date).
Monday 22 February 2016	Implement the court approved Scheme (Implementation Date).
Tuesday 23 February 2016	Delisting from ASX.

The above timetable is indicative only and may be subject to further changes.

Australian Taxation Office Application for Class Ruling

On 4 December 2015 Octagonal lodged an application for a Class Ruling with the Australian Taxation Office, pursuant to the early engagement process, in respect of the proposed Scheme of Arrangement.

Octagonal is seeking confirmation from the Australian Taxation Office that:

- The distribution of the Scheme Consideration is not a dividend;
- The CGT Event C2 happens when the Scheme is completed;
- The cost base of the A1 Gold shares is equal to the market value of the A1 Gold shares on the implementation date; and
- The Commissioner will not make a determination under section 45A(2) or section 45B(3) that section 45C of the *Income Tax Assessment Act 1936* applies to the whole or part of the Scheme of Arrangement.

Shareholders will be advised on the outcome of the Class Ruling when it is received.

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

Background

In Western Australia Octagonal holds 100% equity in the Hogan's Project where it is exploring beneath transported cover for gold, copper-gold, and nickel sulphide deposits in a highly prospective but underexplored area only 70 kilometres southeast of Kalgoorlie and 20 kilometres east of the world-class St Ives Goldfield (+13M oz Au) and Kambalda Nickel District (+1.4Mt Ni) (Figure 1).

Safety & Environment

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

Exploration

No new exploration work was completed at the Hogan's Project during the quarter.

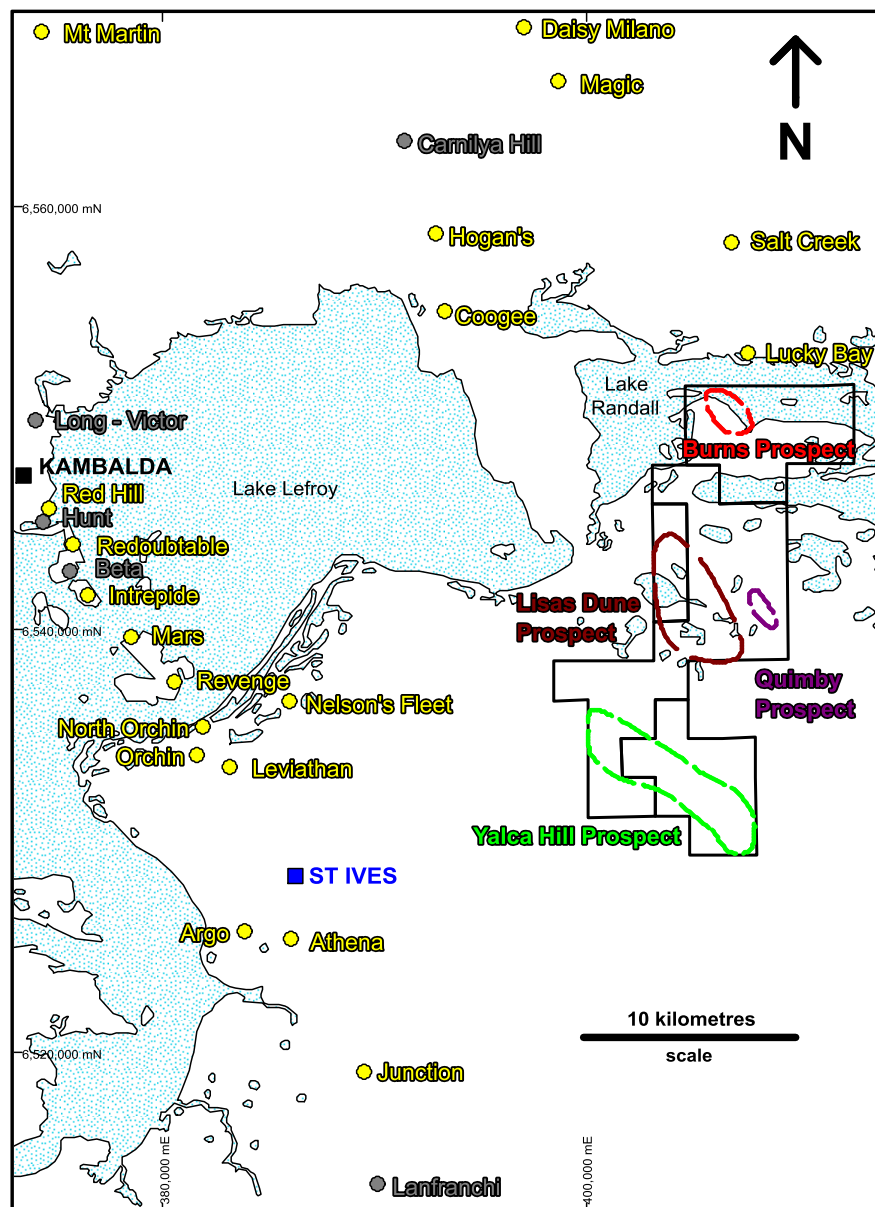


Figure 1: Hogan's Project: Tenement location plan with gold and nickel deposits and Octagonal's exploration target areas

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

Tenements

Mining Tenements Held at the End of the Quarter

State	Tenement	Equity	Tenement Name	Status	Area	Holder
HOGAN'S						
WA	E15/1097	100%	Lucky Bay Sth	Granted	12 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1336	100%	St Ives East	Granted	10 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1337	100%	St Ives East	Granted	3 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1414	100%	St Ives East	Granted	24 BL	Octagonal Resources (WA) Pty Ltd

Mining Tenements Acquired During the Quarter

No mining tenements were acquired during the quarter.

Mining Tenements Disposed During the Quarter

No mining tenements were disposed of during the quarter.

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

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

For further enquiries, please contact:

Anthony Gray (Managing Director) +61 3 9697 9088

Caution Regarding Forward Looking Information

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

Competent Persons Statement

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

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

OCTAGONAL RESOURCES LIMITED

ABN

38 147 300 418

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(7)	(19)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(230)	(480)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (inc GST paid/recouped)	14	24
Net Operating Cash Flows		(223)	(475)
Cash flows related to investing activities			
1.8	Payment for purchases of:(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (Refund of security deposit)	-	-
Net investing cash flows		0	0
1.13	Total operating and investing cash flows (carried forward)	(223)	(475)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)		
		(223)	(475)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	200	300
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Cost of Capital Raising / Prospectus / Reduction in rehabilitation bonds)	-	-
	Net financing cash flows	200	300
	Net (decrease) increase in cash held	(23)	(175)
1.20	Cash at beginning of quarter/year to date	53	205
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	30	30

Notes:

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	62
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

NIL

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

NIL

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements ⁽ⁱ⁾	1,300	1,300

Notes:

i On 6 March 2015 a Standby Credit Facility agreement was entered into with Gandel Metals Pty Ltd, a company related with ORS's Chairman Mr Ian Gandel, to secure access to a Bank standby credit facility for up to \$1.0m. Refer ASX announcement 11 March 2015 for further details. On 28 August 2015, a variation on the agreement was entered into with a further \$300k made available. Refer ASX announcement 31 August 2015 for further details. On 21 December 2015 it was announced in the Scheme of Arrangement Booklet that Gandel Metals would continue to fund the company during the period that the Scheme will be considered and, if approved, during the implementation period.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2
4.2 Development	0
4.3 Production	0
4.4 Administration	172
Total	174

Notes:

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	30	53
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	30	53

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Notes:

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	N/A			
Preference securities <i>(description)</i>				
7.2				
7.3	248,331,672	248,331,672		
7.4				
7.5				
7.6				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options/ Performance Rights <i>(description and conversion factor)</i>	Total number	Number Quoted	Exercise price A\$	Expiry date
	<i>Unlisted Options</i>	Nil			
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	78,658,946	Nil	2 cents each	11 December 2015
7.11	Debentures <i>(totals only)</i>	N/A			
7.12	Unsecured notes <i>(totals only)</i>	N/A			

Compliance statement

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



Sign here:

Date: 27 January 2016

Company Secretary

Print name:

BOB TOLLIDAY

Notes

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

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+ See chapter 19 for defined terms.