



Contents

Strategy and Objectives	1
The Year in Review	2
Chairman's Letter to Shareholders	4
Health, Safety, Environment, and the Community	5
Review of Operations	6
Summary of Tenements	23
Directors Report	24
Corporate Governance Statement	32
Auditors Independence Declaration	43
Financial Report	
Statement of Comprehensive Income	44
Statement of Financial Position	45
Statement of Changes in Equity	46
Statement of Cash Flows	47
Notes to the Financial Statements	48
Directors Declaration	69
Independent Audit Report	70
Additional ASX Information	72

Corporate Directory

Directors

Ian J Gandel

Chairman

Anthony R Gray

Managing Director

Ian C Pamensky

Executive Director and Company Secretary

Principal & Registered Office

Suite 3

51-55 City Road

Southbank Victoria 3006

Telephone +61 3 9697 9088

Facsimile +61 3 9697 9089

Website www.octagonalresources.com.au

Email info@octagonalresources.com.au

Auditors

BDO East Coast Partnership

Level 14, 140 William Street

Melbourne Victoria 3000

Share Registry

Computershare Investor Services

GPO Box 2975

Melbourne Victoria 3001

Telephone 1300 850 505

Facsimile +61 3 9473 2500

ASX Code

ORS



Strategy and Objectives

CORPORATE STRATEGY

To become a self funding junior Australian gold company with underground and open pit mineable resources that can be exploited to fund long term growth through the discovery and development of major gold operations in underexplored areas of world class gold producing terrains.

As the Eastern Goldfields Province of the Yilgarn Craton in Western Australia and the Bendigo Zone of the Lachlan Fold Belt in Victoria are the two largest gold producing regions in Australia, Octagonal is focused on developing operations within these terrains.



OUR OBJECTIVES

Short Term

Commence underground mining from the Alliance South Shoot and process the ore through the Maldon Gold Processing Plant to determine the shoot grade and ground conditions to facilitate extraction methods for an ongoing operation,

Mine a 200,000 tonne open pit at Black Reef (Wehla) and process the ore through the Maldon Gold Processing Plant to determine the viability of a larger open pit operation,

Define at least 250,000 tonnes of JORC-compliant open pit resources at Wehla, Pearl Croydon, Campbelltown, and Dunolly East to provide ongoing feed to the Maldon Gold Processing Plant, and

Undertake aggressive regional exploration at the Hogan's Project in Western Australia to rapidly and systematically explore the area for a major gold deposit.

Medium Term

Delineate a minimum Indicated Resource of 100,000 ounces of gold in Central Victoria to support the mining operation, and

Define an initial gold resource in Western Australia of greater than 100,000 ounces of gold.

Long Term

Define and develop major long-term gold operations in Central Victoria and Western Australia.



The Year In Review

HEADLINES

Mining

Underground development commenced at the Union Hill Decline to access and mine the Alliance South Gold Deposit

Resources

Initial Inferred Mineral Resource of 114,000t @ 2.9g/t Au for 10,480oz Au estimated at Specimen Reef Gold Deposit

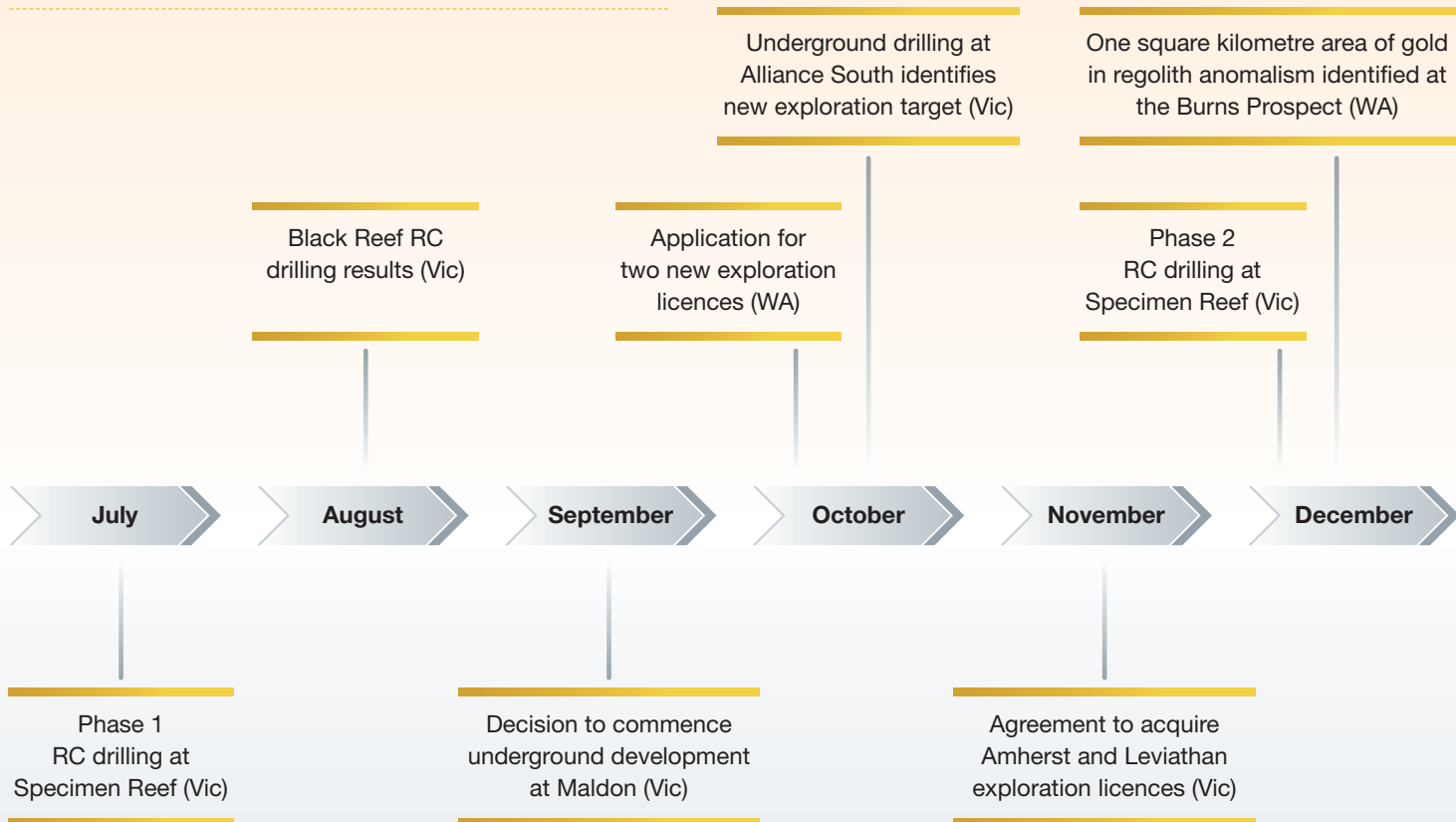
Ore Processing

Agreement to process up to 150,000t of ore from the A1 Gold Mine at Woods Point over 3 years

Exploration

Significant potentially economic gold, copper and silver mineralisation intersected in first RC drilling program at the Burns Prospect (WA)

HIGHLIGHTS



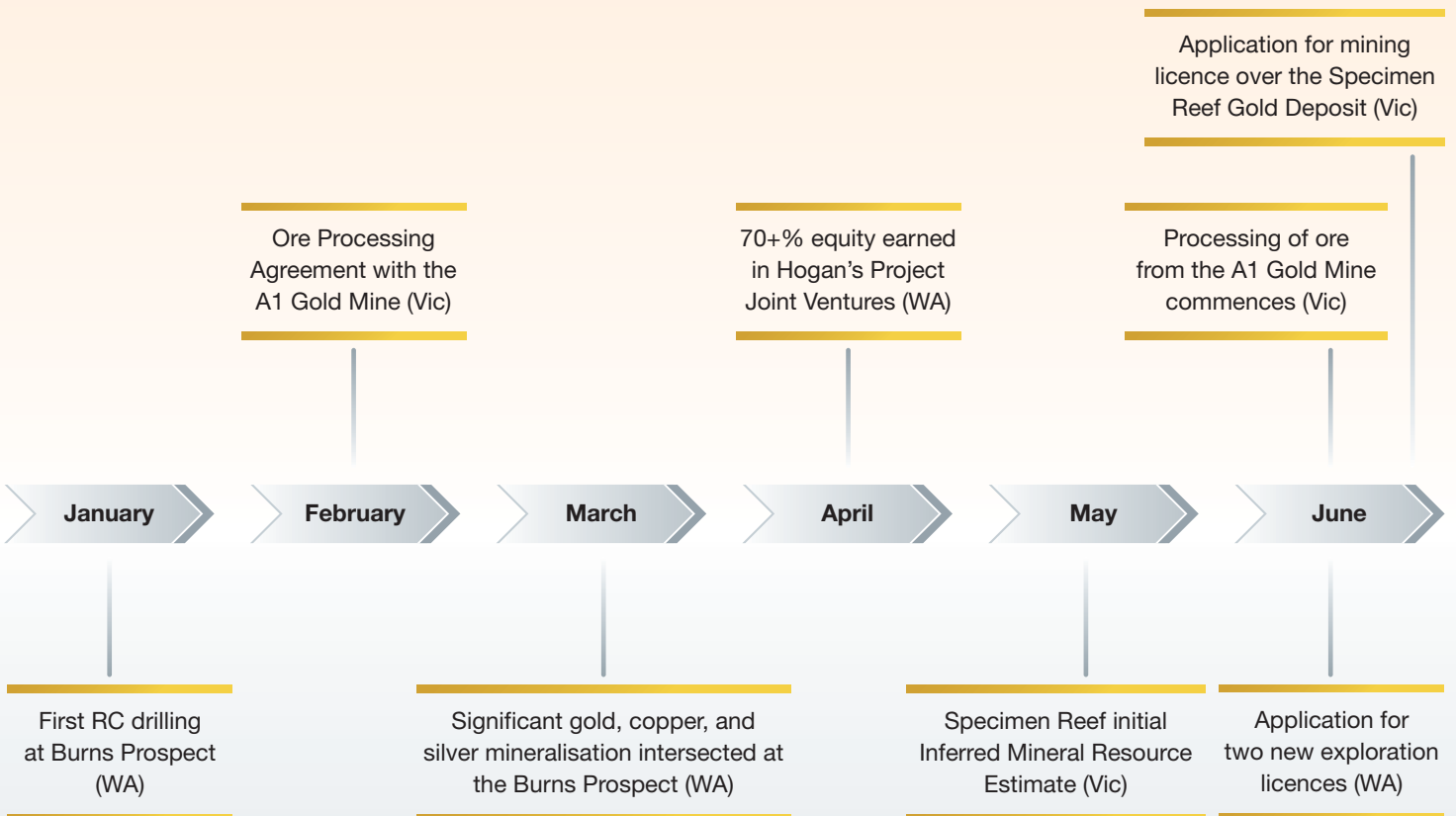
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The Year In Review

THE YEAR AHEAD

- Continue development and mining of the Alliance South Gold Deposit
- Mine the Black Reef open pit
- Continue processing of ore from Octagonal and third party sources
- Increase and upgrade the resource at the Specimen Reef Gold Deposit
- Approval of Pearl Croydon and Campbelltown mining licences, resources upgrade, and pit optimisation
- RC and diamond drilling at the Burns Prospect (WA) to better define the potential size and grade of this multi-commodity deposit



2012

Chairman's Letter to Shareholders

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

Since listing on the Australian Securities Exchange ("ASX") in January 2011 following an Initial Public Offer that raised \$12,000,000 Octagonal has continued to work towards achieving its short term goals of commencing gold production in Central Victoria, defining open pit resources to sustain this operation, and undertaking aggressive regional exploration at the Hogan's Project in Western Australia.

Development of the Company's underground and open pit mines in Central Victoria has progressed slower than we would have liked during the year due to difficult ground conditions encountered in the Union Hill Decline at Maldon and delays in gaining regulatory approval to mine the Black Reef open pit at Wehla. Recognising these issues, Octagonal delayed some of its planned exploration programs to preserve cash to fund our planned mining operations.

The Company also entered into an agreement to process ore from the A1 Gold Mine near Woods Point. This agreement utilises surplus milling capacity at the Porcupine Flat Gold Processing Plant at Maldon while we bring our open pit mines and underground targets on line and also provides Octagonal with income and risk free exposure to gold produced from third party ore. The Porcupine Flat Gold Processing Plant was fully re-commissioned in May this year ahead of the commencement of ore processing in June.

In Victoria, the Company purchased underground mining equipment, installed utility services and commenced extending the Union Hill Decline to access and mine the Alliance South Gold Shoot. Unfortunately, very difficult ground conditions associated with a cross-cutting major structure known as Moon's Cross-course delayed development of the decline while the Board and Management designed an acceptable ground control management plan and sourced additional mining equipment and ground control consumables in order to be able to continue the decline. The highest priority was given to the safety of our mining team, and I am delighted to say that we have not had one Lost Time Incident. The delay is regrettable, but we consider our first priority had to be on safety and second priority on certainty of construction success. Whilst the decline development was paused and the most appropriate way forward was being considered, your company determined to commence a second development heading on the 1120N sill drive to develop north towards a secondary mining target located adjacent to the south of the historic Alliance Mine workings. We are continuing to drive towards this secondary target, and the decline is about to recommence progress towards the Alliance South Gold Shoot.

Exploration work completed in Victoria focused on the Specimen Reef near Dunolly. Two RC drilling programs were completed to define an initial near-surface resource containing 10,480 ounces of gold. This gold mineralization is open in all directions and the resource was calculated in support of a mining licence application lodged to expedite the mining approvals process. We intend to re-commence drilling at this deposit later in the year to increase the size of this resource.

In Western Australia, Octagonal continued its aggressive regional exploration program at the Hogan's Project where we aim to grow the Company by discovering a major gold deposit. During the year 585 aircore holes were drilled for over 28,000 metres to test several priority regional exploration target areas. This work resulted in the discovery of a greater than one square kilometer area of gold in weathered rock anomalism at the Burns Prospect that is not constrained by drilling where it trends beneath salt lake cover.

In our first bedrock reverse circulation drilling program at the Burns Prospect to test for the source of the gold in weathered rock anomalism we intersected not only gold, but significant potentially economic gold, copper, and silver mineralization. We are extremely encouraged by these early results and will continue reverse circulation and diamond drilling at this prospect to assess the size of this multi-commodity deposit.

It has now been 18 months since Octagonal listed on the ASX and the Company is well positioned to take advantage of and build upon the significant work completed to commence mining at the Alliance South and Black Reef deposits, define near-surface resources amenable to open pit mining in Victoria, and assess the potential of the Hogan's Project in Western Australia to host a major gold deposit. In June this year we commenced generating an income by processing ore from the A1 Gold Mine and we look forward to becoming self funding as we bring our own mines into production. I look forward to your continued support of Octagonal in the coming year as we commence mining, gold production and continue to increase our resource inventory.

Yours sincerely,



Ian Gandel
Chairman



Health, Safety, Environment, & the Community

Octagonal Resources Limited recognizes that the success of its operations is intrinsically linked with the aspirations and concerns of the people affected by them. Our activities are not only regulated by local, state, and federal authorities, but also the broader community within which we operate. Our social licence to operate comes from establishing and maintaining positive relationships with our employees, business partners, government authorities, suppliers, shareholders, and neighbours.

Health and Safety

Octagonal worked throughout the year with all people directly involved in or affected by its operations to develop and practice a healthy and transparent safety culture. This culture is implemented with the support of well-developed systems, procedures, supervision, instruction, and training.

Identification of life threatening or permanently life altering hazards, and the control of risks from these, is the foundation of our Safety Management System. Hazards are identified, risks assessed, and controls identified and put in place.

During the year all employees received First Aid training and free medical checks were made available.

No Lost Time Injuries or Medically Treated Injuries occurred during the year at the Company's Victorian and Western Australian operations.

Environment

The Company's Maldon Environmental Management Plan is designed to demonstrate regulatory compliance in the areas of environment and community such as water, dust, noise, and vibration. Monitoring of these features is reported quarterly to an Environmental Review Committee (ERC). The ERC is made up of Regulators (EPA, DPI, DSE etc), special interest groups and community members who review and ensure the environmental and community compliance and performance of the Maldon operation. The ERC also provides an effective way to communicate and maintain contact with the local community.

No reportable environmental incidents occurred at the Company's Victorian and Western Australian operations.

Land Management

Octagonal's exploration and mining activity is designed to minimize ground disturbance and to prevent the destruction of flora, fauna, and sites of Aboriginal and European cultural heritage. Where possible the Company locates drill sites on disturbed ground or less vegetated areas.

During the year the Company continued rehabilitation work and monitoring at the Eaglehawk open pit and Dunn's Reef sites near Maldon. Management of the Dunn's Reef site was returned to Parks Victoria after achieving acceptable re-vegetation, whereas tree planting and weed control continued at the Eaglehawk site.

In Western Australia approximately 30 line kilometers of cleared drilling tracks were rehabilitated.

Weed Control

During the year Octagonal developed and implemented a comprehensive Weed Control Management Plan to control weeds at the various operating and rehabilitated sites that comprise the Maldon Gold Operation.

Water Management

Octagonal continued to provide water from the Union Hill Decline at Maldon to a group of local farmers referred to as the Nuggetty Water Group (NWG) and to periodically top up the South German Dam in Maldon. The quality of the water pumped from the decline is monitored on a regular basis and reported to both the ERC and NWG.

Community

Octagonal seeks to provide economic return to the local communities within which we operate. Where possible we recruit employees locally, or employ residential staff, and use local service providers. This ensures that most of the money that we spend on employment and goods and services flows directly into the local economy.

The Company engages with the Maldon community through the quarterly ERC meetings and also holds an annual open day at the Porcupine Flat Gold Processing Plant where it invites the community to visit and inspect the Company's gold processing operations and provides information about current and planned mining activity.

Sponsorship

During the year Octagonal continued to provide support to a number of community events in Maldon area including:

- » Maldon and Baringhup Agricultural Show
- » Maldon Australia Day Celebrations
- » Tarrengower Puppetfest
- » Maldon In Winter Festival
- » Maldon Art Show

Review of Operations

Victoria

Octagonal's corporate strategy in Central Victoria is to develop a profitable and sustainable gold mining operation centred around the Company's Porcupine Flat CIL Gold Processing Plant at Maldon.

Octagonal has four mining licences, four mining licence applications, eight exploration licences, and two exploration licence applications located within viable cartage distance to Maldon. These tenements are broadly separated into seven project areas referred to as the Maldon, Wehla, Pearl Croydon, Dunolly East, Campbelltown, McIntyre-Rheola, and Maryborough projects.

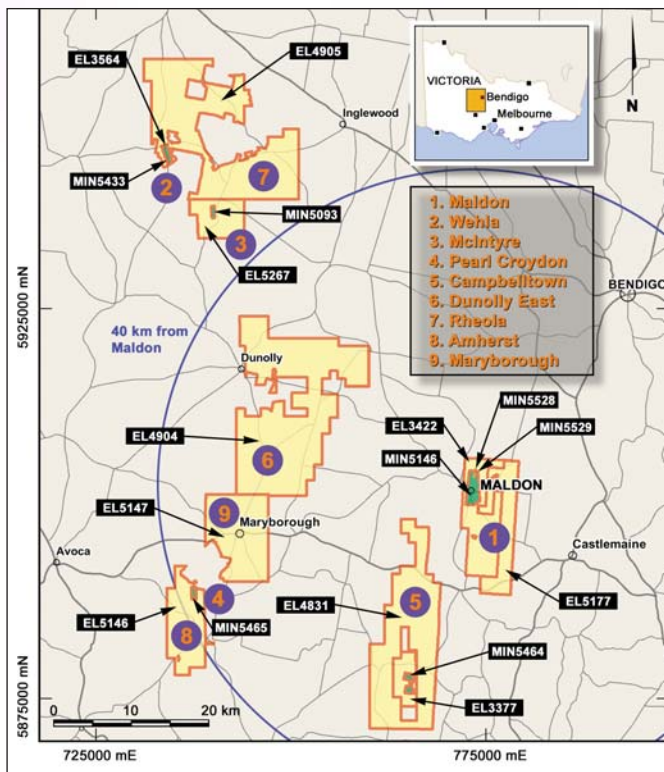


Figure 1: Location of Octagonal Resources Victorian project areas

Maldon Project

The Maldon Project is located 140 kilometres northwest of Melbourne. Octagonal has Mining Licences MIN5146 and MIN5528, Mining Licence Application MIN5529, and Exploration Licences EL3422 and EL5177 covering an area of 170km² that collectively includes most of the Maldon Goldfield.

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). Eighty percent of this production was derived from four reefs located within the Central Maldon Shear Zone; the Eaglehawk, Beehive, Derby and German reefs (Figure 2).

Mineral Resource

The Maldon Project hosts an Inferred Mineral Resource at the Alliance South Deposit of 473,000 tonnes grading 12 g/t gold for 182,000 ounces of gold (Table 1). The Alliance South Deposit is hosted within the Eaglehawk Reef at the southern end of the Central Maldon Shear Zone. During 2008 the Union Hill decline was

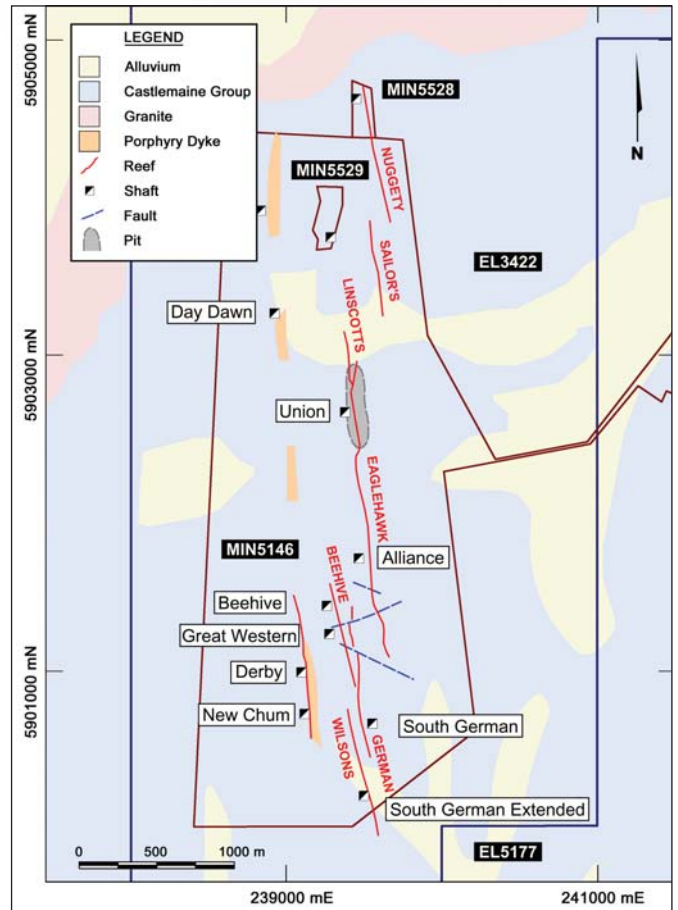


Figure 2: Reefs of the Central Maldon Shear Zone



Review of Operations

extended 1,900 metres to the south. It is currently 218 metres vertically below the surface and has been developed to the top of the Alliance South Deposit (Figure 3).

Mine Development

Our objective is to bring Maldon into production within the shortest possible time by extending the Union Hill Decline 180 metres to the south and developing two levels in the upper area of the Alliance South Shoot (at the southern end of the Alliance South Deposit) to determine the reef grade, assess ground conditions, and determine the most appropriate mining technique for an ongoing operation (Figure 4).

During the year Octagonal acquired underground mining equipment, installed utilities, and commenced extending the Union Hill Decline to access the Alliance South Shoot. Shortly after commencing development of the decline, difficult ground conditions

were encountered associated with a cross-cutting structure known as Moon's Cross-Course. This structure is between 10 and 15 metres wide and required substantial ground support to make it safe to develop through. Extension of the decline was delayed while the Company developed and implemented a ground control management plan to work through the broken ground.

A second development heading was set up on the 1120N level to develop north towards a secondary target located adjacent to the south of the historic Alliance Mine workings (Figure 4). This target is located within a favorable structural position for the formation of gold shoots in the Maldon Goldfield and is defined by six drill holes that have intersected either ore-grade gold mineralisation, visible gold, or seamy grey quartz with heavy arsenopyrite sulphidation that are all indications of a high-grade gold shoot within this goldfield.

Deposit	Location	Estimated Gold Resource and Category								
		Measured			Indicated			Inferred		
		'000t	Au g/t	'000oz	'000t	Au g/t	'000oz	'000t	Au g/t	'000oz
Alliance	West Zone							287	12	110
South	East Zone							186	12	72
	Total							473	12	182

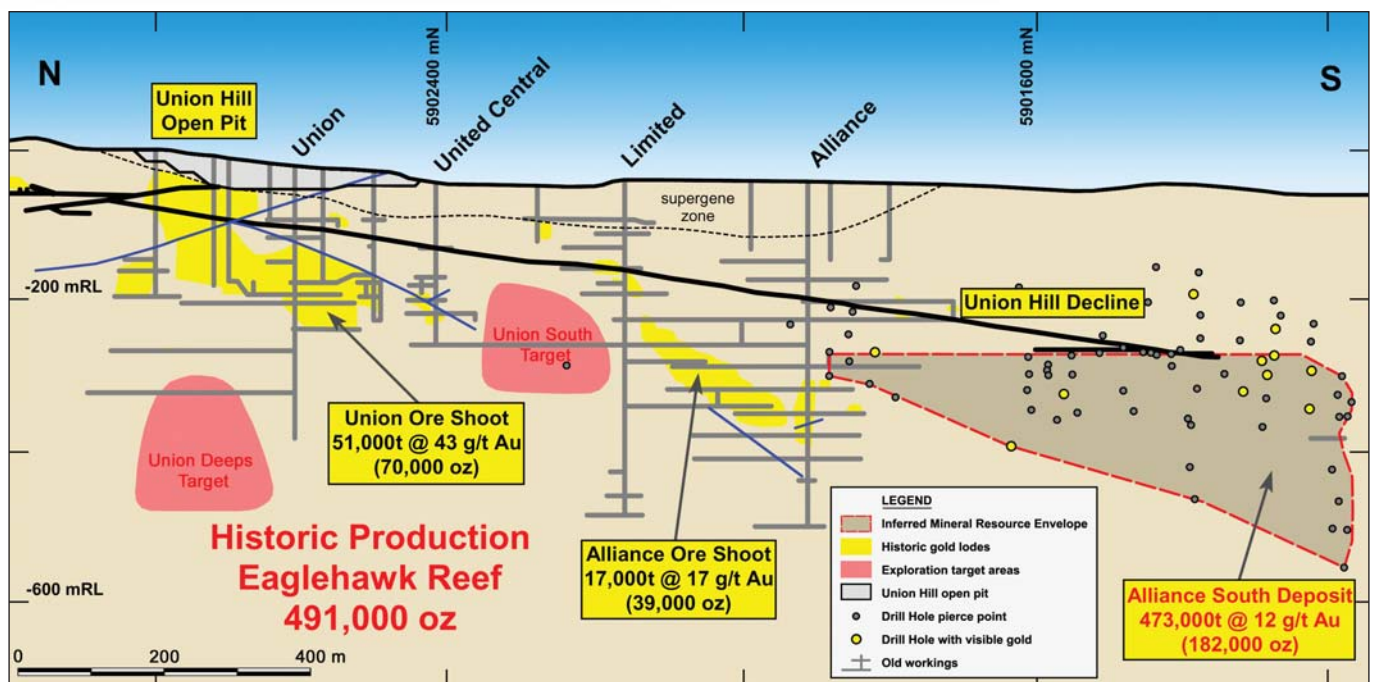


Figure 3: Eaglehawk Reef: Longsection with the Union and Alliance shoots and the Alliance South Deposit

Review of Operations

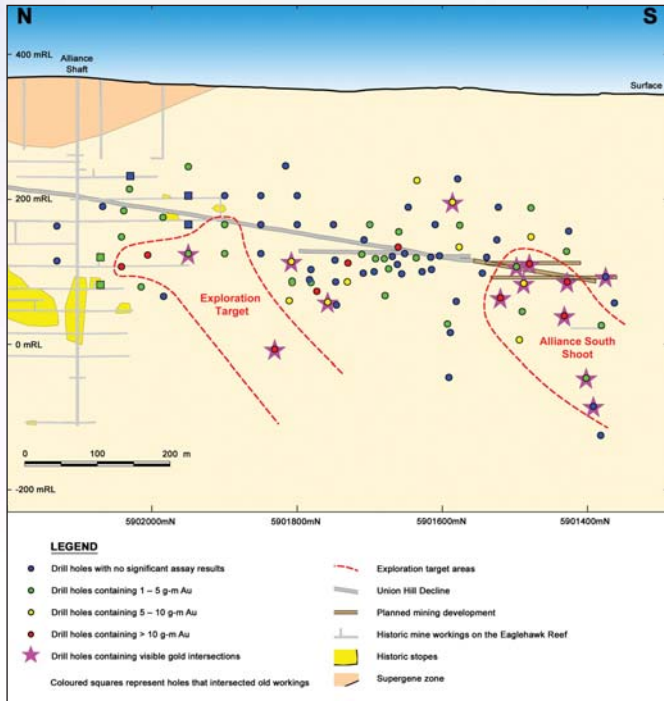


Figure 4: Eaglehawk Reef: Longsection showing position of Union Hill Decline relative to the Alliance South Shoot, secondary exploration target, and planned mining development

Ore Processing

The Porcupine Flat Gold Processing Plant commenced production with 2.8 kilograms of gold dore produced while re-commissioning the carbon regeneration kiln and carbon stripping circuit.

In February Octagonal entered into an Ore Processing Agreement with the owners of the A1 Gold Mine at Woods Point. Under the terms of the agreement Maldon will process of up to 150,000 tonnes of gold bearing ore from the A1 Mine over a three year period at a rate of 50,000 tonnes per year. In return for processing ore from the A1 Mine, Octagonal will receive an ore processing fee that covers all costs associated with the processing of A1 ore including; labour, consumables, mill maintenance, tailings disposal, and administration, and 10% of the gold produced.

During the year over 5,500 tonnes of ore from the A1 Mine was delivered to site. The process tanks were filled in May using 855 tonnes of mineralised Porcupine Flat tailings to attain appropriate pulp densities before commencing processing of A1 ore. 3,266 tonnes of ore from the A1 Mine was processed and at the end of the reporting period no gold had been produced with the extracted gold being in circuit.

Wehla Project

The Wehla Project is located 60 kilometres northwest of Maldon. Octagonal has Mining Licence MIN5433 centred on the Black Reef and Exploration Licences EL3564 and EL4905 covering an area of 7km² that collectively includes most of the Wehla Goldfield.

The main gold workings consist of a north trending line of reefs; Adelaide, Prince of Wales, Frenchman's, Petticoat, Black, Bismark and Little Nell (Figure 5). Recorded production from the Wehla Goldfield is approximately 100,000 ounces of gold.

The Prince of Wales Mine is the largest in the field and produced more than 60,000 ounces of gold from a series of drives following a large mineralised quartz channel. Quartz spurs project into strata on the footwall and the highest gold concentrations were at the intersection of the quartz spurs and 'indicator' shales.

Seventy holes have previously been drilled in the Wehla Goldfield to an average depth of 50 metres. This drilling has intersected sporadic high-grade gold mineralisation including 5m @ 35.4 g/t Au from 23m in B3, 4m @ 25.0 g/t Au from 16m in MD103, and 5m @ 14.9 g/t Au from 25m in W13, that is interspersed with broad zones

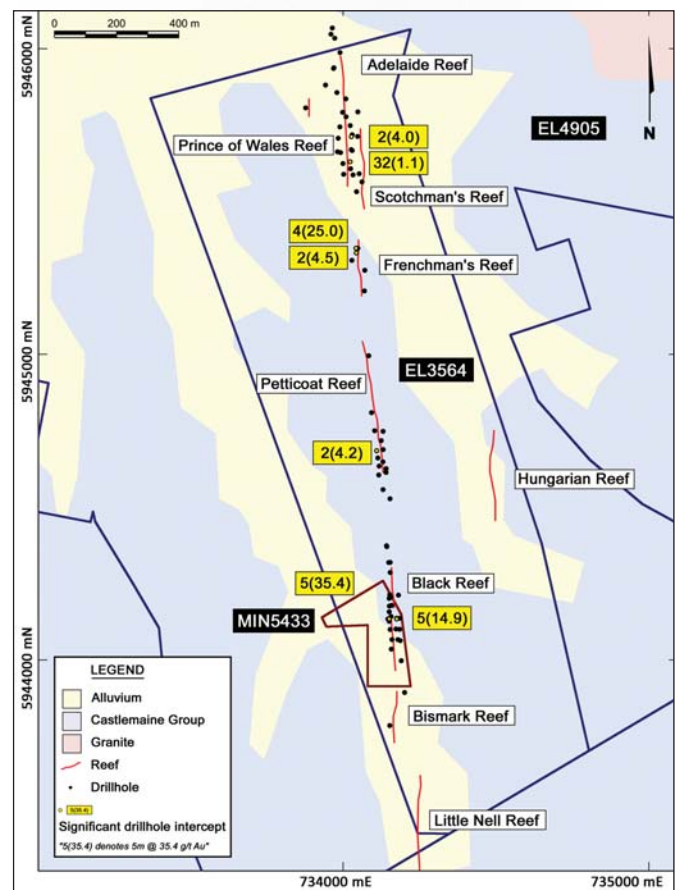


Figure 5: Main Wehla reefs and historic drilling results



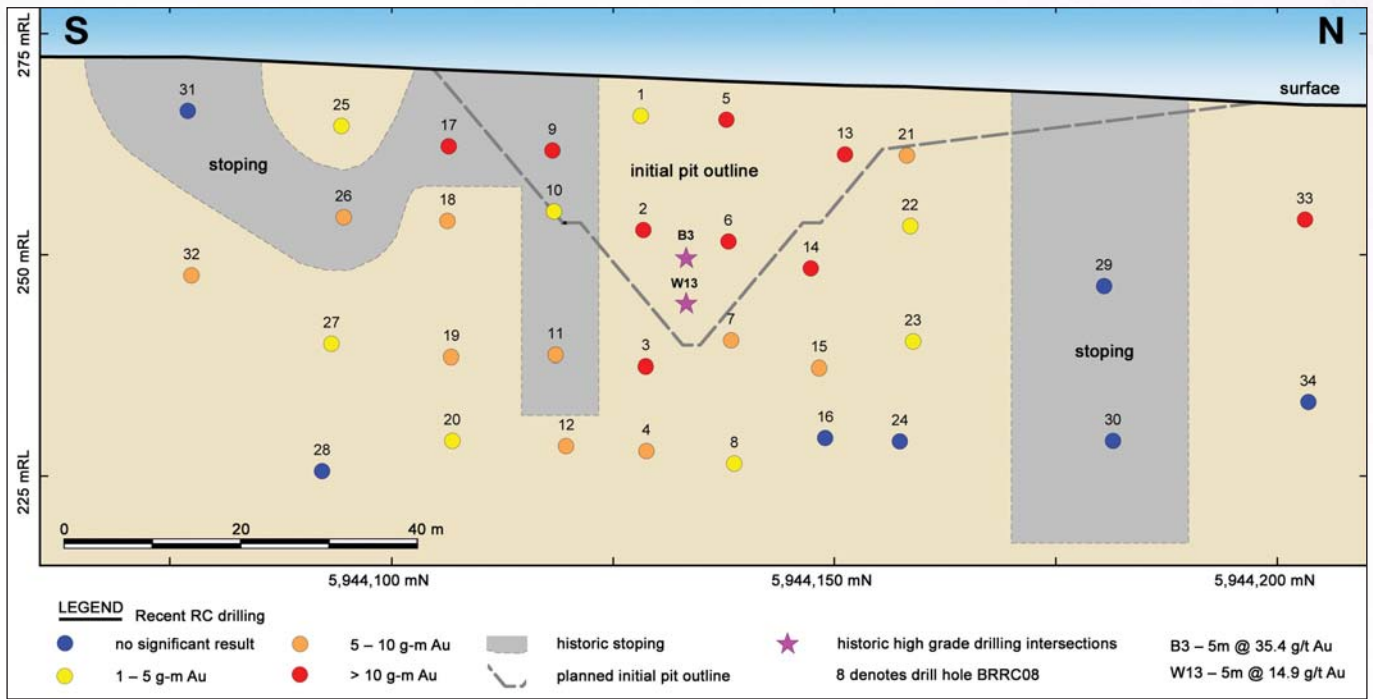


Figure 6: Black Reef: Long-section of RC drilling results with planned open pit and historic high grade drilling

of lower grade gold mineralisation including 5m @ 2.5 g/t Au from 15m in W5, 13.75m @ 1.2 g/t Au from surface in W34, 2m @ 4.0 g/t Au from 28m in W37, and 32m @ 1.1 g/t Au from surface in W38.

These drill results indicate the potential for significant near surface gold mineralisation that may be exploited using open pit mining techniques, however the structural controls and “nugget effect” on the distribution of this gold mineralisation are not well understood.

Black Reef Mine Plan

Octagonal will resolve these issues by mining a 200,000 tonne open pit to 30 metres depth at Black Reef on MIN 5433 in an area where a costean returned 14m @ 4.6 g/t Au and drilling intersected 5m @ 35.4 g/t Au and 5m @ 14.9 g/t Au.

In anticipation of mining, 34 RC holes were drilled during May 2011 using a 10 metre by 10 metre spaced grid to accurately locate the reef in the area of the planned open pit, supplement the initial Black Reef mine design, and provide detailed drill assay data for reconciliation against open pit grade control data and gold recovered from the mill.

This drilling intersected wide zones of quartz reef with significant assay results including 5m @ 2.4 g/t Au from 29m in BRRC02, 7m @ 2.2 g/t Au from 37m in BRRC03, 2m @ 4.5 g/t Au from 12m in BRRC09, 3m @ 3.4 g/t Au from 27m in BRRC14, 1m @ 15.8 g/t Au from 10m in BRRC17, and 1m @ 7.7 g/t Au from 10m in BRRC33. Figure 6 illustrates the distribution of these drilling results, the historic high grade drill intersections, and planned open pit.

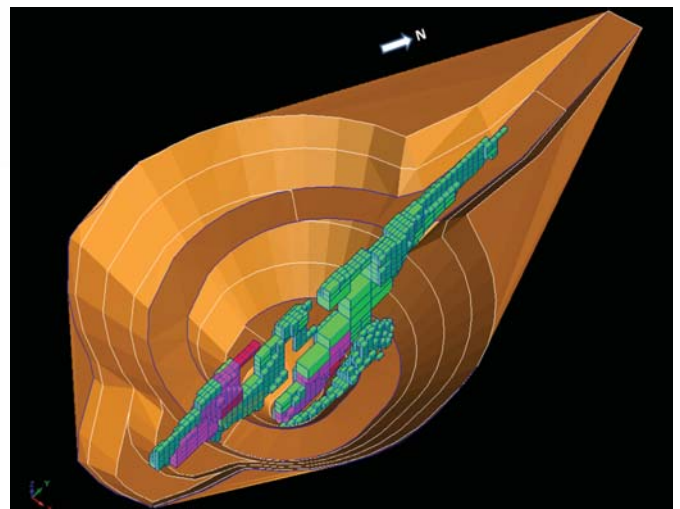


Figure 7: Black Reef: 3D model of 30 metre deep open pit design

As the results from this drilling program returned broad zones of moderate grade gold mineralisation and it is uncertain if the lack of higher-grade results intersected in the earlier drilling is due to “nugget effect”, Octagonal will mine an initial open pit to 12 metres depth and then decide if extending the pit to 30 metres depth (Figure 7) is warranted based upon positive reconciliation of drilling, grade control, and mill data.

Regulatory approval to mine this open pit was received in June 2012.

Review of Operations

Pearl Croydon Project

The Pearl Croydon Project is located 40 kilometres southwest of Maldon. Octagonal has Mining Licence Application MIN5465 centred on the Pearl Croydon Deposit and during the year entered into an agreement to purchase Exploration Licence Application EL5146 that surrounds the mining licence. These tenements cover an area of 55km² that collectively include most of the Amherst Goldfield.

The Pearl Croydon Deposit lies within a 1,600 metre by 300 metre north trending corridor of fault hosted, steep dipping, quartz reefs that have been historically worked by open pit and underground mining methods.

Between 1997 and 2003, 81 RC holes were drilled at the Pearl Croydon Deposit using predominantly 40 metre spaced traverses (Figure 8). This drilling returned significant gold intersections including 10m @ 3.2 g/t Au from 79m, 5m @ 16.8 g/t Au from 21m, 12m @ 4.4 g/t Au from 47m, 8m @ 3.4 g/t Au from 65m, 14m @ 1.6 g/t Au from 15m, 3m @ 15.9 g/t Au from 37m, 5m @ 7.2 g/t Au from 57m, 5m @ 2.9 g/t Au from 7m, 2m @ 7.2 g/t Au from 22m, and 5m @ 6.1 g/t Au from 64m.

Mineral Resource

The Pearl Croydon Deposit hosts an Inferred Mineral Resource of 570,000 tonnes grading 2.9 g/t gold for 53,000 ounces of gold (Table 2).

Once mining licence application MIN5465 is granted Octagonal will complete infill drilling to determine if the deposit contains sufficient near-surface gold mineralization to justify open pit mining.

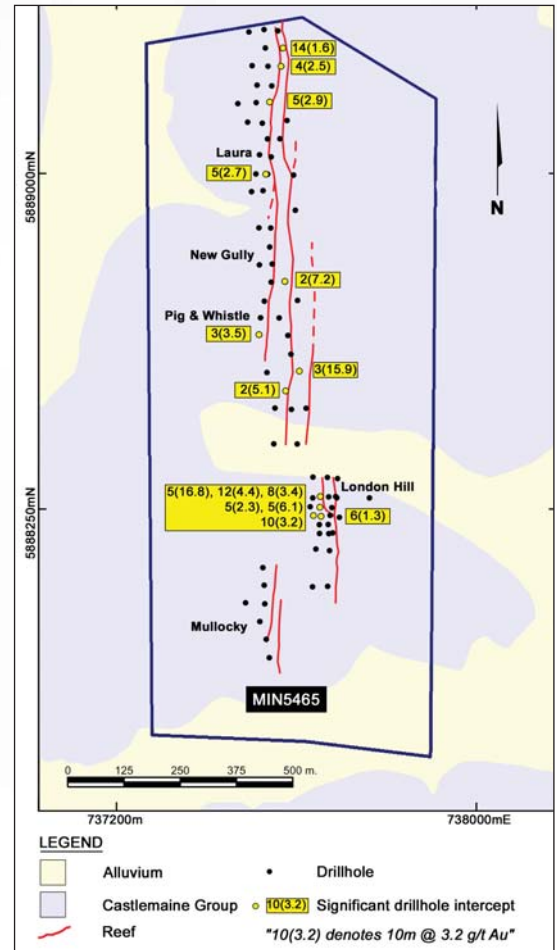


Figure 8: Pearl Croydon Deposit: Drill hole location plan

Deposit	Reef	Resource Category	Tonnes	Gold Grade (g/t)	Gold (ounces)
Pearl Croydon North	West Reef	Inferred	142,444	2.3	10,702
	Central Reef	Inferred	293,010	2.4	22,812
	East Reef	Inferred	20,072	4.6	2,949
	Sub Total	Inferred	455,526	2.5	36,463
London Hill	Main Reef	Inferred	49,612	4.4	6,957
	Hanging wall Reef	Inferred	27,515	4.1	3,665
	Sub Total	Inferred	77,128	4.3	10,622
Mullocky	West Reef	Inferred	13,693	2.7	1,188
	East Reef	Inferred	24,212	6.5	5,091
	Sub Total	Inferred	37,905	5.2	6,278
TOTAL		Inferred	570,559	2.9	53,364



Dunolly East Project

The Dunolly East Project is located 30 kilometres west of Maldon. Octagonal has Mining Licence Application MIN5563 centred on the Specimen Reef Deposit and Exploration Licence EL4904 covering an area of 223km² and partly overlying the Dunolly Goldfield.

Several historic gold workings are located within the exploration licence and include the Specimen, McLintack's, Rokahr's, Harrop's, Norfolk, Arvon, Pelletier, Almeida, Doctor, Horseshoe, Sailors, MacFarland's, and Shaw's reefs (Figure 9).

Between July 2011 and January 2012 Octagonal completed 47 RC holes, totaling 2,650 metres, at the Specimen Reef to test for near surface gold mineralisation that could potentially provide short term feed to the Porcupine Flat Gold Processing Plant.

This drilling program intersected wide zones of quartz reef with significant assay results extending over 440 metres strike length and to 60 metres depth including 3m @ 22.8 g/t Au from 41m, 4m @ 2.9 g/t Au from 46m, 7m @ 4.8 g/t Au from 24m, 5m @ 2.3 g/t Au from 23m, 9m @ 2.1 g/t Au from 6m, 1m @ 13.0 g/t Au from 31m, 1m @ 12.3 g/t Au from 54m, 4m @ 5.1 g/t Au from 22m, 2m @ 10.3 g/t Au from 49m, 2m @ 8.6 g/t Au from 73m, 5m @ 3.9 g/t Au from 48m, and 3m @ 5.4 g/t Au from 29m (Table 3).

Mineral Resource

During May 2012 an Inferred Mineral Resource of 114,000 tonnes grading 2.9 g/t gold for 10,480 ounces of gold was calculated for the Specimen Reef Deposit based on the 47 RC holes completed during the year (Table 4).

This initial resource estimate was completed to support mining licence application MIN5563. There is substantial scope to increase the size of this resource with additional drilling as gold mineralisation remains unconstrained by drilling along strike to the north, south, and down plunge (Figure 10).

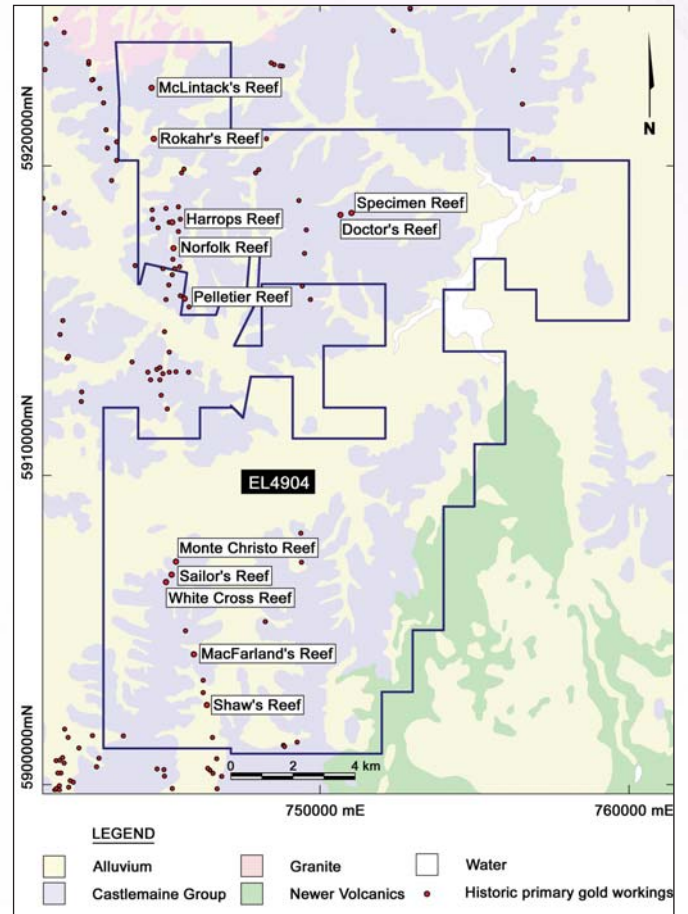
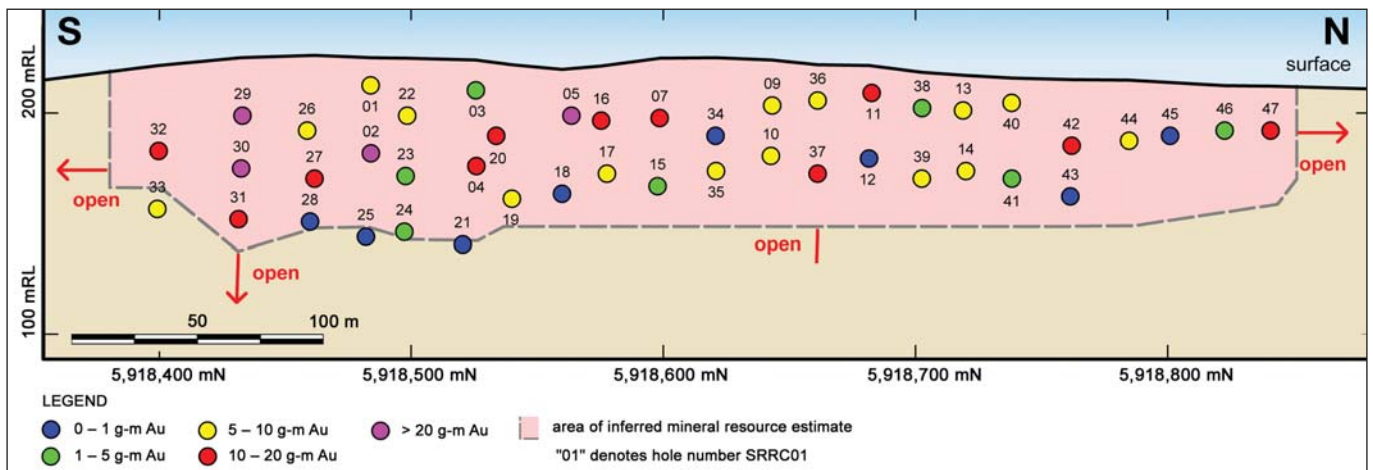


Figure 9: Dunolly East: Surface Geology Plan

Figure 10: Specimen Reef: Long-section of reverse circulation drilling results with resource outline



Review of Operations

Table 3 Specimen Reef: Significant Assay Results

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)
SRRC001	12	14	2	4.3
SRRC002	41	44	3	22.8
SRRC003	13	15	2	1.6
SRRC004	34	35	1	1.4
	46	50	4	2.9
SRRC005	24	31	7	4.8
inc.	24	27	3	8.2
SRRC006	34	35	1	2.0
SRRC007	23	33	10	1.5
inc.	23	28	5	2.3
SRRC008				NSA
SRRC009	17	23	6	1.3
inc.	21	23	2	2.6
SRRC010	43	45	2	2.5
SRRC011	6	15	9	2.1
inc.	12	15	3	5.0
SRRC012	5	6	1	1.1
SRRC013	16	17	1	5.3
SRRC014	43	45	2	3.1
SRRC015	52	53	1	1.4
SRRC016	23	33	10	1.2
inc.	23	25	2	4.3
SRRC017	43	49	6	1.6
SRRC018				NSA
SRRC019	59	62	3	1.8
SRRC020	31	32	1	13.0
SRRC021	10	11	1	1.1
SRRC022	25	26	1	5.0

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)
SRRC023	51	55	4	1.2
SRRC024	78	79	1	2.0
SRRC025				NSA
SRRC026	31	32	1	6.7
SRRC027	54	55	1	12.3
SRRC028				NSA
SRRC029	22	26	4	5.1
SRRC030	49	51	2	10.3
SRRC031	73	75	2	8.6
SRRC032	38	40	2	5.5
SRRC033	65	66	1	5.3
SRRC034	1	2	1	1.3
SRRC035	50	57	7	1.3
SRRC036	15	17	2	4.0
SRRC037	48	53	5	3.9
SRRC038	15	17	2	2.0
	22	24	2	1.1
SRRC039	46	52	6	1.1
SRRC040	9	13	4	2.3
SRRC041	35	36	1	1.2
	44	46	2	1.1
	65	66	1	1.8
SRRC042	29	32	3	5.4
SRRC043				NSA
SRRC044	26	29	3	1.9
SRRC045				NSA
SRRC046	20	21	1	2.9
SRRC047	0	1	1	1.3
	18	23	5	2.2

Table 4

Specimen Reef Mineral Resource Estimate (May 2012)

	Estimated Gold Resource and Category					
	Indicated			Inferred		
	Tonnes	Au g/t	'000oz	Tonnes	Au g/t	Ounces
Specimen Reef				114,000	2.9	10,480
Total				114,000	2.9	10,480



Campbelltown Project

The Campbelltown Project is located 30 kilometres southwest of Maldon. Octagonal has Mining Licence Application MIN 5464 centred on the Bosuns Prospect and Exploration Licences EL3377 and EL4831 covering an area of 199km² that collectively includes most of the Campbelltown Goldfield (Figure 11).

The main line of historic gold workings at Campbelltown strike north-south and can be traced over 5 kilometres by a semi-continuous line of shallow workings on ridges, with associated extensive alluvial workings in the gullies.

The Bosuns Prospect is the most advanced exploration target at Campbelltown. Twenty nine RC holes and one diamond hole have been drilled to test the prospect on eight 40 to 130 metre spaced traverses. This drilling has intersected near surface gold mineralisation that may be amenable to open pit mining including 68m @ 1.4 g/t Au from 32m including 25m @ 2.3 g/t Au from 48m and 14m @ 2.1 g/t Au from 85m, 9m @ 1.7 g/t Au from 9m, 27m @ 1.1 g/t Au from 28m including 7m @ 2.5 g/t Au from 36m, and 11m @ 1.8 g/t Au from 125m.

Exploration at the Campbelltown Project is focused on developing a near-surface resource at the Bosuns Prospect for open pit mining to provide short term feed to the Porcupine Flat Gold Processing Plant.

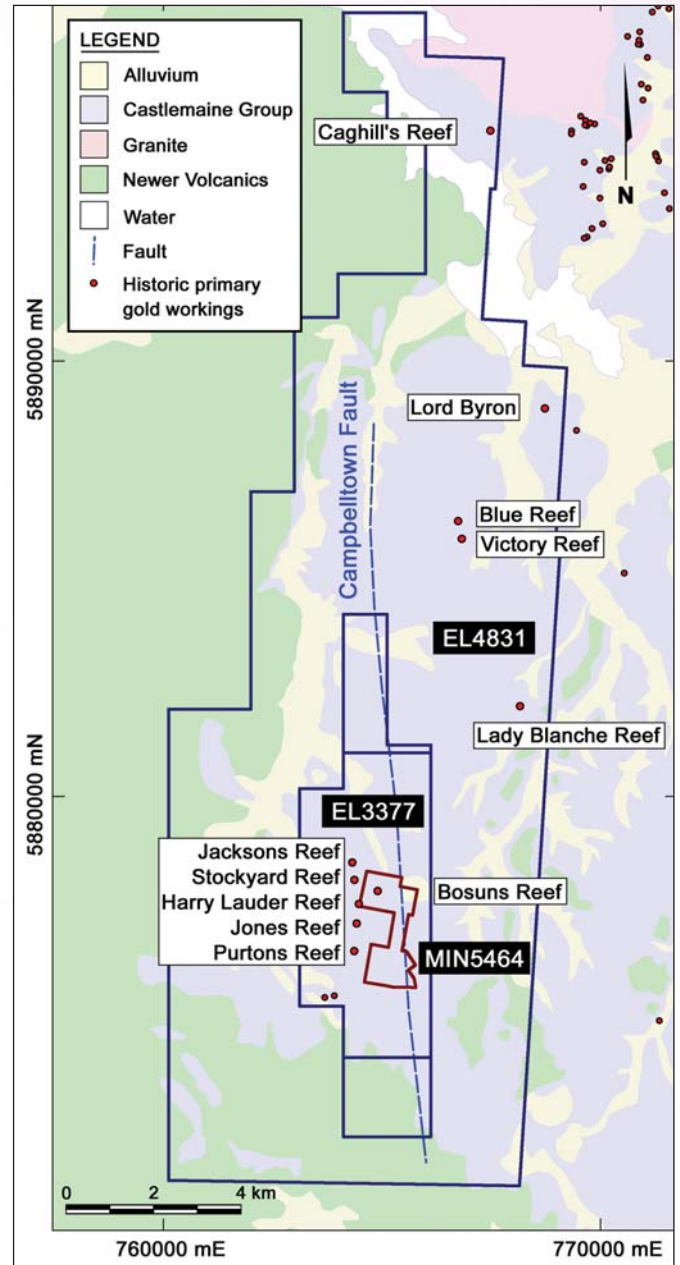


Figure 11: Campbelltown: Tenement and Prospect Location Plan



Specimen Reef RC Drilling

Review of Operations

McIntyre - Rheola Project

The McIntyre - Rheola project is located 50 kilometres northwest of Maldon. Octagonal has Mining Licence MIN5093 centred on the Matrix Reef Mine and Exploration Licences EL5267 and EL4905 covering an area of 250km² that collectively includes most of the Berlin Goldfield.

The Berlin Goldfield is one of the richest gold nugget producing areas in the world and has produced fourteen of the fifty largest nuggets found in Victoria, all of which exceed 500 ounces in weight. Four of these nuggets were discovered in colluvium and gully alluvium along or adjacent to the Matrix Reef.

Limited underground mining of the Matrix Reef recorded a recovered grade of 148 g/t gold with most of the ore coming from the intersection of moderate west dipping quartz veins with carbonaceous shale units and vertical faults. Coarse gold occurs in the footwall of the quartz veins and is accompanied by a broad alteration halo of bleaching and ferruginisation that presents a larger exploration target than the localised high grade gold shoots.

Three priority exploration targets have been identified in the Matrix Mine area, including the down plunge extent of the Matrix Mine, that present medium term development opportunities (Figure 12). Octagonal will continue to advance this project by using surface geochemical and geophysical surveys and drilling.

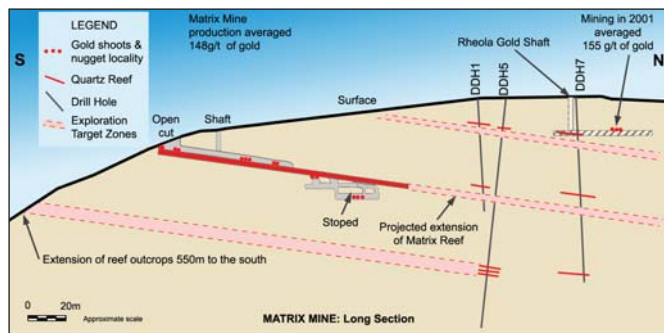


Figure 12: McIntyre Cross Section showing Matrix Mine and potential targets

Maryborough Project

The Maryborough project is located 30 kilometres west of Maldon. During the year Octagonal entered into an agreement to acquire Exploration Licence Application EL5147 that covers an area of 79km² and overlies most of the historic Maryborough Goldfield (Figure 13).

The Maryborough Goldfield has produced approximately 1 million ounces of gold with the majority sourced from alluvial and deep lead deposits. Only 180,000 ounces of gold has been produced from quartz reefs at an average grade of 13.1 g/t Au. The main historic reef hosted gold producers were the New Leviathan Mine, Judd and Barrie's Mine, Mariners Reef, Princess Royal Reef, Bluchers Reef, and Old Leviathan Mine.

The disproportionate amount of gold produced from quartz reefs at Maryborough compared to alluvial and deep lead deposits suggests the potential for significant additional quartz reef hosted gold mineralisation in the Maryborough Goldfield. Modern exploration targeting reef hosted gold mineralisation is limited and Octagonal has identified the Leviathan Mine, Mariners Reef and Bluchers Reef as priority exploration target areas for drill testing.

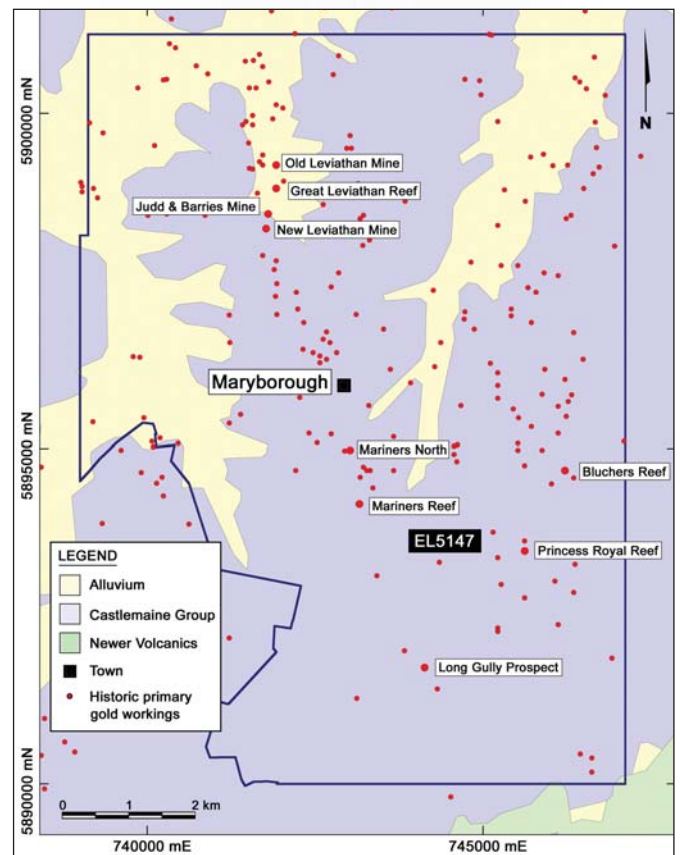


Figure 13: Maryborough: Tenement and Prospect Location Plan

Western Australia

Hogan's Project

The Hogan's Project is located within the Eastern Goldfields Province of Western Australia. The project is situated 70 kilometres southeast of the 70 million ounce Kalgoorlie Super Pit and east of the 12 million ounce St Ives Goldfield. This area is an emerging gold producing district, being positioned immediately south of the plus 800,000 ounce Daisy Milano Mine and Magic Deposit, owned by Silver Lake Resources, and the plus 400,000 ounce Salt Creek Mine and Lucky Bay Deposit, discovered by Integra Mining.

The project overlies 530km² of highly prospective greenstone and consists of eighteen exploration licences. Octagonal holds 100% equity in five tenements, 80% equity in two tenements subject to the Lucky Bay South JV, and 70% equity in eleven tenements subject to the Hogan's Gold, Velvet, and West River joint ventures (Figure 14).

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.

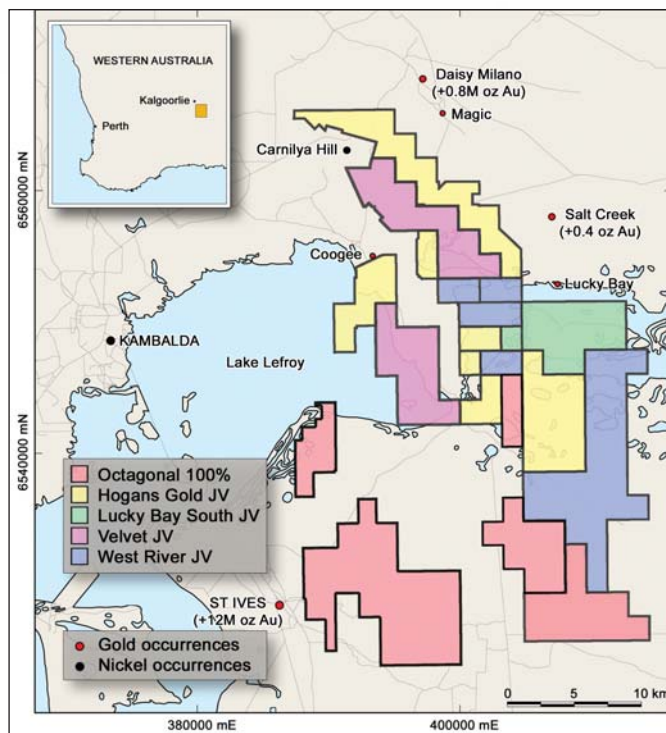


Figure 14: Hogan's Project tenement location plan

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 deposit. Exploration work completed during the year consisted of regional and infill aircore drilling, reverse circulation drilling, and a ground gravity survey.

Aircore Drilling

During the year 585 aircore holes, totaling 28,069 metres, were drilled to better define gold in regolith anomalous at the Sideshow, Quimby, and Burns prospects and to test regional conceptual structural targets across the project area (Figure 15).

This drilling was designed to test for low level gold anomalous (greater than 100ppb or 0.1 g/t Au) that may potentially lead to a major gold deposit.

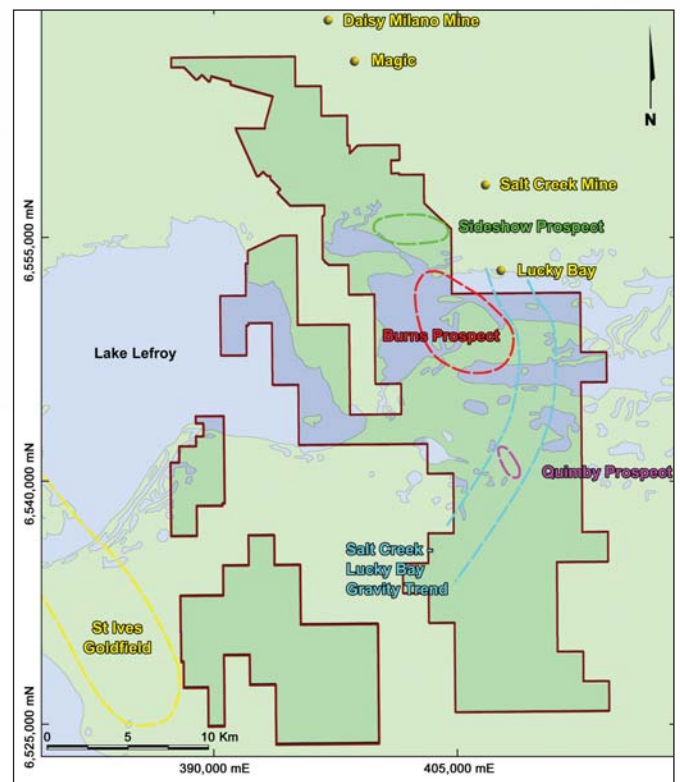


Figure 15: Hogan's Project regional exploration targets

Review of Operations

Sideshow Prospect

The Sideshow Prospect is defined by a series of northwest trending thrust repeated banded iron formation units (that display a high magnetic signature) with west-northwest orientated dilational flexures located adjacent to the Mt Monger Fault. The exploration target in this area is gold mineralisation associated with the sulphidation of iron formation units similar to Hill 50 and the nearby Randalls Mining Centre. This exploration target model is supported by aeromagnetic data in which magnetite depletion of iron formation units corresponds with the intersection of cross-cutting structures.

Wide spaced aircore drilling, using a combination of 160 metre by 640 metre and 160 metre by 320 metre spaced grids, previously identified three significant gold anomalous trends in weathered Archaean rocks that correlate with second and third order structures related to the regionally significant Mt Monger Fault. Two anomalies strike west-northwest whereas the third strikes east-west.

Drilling completed during the year consisted of 82 aircore holes, totaling 2,658 metres, that was drilled using a combination of 160 metre by 640 metre and 80 metre by 320 metre spaced grids to infill and extend the previously identified gold anomalism.

The results from this drilling program have better defined the three gold anomalous trends and identified a new gold anomaly on the western side of the target area associated with the intersection of two second order structures (Figure 16).

All anomalous assay results returned from this drilling program are presented in Table 5 and include:

- » 4 metres @ 0.43 g/t Au from 24 metres in OSS128,
- » 3 metres @ 0.52 g/t Au from 18 metres in OSS182, and
- » 7 metres @ 0.19 g/t Au from 15 metres in OSS21

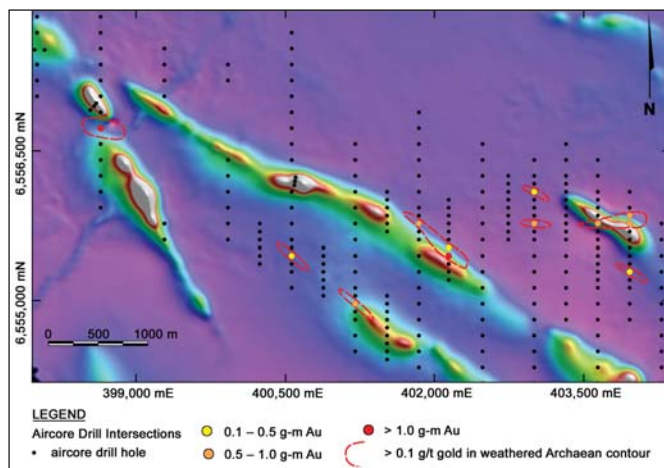


Figure 16: Sideshow Prospect: Drill hole location plan with significant assay results on an aeromagnetic image

Quimby Prospect

The Quimby Prospect was identified by 160 metre by 640 metre spaced regional aircore drilling during 2011 while testing along the Salt Creek - Lucky Bay Gravity Trend. This prospect is hosted within meta-sedimentary rocks adjacent to the west of a highly-magnetic banded iron formation unit and is defined by two aircore holes that returned anomalous gold in regolith results that strike northwest and extend over 1.3 kilometres.

Drilling completed during the year consisted of 27 aircore holes, totaling 1,345 metres, that were designed to infill and extend the previously identified gold anomalism using an 80 metre by 320 metre spaced grid.

The results from this drilling program have extended the strike length of the Quimby gold in regolith anomaly to over 1.5 kilometres (Figure 17).

Significant assay results are presented in Table 5 and include 5 metres @ 1.1 g/t Au from 38 metre depth intersected is Tertiary sand at the base of a channel adjacent to hole OSC091 that previously intersected 3 metres @ 0.5 g/t Au from 46 metres in weathered Archaean meta-sediments.

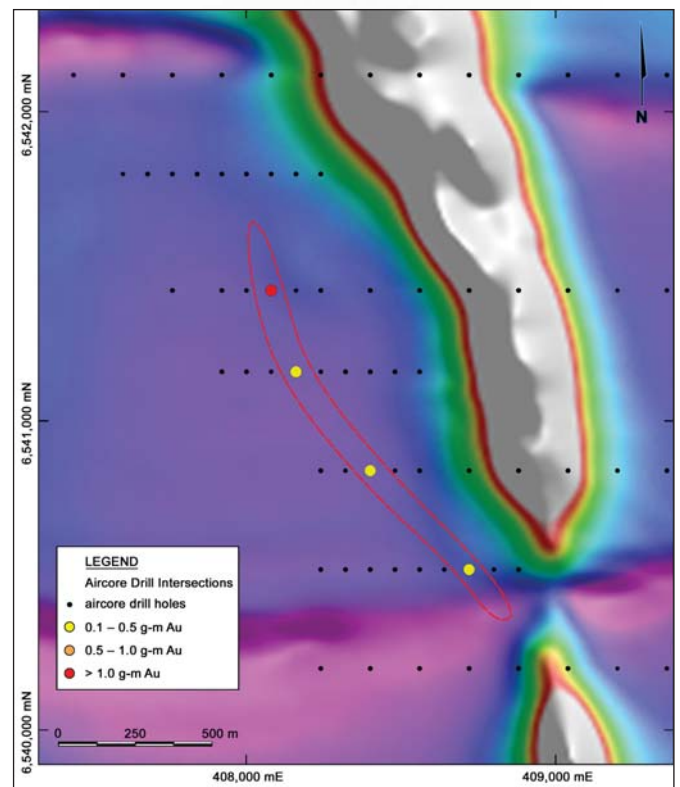


Figure 17: Quimby Prospect: Drill hole location plan with significant assay results on an aeromagnetic image



Burns Prospect

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

222 aircore holes, totaling 13,263 metres, were drilled at the Burns Prospect during the year using a combination of 80 metre by 320 metre and 40 metre by 160 metre spaced grids to define gold in regolith anomalism for targeted bedrock drilling. All anomalous assay results returned from this drilling are presented in Table 5 and significant gold in regolith intersections include:

- » 4 metres @ 0.55 g/t Au from 71 metres in OBU091,
- » 6 metres @ 0.20 g/t Au from 20 metres in OBU105,
- » 4 metres @ 0.38 g/t Au from 42 metres to the end of hole in OBU106,
- » 8 metres @ 0.29 g/t Au from 20 metres in OBU150,
- » 11 metres @ 0.27 g/t Au from 20 metres in OBU171,
- » 3 metres @ 0.47 g/t Au from 73 metres in OBU178,
- » 2 metres @ 0.70 g/t Au from 85 metres to the end of hole in OBU199, and
- » 7 metres @ 0.20 g/t Au from 49 metres to the end of hole in OBU230.

This gold anomalism is distributed over a one square kilometre area and is not constrained by drilling where it trends beneath salt lake cover (Figure 18). The mineralisation is hosted in both weathered high-magnesian basalt and intermediate intrusive rocks that both display variable epidote and biotite alteration.

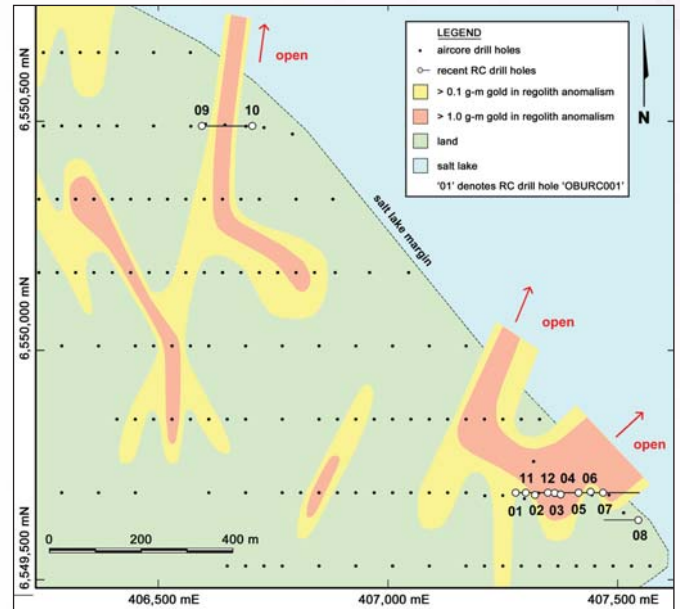


Figure 18: Burns Prospect: RC drill hole location plan with gold in regolith anomalism intersected in aircore drilling



Burns Prospect aircore drilling



Burns Prospect aircore drilling

Review of Operations

Table 5 Hogan's Project Aircore Drilling: Significant Assay Results

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Comments
Burns Prospect					
OBU027	76	83	7	0.10	base of Tertiary channel and contaminated felsic intrusive to EOH
OBU065	78	84	6	0.61	base of Tertiary channel and contaminated felsic intrusive
OBU066	80	88	8	1.22	base of Tertiary channel and contaminated intermediate intrusive to EOH
OBU082	32	33	1	0.10	weathered high-magnesian basalt
OBU083	24	25	1	0.18	weathered high-magnesian basalt
OBU091	71	75	4	0.55	weathered intermediate intrusive
OBU092	82	89	7	0.73	base of Tertiary channel and contaminated intermediate intrusive to EOH
OBU094	66	67	1	0.10	base of Tertiary channel
OBU095	75	76	1	0.25	intermediate intrusive at EOH
OBU105	20	26	6	0.20	weathered high-magnesian basalt
OBU106	42	46	4	0.38	weathered high-magnesian basalt to EOH
OBU109	78	83	5	0.10	base of Tertiary channel
OBU112	44	48	4	0.19	weathered high-magnesian basalt
OBU113	28	30	2	0.11	weathered intermediate intrusive
OBU148	80	81	1	0.12	weathered tholeiitic basalt
OBU150	20	28	8	0.29	weathered high-magnesian basalt
OBU158	83	85	2	0.89	base of Tertiary channel and contaminated intermediate intrusive to EOH
OBU168	28	30	2	0.22	weathered high-magnesian basalt
OBU171	20	31	11	0.27	weathered intermediate intrusive
inc.	20	21	1	1.06	weathered intermediate intrusive
OBU177	74	75	1	0.27	Tertiary clay
OBU178	73	76	3	0.47	weathered intermediate intrusive
OBU181	44	48	4	0.16	weathered high-magnesian basalt
OBU183	54	56	2	0.15	weathered intermediate intrusive
OBU185	47	49	2	0.16	weathered intermediate intrusive
OBU191	17	18	1	0.10	Tertiary clay
OBU193	32	33	1	0.36	weathered intermediate intrusive
OBU197	17	18	1	0.34	Tertiary - Archaean boundary
OBU198	64	67	3	0.11	weathered high-magnesian basalt
OBU199	85	87	2	0.70	weathered intermediate intrusive to EOH
OBU200	84	85	1	0.52	weathered intermediate intrusive to EOH
OBU202	76	80	4	0.11	Tertiary sand



Review of Operations

Hogan's Project Aircore Drilling: Significant Assay Results					
Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Comments
Burns Prospect					
OBU204	83	84	1	0.12	weathered intermediate intrusive
OBU207	33	38	5	1.29	Tertiary - Archaean boundary
inc.	33	36	3	2.12	Tertiary - Archaean boundary
OBU208	29	30	1	0.16	weathered intermediate intrusive
OBU213	76	80	4	0.13	weathered high-magnesian basalt
OBU216	69	71	2	0.29	weathered intermediate intrusive
OBU218	78	81	3	0.18	weathered high-magnesian basalt to EOH
OBU219	74	83	9	1.00	Tertiary sand and weathered high-magnesian basalt to EOH
inc.	75	78	3	2.43	Tertiary sand and weathered high-magnesian basalt to EOH
OBU224	33	34	1	0.17	Tertiary clay and sand
OBU226	50	51	1	0.12	Tertiary clay
OBU230	49	56	7	0.20	weathered high-magnesian basalt to EOH
OBU236	25	26	1	0.22	weathered high-magnesian basalt to EOH
OBU252	22	23	1	0.38	Tertiary clay
OBU254	28	31	3	2.73	Tertiary - Archaean boundary
inc.	28	29	1	8.08	Tertiary - Archaean boundary
OBU274	77	79	2	5.72	Tertiary - Archaean boundary
OBU275	57	60	3	0.12	Tertiary sand
OBU278	76	80	4	0.11	Tertiary - Archaean boundary
OBU279	82	83	1	0.28	weathered high-magnesian basalt
Quimby Prospect					
OSC186	38	43	5	1.10	base of Tertiary
OSC193	25	26	1	0.19	Archaean meta-sediment at EOH
OSC199	42	43	1	0.34	Archaean weathered meta-sediment
Sideshow Prospect					
OSS128	24	28	4	0.43	Archaean weathered meta-sediment
inc.	24	25	1	1.35	
OSS135	29	30	1	0.14	base of Tertiary
OSS151	11	12	1	0.74	Tertiary clay
OSS181	12	16	4	0.98	base of Tertiary
OSS182	18	21	3	0.52	Archaean weathered meta-sediment
OSS183	28	29	1	0.10	Archaean weathered meta-sediment
	31	32	1	0.23	Archaean weathered meta-sediment
OSS212	17	25	8	0.26	base of Tertiary
OSS217	15	22	7	0.19	Archaean weathered mafic

Review of Operations

RC Drilling

Burns Prospect

Twelve RC holes, totaling 1,624 metres, were drilled at the Burns Prospect to test for the source of gold in regolith anomalism identified by aircore drilling.

Ten of these holes (OBURC001–008 & 011–012) were drilled on one traverse, whereas holes OBURC009 & 010 were drilled at a separate target over 1,000 metres to the northwest (Figure 18).

This drilling intersected not only gold, but significant widths and grades of gold, copper, and silver mineralisation, with individual high-grade assay results up to 21.0 g/t Au and 6.7 % Cu. These results are listed in Table 6 and include:

- » 9 metres @ 1.5 g/t Au, 1.2 g/t Ag & 1.0 % Cu from 58 metres in OBURC002, inc. 2 metres @ 1.5 g/t Au, 2.7 g/t Ag & 4.2 % Cu from 65 metres,
- » 6 metres @ 4.9 g/t Au, 2.2 g/t Ag & 0.4 % Cu from 23 metres in OBURC003,
- » 4 metres @ 0.1 g/t Au, 4.7 g/t Ag & 1.5 % Cu from 31 metres in OBURC003,
- » 12 metres @ 0.8 g/t Au, 4.5 g/t Ag & 1.7 % Cu from 48 metres in OBURC004, inc. 3 metres @ 2.1 g/t Au, 11.9 g/t Ag & 4.8 % Cu from 53 metres,
- » 4 metres @ 0.7 g/t Au, 2.8 g/t Ag & 2.0 % Cu from 40 metres in OBURC005,
- » 1 metre @ 8.5 g/t Au, 8.7 g/t Ag & 6.7 % Cu from 123 metres in OBURC007,
- » 32 metres @ 1.7 g/t Au, 1.3 g/t Ag & 0.6 % Cu from 76 metres in OBURC011, inc. 6 metres @ 4.9 g/t Au, 1.9 g/t Ag & 2.1 % Cu from 83 metres, and
- » 6 metres @ 4.9 g/t Au, 2.0 g/t Ag & 0.9 % Cu from 24 metres in OBURC012

This drilling program has identified a 15 metre wide zone of gold, silver, and copper mineralisation that dips steeply to the west and is overlain by a 70 metre wide blanket of oxidised supergene mineralisation (Figure 19). To the east of the steep west dipping mineralisation there are numerous narrower intersections, including 1 metre @ 8.5 g/t Au, 8.7 g/t Ag & 6.7 % Cu, whose geometry is not defined at this early stage of exploration.

The gold, silver, and copper mineralisation intersected in this drilling program is significant and could potentially be amenable to open pit and underground mining. The distribution of mineralisation is indicative of a complex structural environment with the potential for multiple ore shoots hosted by structures with varying orientations.

The mineralisation style at the Burns Prospect is thought to be unique in the Eastern Goldfields of Western Australia. Key characteristics of this mineralization style include:

- » Hosted in fractured, but relatively weakly deformed, high-magnesian (komatiitic) basalt and minor intermediate intrusive rocks,
- » Gold occurs both spatially associated with magnetite-biotite alteration and at/near lithological (rock boundary) contacts,
- » Copper occurs predominantly as chalcopyrite and except where this is present there is a notable absence of sulphide minerals,
- » Mineralisation not associated with significant quartz veining or shearing with only minor fracturing and quartz veinlets observed,
- » Mineralisation not associated with a number of “typical” path finder elements including arsenic, bismuth, cobalt, molybdenum, lead, telluride, tungsten, and zinc.

Octagonal is extremely encouraged by these drilling results and will continue bedrock drilling at the Burns Prospect to identify the size of this potential multi-commodity deposit.

Octagonal has earned 80% equity in the Burns Prospect target area subject to a farm in and joint venture agreement with Gold Attire Pty Ltd. Octagonal’s Joint Venture partner will be Free Carried until a Decision to Mine is made after the completion of a Feasibility Study.

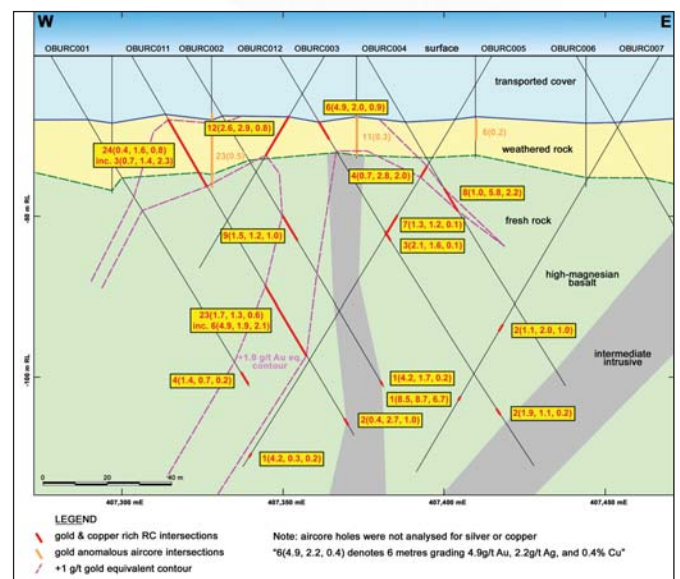


Figure 19: Burns Prospect: 6549690mN Cross-Section illustrating significant assay results in RC drilling

Review of Operations

Burns Prospect RC Drilling: Significant Assay Results

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	AuEg* (g/t)
OBURC001	50	120	70	0.3	0.7	0.2	0.6
inc.	50	78	28	0.3	1.3	0.3	0.8
inc.	115	119	4	1.4	0.7	0.2	1.7
OBURC002	23	120	97	0.4	1.0	0.3	0.9
inc.	23	37	14	0.1	1.5	0.7	1.2
inc.	58	67	9	1.5	1.2	1.0	3.1
inc.	65	67	2	1.5	2.7	4.2	8.1
inc.	85	97	12	0.3	2.6	0.2	0.7
inc.	118	119	1	4.2	1.7	0.2	4.5
OBURC003	23	35	12	2.6	2.9	0.8	3.9
inc.	23	29	6	4.9	2.2	0.4	5.6
inc.	23	25	2	10.1	2.3	0.3	10.6
inc.	31	35	4	0.1	4.7	1.5	2.5
OBURC004	48	56	8	1.0	5.8	2.2	4.5
inc.	48	57	9	1.0	5.8	2.2	4.5
inc.	53	56	3	2.1	11.9	4.8	9.8
OBURC005	40	44	4	0.7	2.8	2.0	3.9
inc.	41	43	2	1.3	4.0	3.3	6.5
	58	65	7	1.3	1.2	0.1	1.5
inc.	58	59	1	2.2	1.6	0.2	2.5
inc.	62	65	3	2.0	1.8	0.1	2.2
	105	106	1	0.7	4.2	1.4	3.0
	130	131	1	1.4	0.1	0.1	1.6
	145	146	1	4.2	0.3	0.2	4.5

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	AuEg* (g/t)
OBURC006				NSA			
OBURC007	97	99	2	1.1	2.0	1.0	2.7
	123	124	1	8.5	8.7	6.7	19.1
	145	146	1	1.6	1.3	0.5	2.4
OBURC008	130	131	1	2.7	4.8	1.1	4.5
OBURC009				NSA			
OBURC010				NSA			
OBURC011	23	47	24	0.4	1.6	0.8	1.7
inc.	25	28	3	0.7	1.4	2.3	4.3
	76	108	32	1.7	1.3	0.6	2.7
inc.	77	78	1	1.3	5.5	0.2	1.7
inc.	83	89	6	4.9	1.9	2.1	8.2
inc.	86	89	3	8.5	3.5	3.9	14.6
inc.	86	87	1	21.0	0.7	0.5	21.8
inc.	96	108	12	1.5	1.3	0.5	2.3
	131	133	2	0.4	2.7	1.0	2.0
OBURC012	24	30	6	4.9	2.0	0.9	6.3
	64	67	3	2.1	1.6	0.1	2.3
	79	80	1	1.7	0.3	0.1	1.9
	91	92	1	1.4	0.3	-0.1	1.4
	129	131	2	1.9	1.1	0.2	2.2

Table 6

*Gold equivalent grade is provided for indicative purposes only and is based on the following assumptions; gold price: A\$1,600/oz, silver price: A\$30/oz, copper price: A\$8,000/t, 100% metal recovery (no metallurgical test work has been completed on the Burns Prospect mineralisation)



RC drilling at Burns Prospect

Review of Operations

Gravity Survey

A total of 596 ground gravity stations were surveyed at the Hogan's Project using a 400 metre by 800 metre spaced grid to complete regional gravity coverage over the entire project area.

Gravity surveys are useful for defining exploration targets within the Yilgarn Craton of Western Australia as research has demonstrated that most major gold deposits are associated with gravity highs or gravity gradients, and major gold deposits are known to be associated with second and third order structures adjacent to mantle tapping first order structures. These first order structures are often defined in gravity data by gravity breaks or gravity trends.

The data collected during this survey was merged with previously collected gravity data from the Hogan's Project and regional government gravity data to produce images for interpretation (Figure 20).

This work reveals that the Burns Prospect is located on a gravity gradient along strike to the south of the +400,000 ounce Salt Creek Mine and Lucky Bay Deposit owned by Integra Mining and the Magic Deposit owned by Silver Lake Resources and supports the potential for the Burns Prospect to host a significant gold deposit.

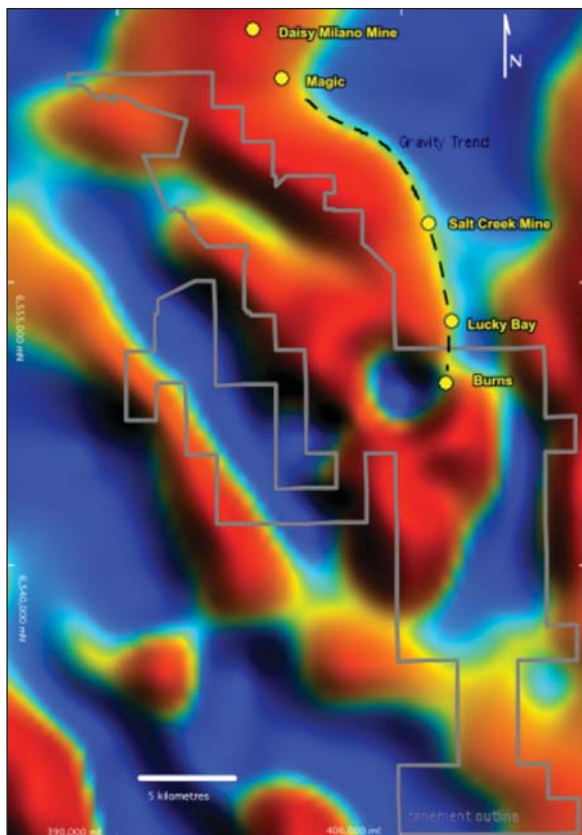


Figure 20: Hogan's Project: Regional bouguer gravity image

Compliance Statements

The information in this report that relates to Mineral Resources for the Alliance South Deposit are based on information evaluated by Mr TG Summons who is a Member of The Australian Institute of Geoscientists (MAIG) and Mr MV McKeown who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). These people have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and are each qualified to act as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Summons is an associate of Mining One Pty Ltd, and Mr Mc Keown is an employee of Mining One Pty Ltd and they consent to the inclusion in the report of the Mineral Resource in the form and context in which it appears.

The information in this report that relates to Mineral Resources for the Specimen Reef Deposit are based on information evaluated by Mr Geoff Turner who is a member of the Australian Institute of Geoscientists, has more than ten years experience in the estimation, assessment, and evaluation of mineral resources and ore reserves, and has more than 20 years experience in exploration for the relevant style of mineralisation that is being reported. In these regards, Geoff Turner qualifies as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Geoff Turner is contracted to Octagonal Resources through his company Exploration Management Services Pty Ltd, and consents to the inclusion in this report of these matters based on the information in the form and context in which it appears.

All other information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Anthony Gray. Anthony Gray is a full-time employee of the Company and is a member of the Australian Institute of Geoscientists. Anthony Gray has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Summary of Tenements

State	Tenement	Equity	Tenement Name	Status	Area	Holder
MALDON						
VIC	EL 3422	100%	Maldon	Granted	5,876.9 ha	Maldon Resources Pty Ltd
VIC	EL 5177	100%	Maldon	Granted	5,524.4 ha	Maldon Resources Pty Ltd
VIC	MIN 5146	100%	Maldon	Granted	712.4 ha	Maldon Resources Pty Ltd
VIC	MIN 5528	100%	Nuggety Reef	Granted	4.5 ha	Maldon Resources Pty Ltd
VIC	MIN 5529	100%	North of England	Application	5.5 ha	Maldon Resources Pty Ltd
WEHLA						
VIC	EL 3564	100%	Wehla	Granted	179.5 ha	Matrix Gold Pty Ltd
VIC	MIN 5433	100%	Black Reef	Granted	4.8 ha	Matrix Gold Pty Ltd
MC INTYRE						
VIC	EL5267	100%	Mc Intyre	Granted	3,198.1 ha	Matrix Gold Pty Ltd
VIC	MIN 5093	100%	Matrix Reef	Granted	60.2 ha	Matrix Gold Pty Ltd
CAMPBELLTOWN						
VIC	EL 3377	100%	Campbelltown	Granted	1,897.8 ha	Highlake Resources Pty Ltd
VIC	EL 4831	100%	Campbelltown	Granted	13,911.6 ha	Highlake Resources Pty Ltd
VIC	MIN 5464	100%	Bosun's Reef	Application	207.9 ha	Highlake Resources Pty Ltd
AMHERST						
VIC	MIN 5465	100%	Pearl Croydon	Application	98.5 ha	Highlake Resources Pty Ltd
VIC	EL 5146	100%*	Amherst	Application	5,482 ha	Fiddlers Creek Gold Mining Co. Pty Ltd
DUNOLLY EAST						
VIC	EL 4904	100%	Dunolly East	Granted	22,257.6 ha	Highlake Resources Pty Ltd
RHEOLA						
VIC	EL 4905	100%	Rheola	Granted	1,998.0 ha	Highlake Resources Pty Ltd
MARYBOROUGH						
VIC	EL 5147	100%*	Leviathan	Application	7,893 ha	Fiddlers Creek Gold Mining Co. Pty Ltd
HOGAN'S						
WA	E15/774	70%	Hogan's Gold JV	Granted	13 BL	Gladiator Resources Limited
WA	E15/803	70%	Hogan's Gold JV	Granted	2 BL	Gladiator Resources Limited
WA	E15/1044	70%	Hogan's Gold JV	Granted	4 BL	Gladiator Resources Limited
WA	E26/108	70%	Hogan's Gold JV	Granted	27 BL	Gladiator Resources Limited
WA	E15/1097	80%	Lucky Bay Sth JV	Granted	12 BL	Gold Attire Pty Ltd
WA	E15/1125	80%	Lucky Bay Sth JV	Granted	1 BL	Gold Attire Pty Ltd
WA	E26/130	70%	Velvet JV	Granted	15 BL	Velvet Strike Pty Ltd
WA	E15/1072	70%	Velvet JV	Granted	12 BL	Velvet Strike Pty Ltd
WA	E26/129	70%	West River JV	Granted	3 BL	West River Pty Ltd
WA	E26/137	70%	West River JV	Granted	2 BL	West River Pty Ltd
WA	E25/457	70%	West River JV	Granted	2 BL	West River Pty Ltd
WA	E15/1029	70%	West River JV	Granted	2 BL	West River Pty Ltd
WA	E15/1030	70%	West River JV	Granted	26 BL	West River Pty Ltd
WA	E15/1155	100%	Mt Monger	Granted	13 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1314	100%	St Ives East	Application	35 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1315	100%	St Ives East	Application	9 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1336	100%	St Ives East	Application	10 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1337	100%	St Ives East	Application	3 BL	Octagonal Resources (WA) Pty Ltd

*Subject to Fiddlers Creek Tenement Acquisition Agreement

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Octagonal Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2012.

Directors

The following persons were directors of Octagonal Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ian J Gandel (appointed on 10 November 2010)

Anthony R Gray (appointed on 10 November 2010)

John F Harrison (appointed on 10 November 2010, resigned on 24 August 2011)

Ian C Pamensky (appointed on 24 August 2011)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of gold exploration, development and mining activities within Victoria and Western Australia.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,761,688 (30 June 2011: profit of \$5,091,738).

Information on the operations and financial position of the consolidated entity and its business strategies and prospects are set out in the review of operations on pages 6 - 22 of this annual report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 17 August 2012, Maldon Resources Pty Ltd entered into a Tailings (re-processing) Agreement with Unity Mining Limited, whereby subject to satisfactory extraction and processing of an initial 2,000 tonne parcel, Maldon Resources Pty Ltd agrees to remove, transport and process all of the flotation concentrate tailings stored at the Kangaroo Flat Gold Operation. All of the tailings must be removed from the site prior to 31 December 2012. Maldon Resources Pty Ltd will manage the operation and pay 50% of the extraction, transportation, processing and refining costs and will receive 50% of the gold produced.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity reasonably expects the following activities to occur over the next 12 months:

Maldon Gold Project, Victoria

(Maldon Resources Pty Ltd - 100% owned)

- » Continue development of the Union Hill decline and commence mining at the Alliance South deposit.
- » Process ore from A1 Gold Mine at the Porcupine Flat Gold Processing Plant.
- » Commence processing tailings from the Kangaroo Flat Gold Operation at the Porcupine Flat Gold Processing Plant.
- » Commence processing open pit and underground ore from Octagonal's mining operations at the Porcupine Flat Gold Processing Plant.
- » Grant of mining licence application MIN5529.
- » Grant of exploration licence applications EL5146 and EL5147 acquired subject to the Fiddlers Creek Tenement Acquisition Agreement.

Wehla Project, Victoria

(Matrix Gold Pty Ltd - 100% owned)

- » Open pit mining of Black Reef.
- » Exploration drilling at priority near-surface targets.

McIntyre Project, Victoria

(Matrix Gold Pty Ltd - 100% owned)

- » Exploration comprising surface geological mapping and surface geophysics or drilling at favourable targets.

Pearl Croydon Project, Victoria

(Highlake Resources Pty Ltd - 100% owned)

- » Grant of mining licence application MIN5465.
- » Resource definition drilling at the Pearl Croydon deposit.

Campbelltown Project, Victoria

(Highlake Resources Pty Ltd - 100% owned)

- » Grant of mining licence application MIN5464.
- » Exploration drilling at the Bosun's prospect.

Dunolly East, Victoria

(Highlake Resources Pty Ltd - 100% owned)

- » Continue exploration drilling and resource estimation at the Specimen Reef deposit.



Rheola Project, Victoria

(Highlake Resources Pty Ltd - 100% owned)

- » Exploration comprising surface geological mapping and surface geophysics or drilling at favourable targets.

Hogan's Project, Western Australia

(Octagonal Resources (WA) Pty Ltd - 70%+ owned)

- » Reverse circulation and diamond drilling at the Burns prospect.
- » Regional exploration across the project area.
- » Grant of exploration licence applications E15/1314, E15/1315, E15/1336 and E15/1337.

Additional comments on expected results of certain operations of the consolidated entity are included in this annual report under the review of operations on pages 6 - 22. Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

Octagonal Resources Limited is fully committed to meeting the needs of all stakeholders.

The operations of the consolidated entity in Australia are subject to environmental regulations under the laws of the Commonwealth and the States in which they operate. The only foreseeable environmental issues affecting the consolidated entity relate to its exploration, mining and treatment operations.

In Victoria, the Department of Primary Industry (DPI) has required rehabilitation bonds be lodged against the consolidated entity's mining and exploration tenements to a total of \$893,500.

In Western Australia, the Department of Mines and Petroleum (DMP) has required rehabilitation bonds be lodged against the consolidated entity's exploration tenements to a total of \$49,000.

Various government and local authority bodies control and monitor the Maldon Gold Project throughout the year and regular meetings of the Environmental Review Committee are held. This Committee comprises representatives from state government departments, local government, the local community and operations management.

Through the input of the community and the various government stakeholders, the consolidated entity has developed a Rehabilitation Plan relating to the Maldon Operations. Currently progressive rehabilitation is being undertaken in accordance with the approved Rehabilitation Plan. All exploration and mining activities are conducted in accordance with work plans, which have been approved by the DPI or DMP.

Occupational Health and Safety

To the end of June 2012, 100% of man hours have been worked without any lost time injury (LTI) at the consolidated entity's exploration and mining projects. The consolidated entity has a comprehensive Safety Management System. The consolidated entity has in place policies to cover Safety, Environment, Return to Work, Harassment, Fitness for Work and Privacy. To ensure quality assurance and control of its operations, these policies are communicated to employees and are reviewed on a regular basis.

The consolidated entity is committed to protecting the environment in which it operates and the health and safety of its employees and contractors, and others who may be affected directly or indirectly by its operations.

Management considers the most important factor in the undertaking of anyone's employment activities to be the prevention of injury. The complete elimination of injuries is the ultimate goal. The consolidated entity strongly believes that all accidents are preventable and that a "Zero Accident" target is achievable. The consolidated entity believes that sound environmental management is integral to every aspect and stage of its operations and exploration activities.

As a responsible organisation, the consolidated entity is committed to minimising any adverse impact on the environment resulting from our exploration and mining activities. The consolidated entity supports many initiatives in this area.

Octagonal Resources Limited is fully committed to the following principles:

- » Occupational health and safety comes first;
- » Prevention of any injuries on and off the job;
- » Everyone is responsible for occupational health and safety for themselves and for others;
- » Every individual must identify, assess and manage potential hazards;
- » Individuals will be trained and equipped to ensure an accident and incident free workplace; and
- » Occupational health and safety of all Octagonal Resources Limited employees, contractors and suppliers remains a key priority.

Directors' report

Name:	Ian J Gandel
Title:	Non-independent Non-executive Chairman
Qualifications:	LLB, BEc, FCPA, FAICD
Experience and expertise:	Ian Gandel is a Melbourne based 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 holds and explores tenements in his own right in Victoria, New South Wales and Western Australia.
Other current directorships:	Ian is a non-executive director of Alliance Resources Ltd (appointed on 15 October 2003), a non-executive director of Alkane Resources Ltd (appointed on 25 July 2006) and a non-executive Chairman of Gippsland Ltd (appointed on 24 June 2009).
Former directorships (in the last 3 years):	N/A
Special responsibilities:	Acting Chairman of Audit & Risk Committee (from 25 August 2011), Member of Audit & Risk Committee (from 16 November 2010 until 25 August 2011)
Interests in shares:	19,986,000 ordinary shares as at 30 June 2012
Interests in options:	N/A

Name:	Anthony R Gray
Title:	Managing Director
Qualifications:	BSc (Hons), MAIG
Experience and expertise:	Anthony Gray is a geologist with over 15 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:	N/A
Former directorships (in the last 3 years):	N/A
Special responsibilities:	Member of Audit & Risk Committee
Interests in shares:	410,002 ordinary shares as at 30 June 2012
Interests in options:	N/A



Directors' report

Name: **John F Harrison**

Title: Executive Director (Manager of Victorian Operations) - Resigned 24 August 2011

Qualifications: ARMIT (Mining Eng), Dip CE, MBA, FAusIMM (CP), MIE (Aust), CPEng

Experience and expertise: N/A

Other current directorships: N/A

Former directorships (in the last 3 years): N/A

Special responsibilities: N/A

Interests in shares: 500,000 ordinary shares as at 24 August 2011

Interests in options: N/A

Name: **Ian C Pamensky**

Title: Non-Executive Director - Appointed 24 August 2011

Qualifications: BComm, BCompt (Hons), Chartered Accountant

Experience and expertise: Ian Pamensky is a Chartered Accountant with over 16 years experience in accounting, audit, corporate finance, treasury and company secretarial. For the last 10 years Ian has worked within the resources sector for various ASX listed companies. Prior to this Ian spent over 4 years in audit in both South Africa and Australia and worked for a medium sized manufacturing and wholesale company. Ian is also the company secretary of Alliance Resources Ltd (appointed on 15 October 2003) and is an Affiliate Member of Chartered Secretaries Australia.

Other current directorships: N/A

Former directorships (in the last 3 years): N/A

Special responsibilities: Ian Pamensky is Company Secretary and Finance Manager of Octagonal Resources Limited.

Interests in shares: 109,667 ordinary shares as at 30 June 2012

Interests in options: N/A

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Directors' report

Company secretary

Ian Pamensky was appointed company secretary of Octagonal Resources Limited on 10 November 2010. Ian is also the company secretary of Alliance Resources Ltd (appointed on 15 October 2003) and is an Affiliate Member of Chartered Secretaries Australia.

Meetings of directors

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2012, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Ian J Gandel	5	5	3	3
Anthony R Gray	5	5	3	3
John F Harrison*	N/A	N/A	N/A	N/A
Ian C Pamensky**	5	5	N/A	N/A

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* John F Harrison resigned as a Director on 24 August 2011.

** Ian C Pamensky was appointed as a Director on 24 August 2011.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

From July 2011 to 30 June 2012, the key management and personnel of the consolidated entity consisted of the following directors and executives:

- » Ian J Gandel - Chairman - appointed 10 November 2010
- » Anthony R Gray - Managing Director - appointed 10 November 2010
- » John F Harrison - Executive Director - from 10 November 2010 until 24 August 2011
- » Ian C Pamensky - Non-Executive Director & Company Secretary - appointed 24 August 2011 & 10 November 2010 respectively

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

A. Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- » competitiveness and reasonableness
- » acceptability to shareholders
- » performance linkage / alignment of executive compensation
- » transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.



Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also agreed to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. Non-executive directors do not receive share options or other incentives.

ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 17 November 2010, where the shareholders approved a maximum aggregate remuneration sum of \$300,000 per annum for the period commencing 1 November 2010. This amount does not include payments made in relation to specific tasks the directors may perform for the consolidated entity. For example, Gandel Metals Pty Ltd of which Mr I Gandel is a director provides technical, finance and administrative services to the consolidated entity, separate from his tasks as a non-executive director.

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has two components:

- » base pay and non-monetary benefits; and
 - » other remuneration such as superannuation and long service leave
- The combination of these comprises the executive's total remuneration.

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

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

The consolidated entity has no performance based remuneration component built into director and executive remuneration packages.

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

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Octagonal Resources Limited are set out in the following tables.

30 June 2012	Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees \$	Other \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	Total \$
Non-Executive Directors:							
Ian J Gandel*	50,000	5,000	-	-	-	-	55,000
Ian C Pamensky**	-	-	-	-	-	-	-
Executive Directors:							
Anthony R Gray	210,000	-	-	18,900	-	-	228,900
John F Harrison	103,173	-	-	6,938	-	-	110,111
	363,173	5,000	-	25,838	-	-	394,011

* Other - audit committee fees

** The Gandel Metals Trust employs Ian C Pamensky. The Gandel Metals Trust is an entity associated with Ian J Gandel. Fees are paid to the Gandel Metals Trust in accordance with the Gandel Metals Trust Management Service Agreement and part of the fees paid included professional fees of \$78,284 for accounting and company secretarial services provided by Ian C Pamensky. All charges were on normal commercial terms. Refer to note 25 - Related Party Transactions in the annual report.

Directors' report

30 Junutive 2011				Post employment benefits	Long-term benefits	Share-based payments	
Name	Short-term benefits			Super-annuation \$	Long service leave \$	Equity-settled \$	Total \$
	Cash salary and fees \$	Other \$	Non-monetary \$				
Non-Executive Directors:							
Ian J Gandel*	33,333	37,000	-	-	-	-	70,333
Executive Directors:							
Anthony R Gray**	101,375	162,856	-	9,124	-	-	273,355
John F Harrison	123,333	-	-	11,100	-	-	134,433
Other Key Management Personnel:							
Ian C Pamensky***	-	-	-	-	-	-	-
	258,041	199,856	-	20,224	-	-	478,121

* Other - audit committee fees (\$2,500) and consulting fees paid to Ian J Gandel for additional services provided in relation to the IPO (\$34,500).

** Other - fees charged to Octagonal Resources Limited from Gandel Metals for work performed prior to IPO for Anthony Gray (while an employee of Gandel Metals). All charges were on normal commercial terms.

*** The Gandel Metals Trust employs Ian C Pamensky. The Gandel Metals Trust is an entity associated with Ian J Gandel. Fees are paid to the Gandel Metals Trust in accordance with the Gandel Metals Trust Management Service Agreement and part of the fees paid included professional fees of \$90,678 for accounting and company secretarial services provided by Ian C Pamensky. All charges were on normal commercial terms. Refer to note 25 - Related Party Transactions in the annual report.

At present, 100% of director's remuneration is fixed and there is no performance related component.

C. Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: **Anthony R Gray**

Title: Managing Director

Agreement commenced: 01/11/2010

Term of agreement: 30/09/2012

Details: Remuneration - Employment cost is \$228,900 gross per annum (including superannuation). This excludes reimbursements for various expenses including subscriptions, mobile phone costs and travel expenses. The total employment cost will increase to \$245,250 gross per annum (including superannuation) after Octagonal Resources Limited has produced its first one thousand ounces of gold.

Name: **John F Harrison**

Title: Executive Director

Agreement commenced: 01/11/2010

Term of agreement: Resigned 24/08/2011

Details: Remuneration - Employment cost is \$201,650 gross per annum (including superannuation). This excludes reimbursements for various expenses including subscriptions, mobile phone costs and travel expenses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

No other key management personnel are on specific service agreements.



D. Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2012.

Options

There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2012.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2012.

An Employee Share Option Scheme (ESOP) was approved by the shareholders on 10 November 2010 (prior to the Initial Public Offer). No share options have been issued under this scheme as at 30 June 2012.

A Performance Rights Plan (PRP) was approved by shareholders at the Annual General Meeting (AGM) held on 9 November 2011. No performance rights have been issued under this scheme as at 30 June 2012.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Octagonal Resources Limited under option outstanding as at 30 June 2012.

Shares issued on the exercise of options

There were no shares of Octagonal Resources Limited issued on the exercise of options during the year ended 30 June 2012.

Indemnity and insurance of officers

The consolidated entity has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The consolidated entity has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

During the financial year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the

company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence for the following reasons:

- » all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- » none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of BDO East Coast Partnership

There are no officers of the company who are former audit partners of BDO East Coast Partnership.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 43.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Octagonal Resources Limited support and have adhered to the principles of corporate governance and have established a set of policies for the purpose of managing this governance. The consolidated entity's corporate governance statement is contained on pages 32 to 42 of this report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Ian J Gandel
Director



Anthony R Gray
Director

28 September 2012, Melbourne, Victoria

Corporate Governance Statement

The Directors of Octagonal Resources Limited (hereafter referred to as “Octagonal” or the “Company”) believe firmly that benefits will flow from the maintenance of the highest possible standards of corporate governance. A description of the Company’s main corporate governance practices is set out below. The Company has elected to adopt the “Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council” (2nd Edition, 2010) issued by the ASX Corporate Governance Council (ASXCGC). Where the Company believes a particular corporate governance practice Recommendation is not suitable or relevant for adoption by the Company, an explanation is provided.

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
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Principle 1: lay solid foundation for management and oversight

1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<p>The first Recommendation is that the Company formalise and disclose the functions reserved to the Board and those delegated to management. There is a clear segregation of duties between the Board and management.</p> <p>The role of the Board of Directors is set out in its Board Charter (which is published on the Company’s website at: www.octagonalresources.com.au) and includes the setting of goals, strategies and policies for the operation of the Company, to oversee the Company’s management, to regularly review performance, and to generally monitor the Company’s affairs in the best interests of shareholders. The key responsibilities of the Board include:</p> <ul style="list-style-type: none"> » appoint and, where necessary, remove the Managing Director and determine that person’s remuneration (including termination benefits); » providing input into, and adopting the strategic plan and budget of the Company, as prepared by management; » approving and monitoring the progress of all material acquisitions, divestments, contracts and operational programs, and major capital expenditure; » approving capital raisings (debt or equity) by the Company; » oversight of the audit, compliance, internal control, and financial and operational risk management functions of the Company to ensure that they operate effectively; » oversight of financial reporting and communication to the Company’s shareholders; » oversight of the Company’s employee relations and ethical, social and environmental behaviour; and » reviewing the performance of the Board as a whole, Board Committees and individual directors. <p>The Board has delegated to the Managing Director and his senior executive team authority over the day to day management of the Company and its operations. This delegation of authority includes responsibility to undertake the actions set out in the Board Charter, with the primary objective of maximising sustainable shareholder wealth, having regard to the Company’s values and impacts for employees, communities and other stakeholders. Specific responsibilities of the Managing Director include:</p> <ul style="list-style-type: none"> » day to day running of the business; » tenement management (existing tenements); » appropriate and cost effective exploration and development of all Octagonal projects; » identification of business development opportunities; » managing the operating and financial performance of the Company; » implementation of effective occupational health and safety policies; » recruitment of replacement personnel, and 	Not applicable
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Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
		<ul style="list-style-type: none"> » stakeholder communications program (including continuous disclosure of material developments through preparation of ASX announcements, quarterly reports, annual reports and Company presentations, broker/institutional tours, attendance at trade shows, and advertising); » manage internal communication with Board of Directors, staff, consultants and contractors, and provide leadership and inspiration at all times. <p>Director Induction and Education</p> <p>All new Directors participate in a director induction program that includes one-on-one discussions with key executives, provision to directors of important company documents and visits to operation sites. Continuing education requirements for directors are assessed on an as needs basis generally in conjunction with the Board performance assessment process.</p> <p>Company Secretary</p> <p>All Directors have access to the Company Secretary, Mr Ian Pamensky. The Company Secretary is accountable, through the Chairman, for all governance matters</p> <p>Management</p> <p>Mr. Anthony Gray was appointed Managing Director on 10 November 2010 (prior to the IPO in January 2011). The Managing Director's specific responsibilities are described above.</p> <p>The other senior executive of the Company is the Manager Finance (responsible and accountable to the Managing Director) and Company Secretary. His specific responsibilities include the following:</p> <ul style="list-style-type: none"> » maintaining financial control across the Octagonal group; » ensuring that the Board receives regular financial and other pertinent information and reports (notably on auditing, taxation and insurance); » statutory financial statements; » Compliance with the regulatory requirements set out in the Corporations Act and ASX Listing Rules; and » Management of the Company's banking arrangements and funds on hand. 	
1.2	Disclose the process for evaluating the performance of senior executives.	The Board reviews the performance of executives. The senior executives' performance is assessed against short and long term criteria relating to the performance of the executive and the Company as a whole. Further information on performance assessment will be contained in the Remuneration Report which forms part of the Directors' Report in the annual report. A performance evaluation of senior executives will be completed during the reporting period.	Not applicable
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	The information has been disclosed above.	Not applicable

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 2: Structure the board to add value			
2.1	A majority of the Board should be independent directors.	<p>The Board's size and composition is subject to limits imposed by the Company's constitution, which provides for a minimum of 3 directors and a maximum of 10. The Board currently comprises the Managing Director, a non-executive Director and the non-executive Chairman.</p> <p>Details of the current directors of the Company, their skills, experience, qualifications are set out on the Company's website at www.octagonalresources.com.au . A record of their attendance at meetings is included in the Directors' Report for the year ended 30th June 2012.</p> <p>Director Independence</p> <p>At the date of this Report the Company has three directors comprising Mr. Ian Gandel, Non-Executive Chairman, Mr. Anthony Gray, Managing Director, and Mr. Ian Pamensky, Non-Executive Director (Company Secretary).</p> <p>The Company has adopted a definition of independence as set out in the Board Charter. In determining a director's independence the following definition is applied: "An independent director is considered to be independent when he or she is independent of management and has no material business or other relationship with Octagonal Resources Limited which could materially impede the objectivity of, or the exercise of independent judgment by, the director or materially influence his or her ability to act in the best interests of the Company."</p> <p>In reaching its decision regarding individual director independence, the Board reserves the right to consider a director to be independent even though they may not meet one or more of the specific thresholds or tests specified in the Company's Independence Policy having regard to the underlying key definition of independence and the nature of the director's circumstances.</p> <p>The Board has determined that none of the directors are independent non-executive directors applying the Company's Independence Policy. Issues considered in making this determination included the fact that Mr Ian Gandel is a substantial shareholder in the Company and one director is non-executive, but acts as the Company Secretary and the other director is executive.</p> <p>The Board is aware that not having a majority of independent directors during the course of the financial period does not comply with Recommendation 2.1. The Board has formed the view that the Company is a small newly formed entity and its size does not justify a large Board with a majority of independent directors.</p> <p>Independent professional advice</p> <p>Directors have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairperson is required and this will not be unreasonably withheld.</p>	None of the directors are independent. The Company is a newly formed entity and its size does not justify a large Board with a majority of independent directors.

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
2.2	The chair should be an independent director.	<p>The Company does not comply with this recommendation. The Board has determined that Mr. Ian Gandel is not an independent director as he is a substantial shareholder of the Company.</p> <p>Mr Ian Gandel has been a director of the Company since 10 November 2010 and has an intimate knowledge of its affairs. He is an experienced company director and is committed to providing the time necessary to effectively discharge his role as chairperson.</p> <p>The Board is aware that it does not comply with Recommendation 2.2 and has formed the view that it is a newly formed entity and its size does not justify a Board large enough to have an independent director as its chairperson.</p>	Size does not justify a Board large enough to have an independent director as its chairperson.
2.3	The roles of chairperson and chief executive officer (or equivalent) should not be exercised by the same	<p>The Company's chairperson, Mr Ian Gandel and Managing Director, Mr Anthony Gray have separate roles. The chairperson is primarily responsible for:</p> <ul style="list-style-type: none"> » leadership of the Board; » the efficient organisation and conduct of the Board's function; » ensuring that all relevant issues are on the agenda for directors' meetings; » briefing all directors on key issues; » facilitating the effective contribution of all directors; » guiding Board deliberations, free of undue bias; and » promoting constructive and respectful relations between directors and between the Board and management. <p>Mr Anthony Gray was appointed Managing Director on 10 November 2010. Previously, Mr Anthony Gray has worked for Western Mining Ltd, Barra Resources Ltd, Breakaway Resources Ltd, and Gandel Metals Pty Ltd.</p>	Not applicable
2.4	The board should establish a Nomination Committee.	The Board does not have a separate Nomination Committee as it has formed the view that the size of the Company does not warrant establishing one. Accordingly, the functions of a Nomination Committee are performed by the Board as a whole.	Size does not warrant a separate Committee.
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>The performance evaluation of the Board, its Committee and Board members will be conducted through a structured review involving the directors completing detailed questionnaires and their findings then summarised and discussed. It is intended that a performance evaluation will be completed during the reporting period to 30 June 2013 using the above process.</p> <p>Director Induction and Education</p> <p>All new directors will participate in a director induction program which includes one-on-one discussions with key executives, provision to directors of important company documents, and visits to operation sites. Continuing education requirements for directors are assessed on an as needs basis generally in conjunction with the Board performance assessment process.</p> <p>Company Secretary</p> <p>All directors have access to the Company Secretary. Mr Ian Pamensky, the Company Secretary, is accountable, through the Chairman, for all governance matters.</p>	Not applicable
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	All information required to be provided has been disclosed above.	Not applicable

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 3: Promote ethical and responsible decision-making			
3.1	<p>Establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> » the practices necessary to maintain confidence in the Company's integrity; » the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and » the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	<p>The Company, including its Directors and key executives, is committed to maintaining the highest standards of integrity and seeks to ensure that all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in- confidence material and, where appropriate, to protect the shareholders' interests.</p> <p>The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity and expects all directors, executives, contractors and employees to act in accordance with the law and with the highest standards of propriety and in accordance with the terms of the Company's Code of Ethics which can be accessed from the website at www.octagonalresources.com.au</p>	Not applicable
3.2	<p>Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress of achieving them.</p>	<p>On 22 September 2011, the Company adopted a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving diversity (including gender diversity) in its personnel, senior executives and directors. and for the Board to assess annually both the objectives and progress in achieving them.</p> <p>The Diversity Policy provides a framework for Octagonal to achieve:</p> <ul style="list-style-type: none"> » a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals; » a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff; » improved employment and career development opportunities for women; » a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and » awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity. <p>The Policy can be accessed at www.octagonalresources.com.au</p>	Not applicable



Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance								
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.	<p>The Board has not yet set measurable objectives for achieving gender diversity. The Directors are in the process of collecting information to enable them to set meaningful, measurable objectives which are appropriate to the size of the Company and the operational and labour market it faces.</p> <p>The Company has only made a few appointments since adopting the Diversity Policy. The Company has abided by its Diversity Policy for all employment. The Company is also committed to ensuring that all employees have an equal opportunity to participate in professional development programs and to developing its human resources.</p>	While Octagonal has reported against other 2010 amendments to the ASX Principles and Recommendations in this Corporate Governance Statement, having regard to the recent adoption of the Diversity Policy and the lack of requirement to employ new staff in the intervening period, the Company is not in a position to report on measurable objectives or progress towards achieving them in this annual report								
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	<p>The proportion of women in the Octagonal group of companies is set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th>Proportion of women</th> </tr> </thead> <tbody> <tr> <td>Whole organisation¹</td> <td>5 out of 18 (28%)</td> </tr> <tr> <td>Board</td> <td>Nil out of 3 (0%)</td> </tr> <tr> <td>Senior executive positions²</td> <td>1 out of 4 (25%)</td> </tr> </tbody> </table>		Proportion of women	Whole organisation ¹	5 out of 18 (28%)	Board	Nil out of 3 (0%)	Senior executive positions ²	1 out of 4 (25%)	
	Proportion of women										
Whole organisation ¹	5 out of 18 (28%)										
Board	Nil out of 3 (0%)										
Senior executive positions ²	1 out of 4 (25%)										
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	All information required to be provided has been disclosed above.									

¹ The whole organisation includes employees who are employed by Gandel Metals but work within the Company. Gandel Metals is a Company associated with Director, Mr Ian Gandel. Gandel Metals provides Management Services to the Company.

² Includes direct employees of the Company, the Non-Executive Director & Company Secretary, Mr Ian Pamensky and the Management Accountant, Ms Erin Starkey. Mr Pamensky and Ms Starkey are employed by Gandel Metals (see footnote 1 above)

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an Audit Committee.	<p>The Company established an Audit & Risk Committee on 16 November 2010.</p> <p>Committee members:</p> <p>Members of the Committee at the date of this Report are:</p> <ul style="list-style-type: none"> » Mr Ian Gandel (Chairman) » Mr Anthony Gray (Managing Director) <p>Committee Role & Responsibilities:</p> <p>The role and responsibilities, structure and procedures of the Audit & Risk Committee are set out in the Committee's Charter which has been published on the Company's website at: www.octagonalresources.com.au. In summary, the function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with regard to:</p> <ul style="list-style-type: none"> » business risk management; » compliance with legal and regulatory obligations; » the establishment and maintenance of the internal control framework; » the reliability and integrity of financial information for inclusion in the Company's financial statements; » safeguarding the independence of the external auditor; and » audit, accounting and financial reporting obligations. <p>The Audit & Risk Committee will normally meet at least two times each financial year.</p>	Not applicable
4.2	<p>The Audit committee should be structured so that it:</p> <ul style="list-style-type: none"> » consists only of non-executive directors; » consists of a majority of independent directors; » is chaired by an independent chair, who is not chair of the board; » has at least three members. 	<p>A new Chairman of the Committee is currently being sourced. The Committee currently comprises two director members one of whom is non-executive and none of whom are independent directors. Standing invitations to attend Audit & Risk Committee meetings have been issued to Mr Ian Pamensky (Non-Executive Director/Company Secretary) and the Company's External Auditors.</p> <p>The Board is aware that it does not comply with Recommendation 4.2 and has formed the view that the size of the Company does not justify a Board large enough to have</p> <ul style="list-style-type: none"> » three non-executive Directors available for this Committee; » a majority of independent directors available for this Committee; and » an independent Committee Chair. 	Company size does not justify a Board large enough to have three non-executive directors available for this Committee; a majority of independent directors available for this Committee; and an independent Committee Chair.
4.3	The audit committee should have a formal charter.	The formal charter of the Audit & Risk Committee was adopted on 16 November 2010 and will be reviewed on a regular basis. The Audit & Risk Committee Charter can be accessed at: www.octagonalresources.com.au	Not applicable



Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	<p>The external auditor, BDO³ East Coast Partnership has a rotation policy such that lead partners are rotated every 5 years and review partners are rotated every 5 years as set out below.</p> <p>In relation to the selection of external auditors, the Audit Committee assesses proposals received from prospective external auditors against key audit criteria established by the Committee. Those criteria include audit approach and methodology, internal governance processes, key personnel and cost. In relation to the appointment of external auditors, the Audit Committee can appoint an External Auditor to fill a vacancy created by the resignation or retirement of an existing auditor. The appointment of the external auditor is subject to confirmation by shareholders at the Company's next Annual General Meeting.</p> <p>In relation to rotation of external audit engagement partners, the lead partner involved in the external audit will not remain in a key audit role beyond 5 years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two successive years. This is consistent with current professional standards.</p> <p>All information required to be provided has been disclosed above.</p>	Not applicable
<p>3 From 1 August 2012, PKF Chartered Accountants & Business Advisors East Coast Practice became part of the BDO Network and have adopted the BDO brand.</p>			
<p>Principle 5: Make timely and balanced disclosure</p>			
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company fully supports the continuous disclosure regime in Australia. In accordance with the continuous disclosure requirements of the ASX Listing Rules, the Company has policies and procedures in place to ensure that price sensitive information is identified and reviewed by management and disclosed to the ASX in a timely manner and that all information provided to the ASX is posted on the Company's website as soon as possible after its release to the ASX. The Company Secretary manages the Company's compliance with its continuous disclosure obligations and is responsible for communications with the ASX.</p> <p>Presentations that are made to analysts or investors will be posted on the Company's website. If the presentations contain information that has not previously been announced to ASX, and that would or could have a material effect on the share price, the presentation will be sent to the ASX prior to the presentation being made.</p> <p>All managers in the Company receive advice on continuous disclosure and are aware of, and accountable for, the Company's compliance with the continuous disclosure requirements.</p> <p>The Company has a Market Disclosure and Communication Policy in line with current best practice standards which is available on the Company's website at: www.octagonalresources.com.au.</p> <p>The Board will evaluate this Market Disclosure and Communication Policy regularly to determine whether it remains effective in ensuring accurate and timely disclosure in accordance with the Company's disclosure obligations.</p>	Not applicable
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	All information required to be provided has been disclosed above.	Not applicable

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 6: Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	<p>Our shareholders own the Company and the Board acknowledges its responsibility to act in their best interests with the objective of increasing the Company's value for all shareholders. The Board maintains active communication with its shareholders as owners of the Company.</p> <p>Communication with shareholders is of critical importance to the Company. The Board aims to ensure that the shareholders on behalf of whom they act have access to all information necessary to assess the performance and prospects of the Company. Mechanisms used to communicate with shareholders include:</p> <ul style="list-style-type: none"> » the Company's annual report which will be distributed, or otherwise made available, to all shareholders; » the Company's quarterly production reports; » the Company's half-year financial report; » the Company's annual general meeting and other general meetings called to obtain shareholder approval for significant corporate actions, as appropriate; » Company announcements; and » the Company's website - www.octagonalresources.com.au <p>In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. The website includes a feedback mechanism and an option for shareholders to register their e-mail address for direct e-mail updates of company matters.</p> <p>When brokers, analysts, the press or other parties are briefed on the Company's activities, the material used in the presentations is usually released to the ASX and posted on the Company's website.</p> <p>The Board has procedures in place to ensure that all price sensitive information is disclosed to the ASX on a timely basis subject to the permitted exceptions to such disclosure as set out in the ASX listing rules.</p> <p>The Company welcomes questions from shareholders at any time and these are answered promptly unless the information requested is market sensitive and not in the public domain. Also, all announcements made by the Company to the ASX (except disclosures of a routine compliance nature) are posted on the Company's website.</p> <p>The lead external auditor is required by law to attend or be represented at the annual general meeting to answer any questions with regard to, inter alia, the conduct of the audit and the preparation and content of the auditor's report. Shareholders have a choice of the method in which they receive annual reports and notices of meeting and they may elect (by written notice to the Company) to receive such reports and/or notices of meeting by post or electronically.</p> <p>Shareholders who are unable to attend meetings of the Company are encouraged to participate in meetings by appointing a proxy. Proxy forms may be lodged by shareholders by post, facsimile or transmission to the electronic address specified in the relevant notice of meeting.</p>	Not applicable
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The information has been disclosed in the Annual Report.	Not applicable



Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 7: Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<p>Octagonal Resources has systems in place to enable the identification, assessment and management of its material business risks. Management is responsible for the design and implementation of risk management and internal control systems in relation to material business risks. Management ensures that procedures exist to monitor and review risks and, through observation and audit, gain assurance on at least an annual basis that effective controls are implemented and consistently being applied. The Board reviews the Company's risk profile and risk management and internal control policies and practices on a regular basis. It also receives reports from management on significant changes to the profile and the progress with risk mitigation at each of its Board meetings. The Audit & Risk Committee assists the Board in monitoring the Company's financial and operating risks. The Company's Risk Oversight and Management Policy can be accessed at its website at: www.octagonalresources.com.au</p>	Not applicable
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	<p>Octagonal Resources has adopted systematic processes for the identification, analysis, evaluation, treatment, monitoring and review of the material business risks it faces which are outlined in the Company's Risk Oversight and Management Policy which is aligned to the Australian Standard for risk management. The Company is exposed to numerous risks across its business, most of which are common to the mining industry. Generally risk- specific systems are used in keeping with best practices in the Mining and Resources sector. These approaches to risk management are generally embedded into strategic and operational management and business processes.</p> <p>The Board considers the material business risks the Company faces and the means by which these are managed at its meetings. Financial and reporting risks are considered at first instance by the Audit & Risk Committee with findings then being reported to the Board.</p> <p>At Board meetings, the Managing Director and Company Secretary are required to provide assurance to the Board as to the effectiveness of the systems in place for the management of the material risks. Periodically, the Board and senior managers will undertake a strategic risk assessment workshop to re-assess the Company's material risks and determine whether the current controls are adequate and effective.</p> <p>The Audit & Risk Committee reviews and assesses the adequacy of the Company's internal control and financial management systems and accounting and business policies. The Audit & Risk Committee is given further assurance on the Company's financial management systems through the internal control reviews conducted by External Auditor BDO. Reviews of internal controls are conducted in accordance with an audit plan approved by the Audit & Risk Committee. The audit plan is formulated following identification of key risks in the areas of financial and information technology controls, compliance with statutory regulations and policy, fraud prevention and detection plus specific services as directed by the Company to ensure an effective control environment. Management is responsible for implementing corrective actions recommended as a result of the audit reviews. Key findings from audit reviews are reported to the Audit & Risk Committee. The External Auditors and the Audit & Risk Committee have direct access to each other and have the necessary access to management and the right to seek information and explanations.</p>	Not applicable

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	<p>The Board will ensure that it receives assurance from the Managing Director and the Manager Finance & Company Secretary that the section 295A declaration signed prior to approving financial statements was founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>The Board has indicated that it is satisfied that management has developed and implemented a sound system of risk management and internal control.</p>	Not applicable
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	All information required to be provided has been disclosed above.	Not applicable
Principle 8: Remunerate fairly and responsibly			
8.1	The board should establish a Remuneration Committee.	The Board does not have a separate Remuneration Committee given its size as it does not consider that the size of the Company warrants establishing one. Accordingly, the functions of a Remuneration Committee are performed by the Board as a whole.	Company size does not warrant a separate Remuneration Committee.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<p>The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives.</p> <p>The Company's remuneration policy and structure is described in detail in the Remuneration Report which forms part of the Directors' Report in the Company's annual report.</p> <p>The non-executive director of the Company is remunerated by way of fixed annual fees (within the aggregate fee limit of \$300,000) and may also receive fees for additional other services provided to the Company. The non-executive directors are not provided with retirement benefits.</p> <p>The senior executives of the Company are remunerated by way of a total salary package (inclusive of statutory superannuation). The Board has taken advice from independent remuneration consultants in setting its remuneration policy and structure and considers the nature and quantum of the remuneration of its directors and executives to be appropriate and reasonable given the circumstances of the Company and individuals concerned (including the responsibilities involved in their respective offices or employment).</p> <p>Equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders. The Company ensures that the payment of equity-based executive remuneration is made in accordance with statutory requirements and thresholds set out in plans approved by shareholders.</p>	Not applicable
8.3	Companies should provide the information indicated in the guide to reporting on Principle	All information required to be provided has been disclosed above.	Not applicable



Auditors Independence Declaration



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF OCTAGONAL RESOURCES LIMITED

As lead auditor of Octagonal Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Octagonal Resources Limited and the entities it controlled during the period.

David Garvey
Partner

BDO East Coast Partnership
Melbourne, 28 September 2012

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Statement of comprehensive income

For the year ended 30 June 2012

	Note	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
Revenue	4	503,932	267,972
Other income	5	-	9,039,177
Expenses			
Corporate administration expense		(334,432)	(189,337)
Employee benefits expense		(306,730)	(435,478)
Marketing expense		(77,381)	(30,317)
Depreciation and amortisation expense	6	(263,069)	(200,824)
Impairment of assets	6	-	(2,504,886)
Write off of assets	6	-	(3,359)
Company secretarial expense		(52,053)	(26,218)
Refining expenses		(4,359)	-
Operating and plant recommissioning expenses		(478,094)	(144,828)
Other expenses		(749,502)	(680,164)
Profit/(loss) before income tax expense		(1,761,688)	5,091,738
Income tax expense	7	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Octagonal Resources Limited		(1,761,688)	5,091,738
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Octagonal Resources Limited		(1,761,688)	5,091,738
		Cents	Cents
Basic earnings per share	30	(1.76)	7.99
Diluted earnings per share	30	(1.76)	7.99



Statement of financial position

As at 30 June 2012

	Note	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
Assets			
Current assets			
Cash and cash equivalents	8	2,172,930	7,876,740
Trade and other receivables	9	286,154	198,078
Inventories	10	79,591	84,350
Other	11	134,393	101,508
Total current assets		2,673,068	8,260,676
Non-current assets			
Receivables	12	992,500	857,083
Property, plant and equipment	13	1,551,672	1,077,748
Exploration and evaluation	14	17,673,197	14,374,708
Total non-current assets		20,217,369	16,309,539
Total assets		22,890,437	24,570,215
Liabilities			
Current liabilities			
Trade and other payables	15	340,819	404,342
Employee benefits	16	87,731	58,922
Total current liabilities		428,550	463,264
Non-current liabilities			
Provisions	17	1,010,165	893,541
Total non-current liabilities		1,010,165	893,541
Total liabilities		1,438,715	1,356,805
Net assets		21,451,722	23,213,410
Equity			
Contributed equity	18	18,697,126	18,697,126
Retained profits	19	2,754,596	4,516,284
Total equity		21,451,722	23,213,410

Statement of changes in equity

For the year ended 30 June 2012

	Contributed equity	Retained profit/ (accumulated losses)	Total equity
Consolidated			
Balance at 1 July 2010	1	(575,454)	(575,453)
Profit after income tax expense for the year	-	5,091,738	5,091,738
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	5,091,738	5,091,738
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	18,697,125	-	18,697,125
Balance at 30 June 2011	18,697,126	4,516,284	23,213,410
Consolidated			
Balance at 1 July 2011	18,697,126	4,516,284	23,213,410
Loss after income tax expense for the year	-	(1,761,688)	(1,761,688)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,761,688)	(1,761,688)
Balance at 30 June 2012	18,697,126	2,754,596	21,451,722



Statement of cash flows

For the year ended 30 June 2012

	Note	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		91,786	-
Payments to suppliers and employees (inclusive of GST)		(1,833,621)	(1,838,873)
		(1,741,835)	(1,838,873)
Interest received		210,755	263,256
Net cash used in operating activities	29	(1,531,080)	(1,575,617)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(738,824)	(168,474)
Payments for exploration and evaluation	14	(3,298,489)	(1,471,140)
Payments for term deposits		(85,417)	(73,000)
Payments for ore tolling agreement bonds		(50,000)	-
Net cash used in investing activities		(4,172,730)	(1,712,614)
Cash flows from financing activities			
Proceeds from issue of shares	18	-	12,450,002
Share issue transaction costs		-	(1,306,469)
Net cash from financing activities		-	11,143,533
Net (decrease)/increase in cash and cash equivalents		(5,703,810)	7,855,302
Cash and cash equivalents at the beginning of the financial year		7,876,740	21,438
Cash and cash equivalents at the end of the financial year	8	2,172,930	7,876,740

Notes to the financial statements

30 June 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

Going concern

The consolidated entity incurred a net loss after income tax of \$1,761,688 for the year ended 30 June 2012 and had net cash outflows from operating and investing activities of \$5,703,810. These conditions indicate a material uncertainty about the consolidated entity's ability to continue as a going concern. Based on the information below, the directors are satisfied that adequate plans are in place and that the consolidated entity will have positive cash balance through to 30 September 2013 (12 months from date of audit report). It is the opinion of the Board of Directors that the consolidated entity will be able to continue as a going concern and therefore the basis of preparation is appropriate.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- » At 30 June 2012, the consolidated entity had cash and cash equivalents of \$2,172,930 and had working capital, being current assets less current liabilities, of \$2,244,518.
- » The budgets and forecasts reviewed by the directors for the next eighteen month period ending 31 December 2013 anticipate the business will continue to hold cash and cash equivalents to fund its operations and exploration commitments. The budgets and forecasts have been prepared using a number of assumptions that include:
 - viable development and mining of Black Reef Whela and Alliance South gold deposits;
 - successful completion of the tailings agreement with Unity Mining Limited; and
 - processing of ore from A1 Consolidated Gold Limited as part of the ore processing agreement.
- » Management of the consolidated entity will actively manage the current level of discretionary expenditures in line with the funds available to the consolidated entity.
- » Expenditures on the current exploration program and working capital requirements will also be actively managed.
- » Should additional funding be required the consolidated entity may attempt future equity capital raising initiatives, however it should be noted that while this source of funding has been used in the past, any future capital raising would be dependent on financial market conditions at the time that any additional equity funds are being sought.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.



Functional and presentation currency

The financial report is presented in Australian dollars, which is Octagonal Resources Limited's functional and presentation currency.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Octagonal Resources Limited ('company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. Octagonal Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of the amount of goods and services tax ('GST').

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Ore processing income

Ore processing income from tolling agreements is recognised when ore processing has been completed.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- » When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- » When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Notes to the financial statements

30 June 2012

Tax Consolidation

Octagonal Resources Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables and other receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Property, plant and equipment

Land and buildings are shown at historical cost less accumulated depreciation and impairment, if any.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a reducing balance or straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Property, land and buildings	5 years
Plant and equipment	2.5 - 40 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.



Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Obligations associated with exploration and development assets are recognised when the consolidated entity has a present obligation, the future sacrifice of the economic benefit is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure. The determination of the provision requires significant judgement in terms of the best estimate of the costs of performing the work required, the timing of the cash flows and the appropriate discount rate. A change in any, or a combination, of the key assumptions used to determine the provision could have a material impact on the carrying value of the provision.

On an ongoing basis, the rehabilitation will be remeasured in line with the changes in the time value of money and additional disturbances.

Employee benefits***Wages and salaries, annual leave and sick leave***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Notes to the financial statements

30 June 2012

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Octagonal Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current year disclosures.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2012. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 10 Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 11 Joint Arrangements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.



AASB 12 Disclosure of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation – Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20

This interpretation and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine. The adoption of the interpretation and the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the financial statements

30 June 2012

Environmental rehabilitation provision

A provision has been made for the present value of anticipated costs of the remediation work that will be required to comply with environmental and legal obligations. The provision is estimated based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of sites.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTE 3. OPERATING SEGMENTS

The consolidated entity has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach'. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity operates predominately in one geographical location. The consolidated entity does not have any operating segments with discrete financial information. The consolidated entity does not have any customers outside Australia, and all the consolidated entity's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decision including assessing performance and in determining the allocation of resources.

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 4. REVENUE		
Sales revenue		
Sale of goods	91,786	-
Ore processing income	195,972	-
	287,758	-
Other revenue		
Interest	211,597	267,972
Diesel fuel rebates	4,195	-
Other revenue	382	-
	216,174	267,972
Revenue	503,932	267,972
NOTE 5. OTHER INCOME		
Net gain on loan forgiveness*	-	9,039,177

* Net gain on loan forgiveness includes the forgiveness of a loan of \$9,066,008 owing by Maldon Resources Pty Ltd to Alliance Resources Limited and its controlled subsidiaries under a Deed of Forgiveness of Debt dated 21 December 2010, prior to Maldon Resources Pty Ltd being acquired by the legal parent entity, Octagonal Resources Limited. Maldon Resources Pty Ltd is the accounting parent under reverse consolidation accounting as per AASB 3 'Business Combinations' and therefore the loan forgiveness is not eliminated on consolidation. Net gain on loan forgiveness also includes a forgiveness of a loan of \$26,831 owing to Matrix Gold Pty Ltd by the previous directors of Matrix Gold Pty Ltd.



Notes to the financial statements

30 June 2012

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 6. EXPENSES		
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Property, land and buildings	(5,505)	(5,506)
Plant and equipment	(243,616)	(186,281)
Motor vehicles	(13,948)	(9,037)
Total depreciation	(263,069)	(200,824)
Impairment		
Impairment of exploration and evaluation assets (refer note 14)	-	(2,504,886)
Write off of assets		
Plant and equipment	-	(3,359)
NOTE 7. INCOME TAX EXPENSE		
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(1,761,688)	5,091,738
Tax at the statutory tax rate of 30%	(528,506)	1,527,521
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Accounting gain on debt forgiveness (pre Octagonal acquisition)	-	(2,719,802)
Impairment of exploration and evaluation assets (pre Octagonal acquisition)	-	751,466
Accounting loss not attributable to the group (pre Octagonal acquisition)	-	145,701
Accounting loss on debt forgiveness	-	8,049
	(528,506)	(287,065)
Current year tax losses not recognised	528,506	287,065
Income tax expense	-	-
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	13,297,942	8,087,041
Potential tax benefit @ 30%	3,989,383	2,426,112
The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.		
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Deferred tax assets from temporary differences not recognised	1,034,764	2,086,924
Total deferred tax assets not recognised	1,034,764	2,086,924

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.



Notes to the financial statements

30 June 2012

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash on hand	2,200	2,200
Cash at bank	2,110,730	7,814,540
Cash on deposit	60,000	60,000
	2,172,930	7,876,740
NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Rental deposit	120	120
Trade receivables - ore processing income	195,972	-
GST receivable	80,848	191,600
Interest receivable	7,200	6,358
Other receivables	2,014	-
	286,154	198,078
Refer to note 21 for further information on financial instruments.		
NOTE 10. CURRENT ASSETS - INVENTORIES		
Raw materials - at cost	79,591	84,350
NOTE 11. CURRENT ASSETS - OTHER		
Prepayments	134,393	101,508
NOTE 12. NON-CURRENT ASSETS - RECEIVABLES		
Term deposits*	942,500	857,083
Ore tolling agreement bond**	50,000	-
	992,500	857,083

* Related to environmental/rehabilitation performance bonds

** Relates to the bond held by the consolidated entity for the duration of the Ore Tolling Agreement with A1 Consolidated Gold Limited



Notes to the financial statements

30 June 2012

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT		
Property, land and buildings - at cost	551,091	551,091
Less: Accumulated depreciation	(24,885)	(19,380)
	526,206	531,711
Plant and equipment - at cost	3,175,815	2,454,664
Less: Accumulated depreciation	(2,210,239)	(1,967,539)
	965,576	487,125
Motor vehicles - at cost	144,165	129,239
Less: Accumulated depreciation	(84,275)	(70,327)
	59,890	58,912
	1,551,672	1,077,748

Reconciliations

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

	Property, land & buildings \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Consolidated				
Balance at 1 July 2010	537,217	569,991	6,249	1,113,457
Additions	-	106,774	61,700	168,474
Write off of assets	-	(3,359)	-	(3,359)
Depreciation expense	(5,506)	(186,281)	(9,037)	(200,824)
Balance at 30 June 2011	531,711	487,125	58,912	1,077,748
Additions	-	723,898	14,926	738,824
Disposals	-	(1,831)	-	(1,831)
Depreciation expense	(5,505)	(243,616)	(13,948)	(263,069)
Balance at 30 June 2012	526,206	965,576	59,890	1,551,672

Notes to the financial statements

30 June 2012

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 14. NON-CURRENT ASSETS - EXPLORATION AND EVALUATION		
Exploration and evaluation (Maldon Resources Pty Ltd) - at cost	26,490,308	25,283,273
Less: Impairment	(19,652,396)	(19,652,396)
	6,837,912	5,630,877
Exploration and evaluation (Octagonal Resources (WA) Pty Ltd) - at cost	5,403,179	3,897,700
	5,403,179	3,897,700
Exploration and evaluation (Matrix Gold Pty Ltd) - at cost	2,810,659	2,620,009
	2,810,659	2,620,009
Exploration and evaluation (Highlake Resources Pty Ltd) - at cost	2,621,447	2,226,122
	2,621,447	2,226,122
	17,673,197	14,374,708

Reconciliations

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

	Exploration \$
Consolidated	
Balance at 1 July 2010	7,492,191
Additions through business combinations (note 27)	7,916,263
Expenditure during the year	1,471,140
Impairment of assets	(2,504,886)
Balance at 30 June 2011	14,374,708
Expenditure during the year	3,298,489
Balance at 30 June 2012	17,673,197

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	221,116	299,180
Other payables	119,703	105,162
	340,819	404,342

Refer to note 21 for further information on financial instruments.

NOTE 16. CURRENT LIABILITIES - EMPLOYEE BENEFITS

Annual leave	87,731	58,922
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Notes to the financial statements

30 June 2012

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 17. NON-CURRENT LIABILITIES - PROVISIONS		
Long service leave	51,665	40,541
Environmental rehabilitation	958,500	853,000
	1,010,165	893,541

Environmental rehabilitation

The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations.

Movements in provisions

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

	Rehabilitation \$
Consolidated - 30 June 2012	
Carrying amount at the start of the year	853,000
Additional provisions recognised	105,500
Carrying amount at the end of the year	958,500

	Consolidated 30 June 2012 shares	Consolidated 30 June 2011 shares	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 18. EQUITY - CONTRIBUTED				
Ordinary shares - fully paid	100,048,002	100,048,002	18,697,126	18,697,126

Movements in ordinary share capital

Details	Date	No of shares	\$
Balance	1 July 2010	1	1
Eliminate incorporated share capital		(1)	-
Incorporated share capital at \$1.00 per share	6 September 2010	2	2
Pre-offer issue at \$0.05 per share	10 November 2010	9,000,000	450,000
Issue of shares on acquisition of business combination	21 December 2010	42,800,000	7,511,592
Issue of shares in settlement of Highlake Resources Pty Ltd performance bonds at \$0.25 per share	21 December 2010	160,000	40,000
Issue of shares in lieu of fees to Prime Corporate Finance at \$0.25 per share	21 December 2010	88,000	22,000
Initial public share offer	23 December 2010	48,000,000	12,000,000
Initial public offer transaction expenses		-	(1,326,469)
Balance	30 June 2011	100,048,002	18,697,126
Balance	30 June 2012	100,048,002	18,697,126

Notes to the financial statements

30 June 2012

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The company is not subject to externally imposed capital requirements.

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 19. EQUITY - RETAINED PROFITS		
Retained profits/(accumulated losses) at the beginning of the financial year	4,516,284	(575,454)
(Loss)/profit after income tax expense for the year	(1,761,688)	5,091,738
Retained profits at the end of the financial year	2,754,596	4,516,284

NOTE 20. EQUITY - DIVIDENDS

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

NOTE 21. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The consolidated entity operates solely in Australia and at present has no foreign exchange exposure. The consolidated entity will potentially have exposure in the future as most commodities the consolidated entity explores for are traded in US Dollars.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The consolidated entity is not exposed to any significant price risk.

Commodity price risk

The Company's future revenues will be exposed to commodity price fluctuations, in particular gold prices. If commodity prices fall, the market for companies exploring for these commodities is affected.



Notes to the financial statements

30 June 2012

Interest rate risk

Interest rate risk is the risk that the consolidated entity's financial position will be adversely affected by movements in interest rates. Interest rate risk on short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

As at the reporting date, the consolidated entity had the following financial instruments exposed to interest rate risk:

	Weighted average interest rate %	30 June 2012	Weighted average interest rate %	30 June 2011
		Balance \$		Balance \$
Consolidated				
Cash and cash equivalents	1.64	2,172,930	3.94	7,876,740
Term Deposits - non-current	4.57	992,500	4.99	857,083
Net exposure to cash flow interest rate risk		3,165,430		8,733,823

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

The sensitivity of the fair value of financial instruments held at balance date, following a movement in interest rates, with all other variables held constant. A 1% interest rate change sensitivity is based on reasonably possible changes over a financial year. The post tax gain or loss assuming a 1% interest change is \$31,654 (2011: \$87,338).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

At as 30 June 2012, the majority of credit risk exposure relates to cash and cash equivalents and trade receivables. Cash and cash equivalents amounted to \$2,172,930 (2011: \$7,876,740), while current trade receivables amounted to \$195,972 (2011: nil). The credit risk on cash and cash equivalents is limited as the counterparties are banking institutions with high credit ratings assigned by international credit-rating agencies.

The aging of current trade receivables at reporting date were as follows:

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
< 30 days	-	-
30 - 60 days	195,972	-
> 60 days	-	-
Total	195,972	-

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.



Notes to the financial statements

30 June 2012

Consolidated	Weighted average interest rate %	Less than 3 months \$	Between 3 & 12 months \$	Between 1 & 5 years \$	Over 5 years \$	Remaining contractual maturities \$
30 June 2012						
Non-derivatives						
Non-interest bearing						
Trade payables	-	221,116	-	-	-	221,116
Other payables	-	69,703	-	50,000	-	119,703
Total non-derivatives		290,819	-	50,000	-	340,819
30 June 2011						
Non-derivatives						
Non-interest bearing						
Trade payables	-	299,180	-	-	-	299,180
Other payables	-	105,162	-	-	-	105,162
Total non-derivatives		404,342	-	-	-	404,342

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of Octagonal Resources Limited during the financial year:

- » Ian J Gandel
- » Anthony R Gray
- » Ian C Pamensky (appointed on 24 August 2011)
- » John F Harrison (resigned on 24 August 2011)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
Short-term employee benefits	368,173	457,897
Post-employment benefits	25,838	20,224
	394,011	478,121

* The Gandel Metals Trust employs Ian C Pamensky. The Gandel Metals Trust is an entity associated with Ian J Gandel. Fees are paid to the Gandel Metals Trust in accordance with the Gandel Metals Trust Management Service Agreement and part of the fees paid included professional fees of \$78,284 (2011: \$90,678) for accounting and company secretarial services provided by Ian C Pamensky. All charges were on normal commercial terms.



Notes to the financial statements

30 June 2012

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
30 June 2012					
Ordinary shares					
Ian J Gandel	15,231,000	-	4,700,000	55,000	19,986,000
Anthony R Gray	210,002	-	200,000	-	410,002
John F Harrison*	350,000	-	150,000	-	500,000
Ian C Pamensky	48,000	-	61,667	-	109,667
	15,839,002	-	5,111,667	55,000	21,005,669

* John F Harrison resigned on 24 August 2011 - his shareholdings relate to the period from 1 July 2011 to 24 August 2011.

30 June 2011

Ordinary shares

Ian J Gandel	-	-	15,231,000	-	15,231,000
Anthony R Gray	-	-	210,002	-	210,002
John F Harrison	-	-	350,000	-	350,000
Ian C Pamensky	-	-	48,000	-	48,000
	-	-	15,839,002	-	15,839,002

Related party transactions

Related party transactions are set out in note 25.

NOTE 23. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company:

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
Audit services - BDO East Coast Partnership		
Audit or review of the financial statements	66,400	29,000
Other services - BDO East Coast Partnership		
Tax compliance services	30,355	10,960
IPO Independent Accountant	-	30,000
	30,355	40,960
	96,755	69,960



Notes to the financial statements

30 June 2012

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 24. COMMITMENTS		
Capital commitments - Intangible assets		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,741,250	1,516,867
One to five years	3,467,883	4,016,217
More than five years	-	375,000
	5,209,133	5,908,084
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	4,350	4,890

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Victorian & Western Australian State Governments.

The estimated exploration and joint venture expenditure commitments for the ensuing year, but not recognised as a liability in the financial statements are shown above.

This expenditure will only be incurred should the consolidated entity retain its existing level of interest in its various exploration areas and provided access to mining tenements are not restricted.

Operating lease commitments include contracted amounts for office space under a non-cancellable operating lease expiring on 31 January 2013. On renewal, the terms of the leases are renegotiated.

NOTE 25. RELATED PARTY TRANSACTIONS

Parent entity

Octagonal Resources Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the remuneration report in the directors' report.



Notes to the financial statements

30 June 2012

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
Payment for goods and services:		
Purchase of goods from other related party *	-	2,520
Payment for services from other related party *	306,371	561,793
* Other related party - Gandel Metals Trust - Purchase of goods relates to plant & equipment acquired from a Gandel Metals Trust related entity Payment for services relates to amounts charged as per Management Service Agreement		

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current payables:		
Trade payables to other related party - Gandel Metals Trust	19,223	78,459

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

Mr I J Gandel is a director and shareholder of Abbotsleigh Pty Ltd. Octagonal Resources Limited entered into a Management Service Agreement with The Gandel Metals Trust. Abbotsleigh Pty Ltd is the ultimate parent entity of The Gandel Metals Trust. The contract is based on normal commercial terms and conditions. Under the terms of the contract The Gandel Metals Trust can apply a mark-up of 15% on all charges. To 30 June 2012, The Gandel Metals Trust has charged a mark-up of 15% on the cost of time spent by Gandel Metals employees providing services to Octagonal Resources Limited and its subsidiaries.

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 26. PARENT ENTITY INFORMATION		
Set out below is the supplementary information about the parent entity.		
Statement of comprehensive income		
Loss after income tax	(645,854)	(365,623)
Total comprehensive income	(645,854)	(365,623)
Statement of financial position		
Total current assets	1,940,316	7,666,368
Total assets	21,003,895	21,665,165
Total current liabilities	100,897	119,813
Total liabilities	129,839	145,255
Equity		
Issued capital	21,885,533	21,885,533
Accumulated losses	(1,011,477)	(365,623)
Total equity	20,874,056	21,519,910

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.



Notes to the financial statements

30 June 2012

NOTE 27. BUSINESS COMBINATIONS

On 22 December 2010, Octagonal Resources Limited acquired 100% of the issued shares of Maldon Resources Pty Ltd. Under the principles of AASB 3 Business Combinations, Maldon Resources Pty Ltd is the accounting acquirer in the business combination. Therefore, the transaction has been accounted for as a reverse acquisition. Accordingly, the consolidated financial statements of Octagonal Resources Limited have been prepared as a continuation of the consolidated financial statements of Maldon Resources Pty Ltd. Maldon Resources Pty Ltd, as the deemed acquirer, has accounted for the acquisition of Octagonal Resources Limited from 22 December 2010.

The consideration in a reverse acquisition is deemed to have been paid by the legal subsidiary (Maldon Resources Pty Ltd) in the form of equity

instruments issued to the shareholders of the legal parent entity (Octagonal Resources Limited) and the shareholders of other controlled entities.

The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the issued shares of Octagonal Resources Limited immediately prior to the business combination.

On 21 December 2010, Octagonal Resources Limited acquired 100% of the ordinary shares of Highlake Resources Pty Ltd for the total consideration transferred of 6,000,000 ordinary shares. This is an exploration business and was acquired as part of a consolidation of current gold exploration operations. The excess of the purchase consideration over the net assets acquired has been allocated to exploration & evaluation assets.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$	Fair value \$
Cash equivalents	117,776	117,776
Other receivables	9,802	9,802
Exploration and evaluation	1,167,311	2,197,083
Term Deposits	35,000	35,000
Trade payables	(4,591)	(4,591)
Accrued expenses	(158,265)	(158,265)
Rehabilitation	(30,000)	(30,000)
Net assets acquired	1,137,033	2,166,805
Goodwill		-
Acquisition-date fair value of the total consideration transferred		2,166,805
Representing:		
Octagonal Resources Limited shares issued to vendor		2,166,805

On 21 December 2010, Octagonal Resources (WA) Pty Ltd, a 100% owned subsidiary of Octagonal Resources Limited acquired one tenement and Joint Venture rights in the Hogan's Project from Newmont Exploration. The total consideration transferred for the asset acquisition was 8,000,000 ordinary shares. This is an exploration business and was acquired as part of a consolidation of current gold exploration operations. The excess of the purchase consideration over the net assets acquired has been allocated to exploration & evaluation assets.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$	Fair value \$
Cash equivalents	50,075	50,075
Other receivables	40,000	40,000
Exploration and evaluation	2,400,000	3,288,997
Accrued expenses	(440,000)	(440,000)
Other liabilities	(49,998)	(49,998)
Net assets acquired	2,000,077	2,889,074
Goodwill		-
Acquisition-date fair value of the total consideration transferred		2,889,074
Representing:		
Octagonal Resources Limited shares issued to vendor		2,889,074



Notes to the financial statements

30 June 2012

On 21 December 2010, Octagonal Resources Limited acquired 100% of the ordinary shares of Matrix Gold Pty Ltd for the total consideration transferred of 6,800,000 ordinary shares. This is an exploration business and was acquired as part of a consolidation of current gold exploration operations. This excess of the purchase consideration over the net assets acquired has been allocated to exploration & evaluation assets.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$	Fair value \$
Cash equivalents	10,505	10,505
Other receivables	889	889
Accrued revenue	680	680
Plant and equipment	1,050	1,050
Exploration and evaluation	215,793	2,430,182
Term deposits	25,081	25,081
Trade payables	(4,125)	(4,125)
Accrued expenses	(8,309)	(8,309)
Other liabilities	(240)	(240)
Net assets acquired	241,324	2,455,713
Goodwill		-
Acquisition-date fair value of the total consideration transferred		2,455,713
Representing:		
Octagonal Resources Limited shares issued to vendor		2,455,713

NOTE 28. EVENTS AFTER THE REPORTING PERIOD

On 17 August 2012, Maldon Resources Pty Ltd entered into a Tailings (re-processing) Agreement with Unity Mining Limited whereby, subject to satisfactory extraction and processing of an initial 2,000 tonne parcel, Maldon Resources Pty Ltd agrees to remove, transport and process all of the flotation concentrate tailings stored at the Kangaroo Flat Gold Operation. All of the tailings must be removed from the site prior to 31 December 2012. Maldon Resources Pty Ltd will manage the operation and pay 50% of the extraction, transportation, processing and refining costs and will receive 50% of the gold produced.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.



Notes to the financial statements

30 June 2012

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 29. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES		
Profit/(loss) after income tax expense for the year	(1,761,688)	5,091,738
Adjustments for:		
Depreciation and amortisation	263,069	200,824
Write off of non-current assets	-	3,359
Net loss on disposal of non-current assets	1,831	-
Net profit on debt forgiveness	-	(9,066,008)
Impairment of exploration and evaluation	-	2,504,886
Rehabilitation expense - non-cash	105,500	73,000
Long service leave expense - non-cash	11,124	40,541
Change in operating assets and liabilities:		
Increase in trade and other receivables	(120,961)	(209,123)
Decrease in inventories	4,759	-
Decrease in trade and other payables	(63,523)	(231,689)
Increase in employee benefits	28,809	16,855
Net cash used in operating activities	(1,531,080)	(1,575,617)

	Consolidated 30 June 2012 \$	Consolidated 30 June 2011 \$
NOTE 30. EARNINGS PER SHARE		
Profit/(loss) after income tax attributable to the owners of Octagonal Resources Limited	(1,761,688)	5,091,738
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	100,048,002	63,745,907
Weighted average number of ordinary shares used in calculating diluted earnings per share	100,048,002	63,745,907
	Cents	Cents
Basic earnings per share	(1.76)	7.99
Diluted earnings per share	(1.76)	7.99



Directors' declaration

30 June 2012

In the directors' opinion:

- » the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- » the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- » the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
- » there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Ian J Gandel
Director



Anthony R Gray
Director

28 September 2012, Melbourne, Victoria



Independent auditor's report



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Octagonal Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Octagonal Resources Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.





Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Octagonal Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Octagonal Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 "Going concern" in the financial report, which indicates that the consolidated entity incurred a net loss of \$1,761,688 during the year ended 30 June 2012 and had net cash outflows from operating and investing activities of \$5,703,810. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 31 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Octagonal Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

David Garvey
Partner

Melbourne, 28 September 2012

Shareholder information

The shareholder information set out below was applicable as at 12 September 2012.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Number of holders of ordinary shares \$	
1 to 1,000	16
1,001 to 5,000	28
5,001 to 10,000	116
10,001 to 100,000	372
100,001 and over	108
	640
Holding less than a marketable parcel	26

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Alliance Resources Limited	22,000,000	21.99
Abbotsleigh Pty Ltd	15,160,000	15.15
JP Morgan Nominees Australia Limited <Cash Income A/C>	9,525,550	9.52
Colbern Fiduciary Nominees Pty Ltd	4,880,000	4.88
Sabreguard Pty Ltd <Sabljak Family A/C>	2,960,000	2.96
Locantro Speculative Investments Limited	2,130,000	2.13
Mr Anthony Grant Melville & Mrs Elaine Sandra Melville <Melville Family Super A/C>	2,000,000	2.00
Back Company Pty Ltd <Back Family A/C>	1,000,000	1.00
Mr Peter Anastasiou	765,829	0.77
Mr Brendan William Smith	750,000	0.75
Parkform Pty Ltd <The Pearson Super Fund A/C>	740,000	0.74
Mr Nicholas James Carter & Mrs Susan Mary Carter <Carter Family Super A/C>	681,333	0.68
Widdy Pty Ltd <Superannuation Fund A/C>	650,000	0.65
Wise Plan Pty Ltd <Burke Super Fund A/C>	650,000	0.65
Mr Ramamoorthy Srinivasan & Mrs Bhanumathi Srinivasan	600,000	0.60
Ms Catherine Patricia Burrow & Mr Keith Lawrence Burrow <KL&CP Burrow Super Fund A/C>	410,500	0.41
Mr Anthony Robert Gray & Mrs Diane Joy Gray <Kratatinni Super Fund A/C>	410,000	0.41
Mr David Schwartz <David Schwartz Fam HLDS A/C>	400,000	0.40
Victoria Mining Exploration Pty Ltd	400,000	0.40
Mr Stephen Gordon Patrick	380,514	0.38
	66,493,726	66.46

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Alliance Resources Limited	22,000,000	21.99
Abbotsleigh Pty Ltd	15,160,000	15.15
JP Morgan Nominees Australia Limited <Cash Income A/C>	9,525,550	9.52

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. There are no other classes of equity securities.





Main Street, Maldon, Victoria



Octagonal
Resources Limited

Suite 3, 51-55 City Road,
Southbank, Victoria, 3006

T +61 3 9697 9088 F +61 3 9697 9089

E info@octagonalresources.com.au

www.octagonalresources.com.au

ABN 38 147 300 418