Octagonal
Resources Limited

Annual Report
2013

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Corporate Directory

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ASX Code
ORS

Strategy and Objectives

CORPORATE STRATEGY

To become a self funding 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 Bendigo Zone of the Lachlan Fold Belt in Victoria and the Eastern Goldfields Province of the Yilgarn Craton in Western Australia 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 (Maldon) 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,
- Commence open pit mining of the Pearl Croydon Deposit (Amherst) and process the ore through the Maldon Gold Processing Plant,
- 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
- Continue exploration of the Burns Prospect in Western Australia to determine if it has the potential to host a major copper-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 copper-gold resource in Western Australia of greater than 100,000 ounces gold equivalent.

Long Term

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

The Year In Review

HEADLINES

Mining

- » Underground development at the Union Hill Decline advanced through Moon's Cross-Course and 1100 level cross-cut commenced to the Alliance South Gold Deposit
- » Open pit mining commenced at Black Reef

Ore Processing

- » 25,000t of tailings from the Kangaroo Flat Gold Mine processed to produce 5,000 ounces of gold

Exploration

- » Potential for significant remnant ore confirmed at the Nuggetty Reef
- » High-grade gold discovered at the Frenchman's Reef
- » Broad zones of gold, copper, and silver intersected in RC drilling at the Burns Prospect (WA)

HIGHLIGHTS

2012

Two new exploration licences granted (WA)

Approval to mine Black Reef open pit received (Vic)

July

Clearing of Black Reef mine site (Vic)

August

Processing of tailings from the Kangaroo Flat Gold Mine commenced (Vic)

Potential for significant remnant ore confirmed at Nuggetty Reef (Vic)

September

Pearl Croydon and Campbelltown mining licences granted (Vic)

19 hole RC drilling program at the Burns Prospect (WA) continues to intersect gold, copper and silver

October

100% equity in Hogan's Project JV tenements acquired (WA)

November

December

THE YEAR AHEAD

- » Continue development and mining of the Alliance South Gold Deposit
- » Commence open pit mining at the Pearl Croydon Gold Deposit
- » Continue processing of ore from Octagonal and third party sources
- » Increase and upgrade the resource at the Specimen Reef Gold Deposit
- » Extensional RC drilling at the Frenchman's Reef Prospect
- » Surface geophysics, RC and diamond drilling at the Burns Prospect (WA) to better define the potential size and grade of this multi-commodity deposit

2013

Open pit optimization study completed on the Pearl Croydon Deposit (Vic)

January

Amherst and Maryborough exploration licences granted (Vic)

Union Hill Decline advanced through Moon's Cross-Course (Vic)

February

High grade gold intersected in RC drilling at Frenchman's Reef (Vic)

2km long copper in regolith anomaly identified at the Burns Prospect (WA)

March

Open pit mining commenced at Black Reef (Vic)

April

Processing of tailings from the Kangaroo Flat Gold Mine completed (Vic)

May

Processing of ore from the Black Reef open pit commenced (Vic)

Moving loop electromagnetic and ground magnetic surveys completed at the Burns Prospect (WA)

June

Chairman's Letter to Shareholders

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

It has been over two and a half years since Octagonal completed its Initial Public Offer to fund our mining and exploration activities. Since this time we have not deviated from our short term objectives, to commence mining in Central Victoria to generate cash, complete resource definition to sustain this operation, and undertake aggressive exploration in Western Australia to grow the business through exploration success.

Where we have been delayed in achieving our mining objectives (by regulatory approvals or difficult mining conditions) we have implemented contingencies and made the funds raised from our IPO stretch a lot further than initially contemplated. During the year, despite a declining gold price and tough equity market conditions, your Company has achieved a number of significant milestones towards developing a sustainable gold producing operation in Central Victoria.

With ultimate regard for safety we have advanced the Union Hill Decline in Maldon through the difficult ground conditions associated with Moon's Cross-Course and in July this year we commenced development on the Eaglehawk Reef to mine the Alliance South Shoot. This investment in time and money is now poised to reap a return as we start to exploit the ore body.

Acknowledging the delays to our mining operations which have adversely affected our cash position we have actively worked to reduce costs across our business and significantly cut our planned exploration activity. We also entered into an agreement with Unity Mining Limited to re-process tailings from the Kangaroo Flat Gold Mine near Bendigo. Under this agreement we managed the re-processing of tailings and paid for half of the costs to receive half of the gold produced. Over nine months we treated 25,000 tonnes of tailings to produce 5,000 ounces of gold and in December 2012 delivered our first quarter of positive cash flow.

Our mining licence application at the Pearl Croydon Deposit was granted in late 2012 and following a positive open pit optimization study that indicated the potential to generate between $6 and $20 million cash over a 12 to 18 month period we completed mine design, flora and fauna and heritage surveys, and lodged a Work Plan with the State Government to commence mining. We anticipate approval for this project in late 2013 and mining to commence shortly thereafter.

Our anticipated mining costs at Pearl Croydon have been confirmed by trial mining at Black Reef, near Whela, where between April and June this year we mined a 25,000 tonne open pit to gain a better understanding of the structural controls and nugget effect on the distribution of gold in the Wehla Goldfield. This mining has identified of two near-pit exploration targets and RC drilling completed at Frenchman's Reef (1.1km north of Black Reef) has intersected high-grade gold that further supports the potential for a larger open pit mining operation at Wehla.

In Western Australia we continued exploration at the Hogan's Project and focused on the Burns gold-copper-silver prospect. RC drilling extended mineralization over 120 metres strike length and to 150 vertical metres with gold, copper, and silver open in all directions, and we acquired 100% equity in the Hogan's Project tenements from our joint venture partners. Re-analysis of aircore holes identified a large copper anomaly indicating a significant copper deposit and surface geophysical testing was commenced by completing moving loop surface electromagnetic and ground magnetic surveys. We are excited by the potential of the Burns Prospect to develop into a large multi-commodity deposit and will continue surface geophysical surveys next year to define discrete anomalies for targeted bedrock drilling.

The focus for Octagonal in the next 12 months will be to achieve the maximum value from gold production at the Alliance South Shoot while we bring the Pearl Croydon Deposit into production. It will be the combination of these two underground and open pit ore sources that will drive our gold production and the profitability of our business. I look forward to your continued support of Octagonal in the coming year as we build upon the significant hard work and investment that we've made to bring our various ore sources into production.

Yours sincerely,

Ian Gandel
Chairman

Health, Safety, Environment, and 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 neighbors.

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.

Identification and control of hazards forms the foundation of our Safety Management System. Hazards are identified, risks assessed, and critical controls implemented and audited. This System is further supported by well-developed systems, procedures, supervision, instruction, and training.

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

Environment

The Company's Maldon Environmental Management Plan is designed to demonstrate regulatory compliance in the areas of environment and community such as water, dust, noise, and vibration. Monitoring of these features is reported quarterly to an Environmental Review Committee (ERC). The ERC is made up of Regulators (EPA, DEPI, 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 site near Maldon. Rehabilitation work included tree planting, erosion management, and weed control.

Water Management

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

Community

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

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

Octagonal is in support of creating a strong local economy at Maldon for the benefit of the broader community and recognizes that the local tourist industry is important in both attracting business to town and creating employment.

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

- Maldon Australia Day Celebrations
- Maldon Art Walk (run in conjunction with the Castlemaine State Fair)
- Maldon In Winter Festival
- Maldon Art Show
- Maldon Folk Festival
- Maldon and Baringhup Agricultural Show
- Maldon Football and Netball Club
- Maldon Bowling Club

Review of Operations

Victoria

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

Octagonal has six mining licences, one mining licence application, and ten exploration licences located within viable cartage distance to Maldon. These tenements are broadly separated into six project areas referred to as the Maldon, Wehla, Amherst, Dunolly East, Campbelltown, and Maryborough projects.

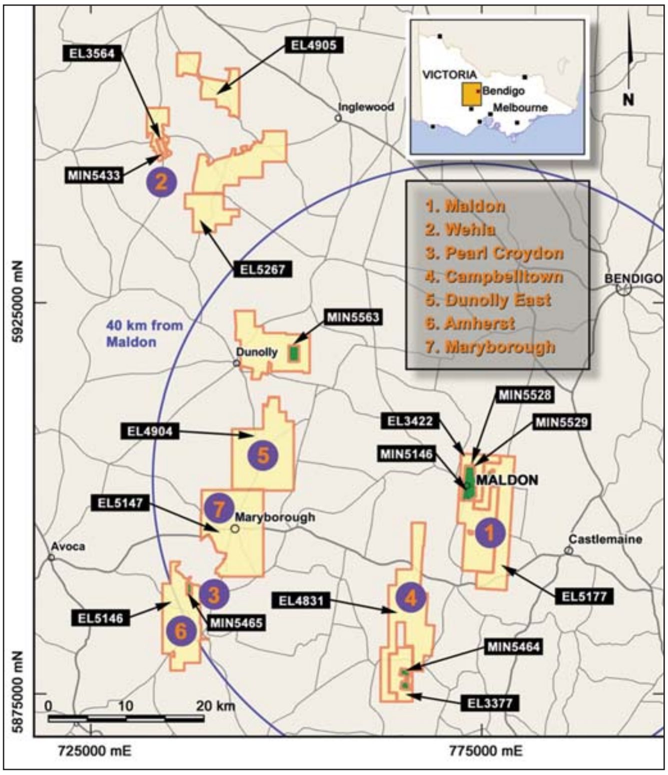


Figure 1: Location of Octagonal Resources Victorian project areas

Maldon Project

The Maldon Project is located 140 kilometres northwest of Melbourne. Octagonal has Mining Licences MIN5146, MIN5528, and MIN5529, and Exploration Licences EL3422 and EL5177 that collectively include 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). Ninety percent of this production was derived from five reefs located within the Central Maldon Shear Zone; the Nuggetty, Eaglehawk, Beehive, Derby and German reefs (Figure 2).

Mineral Resource

The Maldon Project hosts an Inferred Mineral Resources 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 (Figure 3).

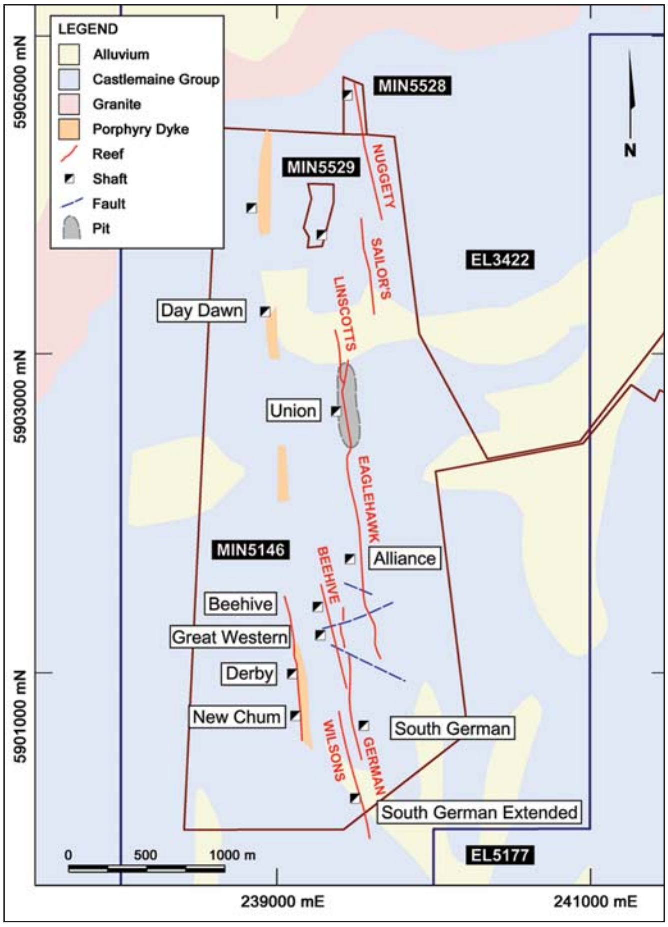


Figure 2: Reefs of the Central Maldon Shear Zone

Mine Development

Octagonal is 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).

Development of the decline was slowed for a substantial part of the year while the Company worked through difficult ground conditions associated with a cross-cutting structure known as Moon's Cross-Course. This required the installation of 20 concrete arches and 873 linear metres of spiling bars, the injection of 52m^3 of grout, and application of 172m^3 of shotcrete.

In February 2013 normal decline development activities re-commenced and by the end of the year development of the decline had ceased as development focused on the 1100 level cross-cut. During the year the decline was extended 50 metres and the 1100 level cross-cut advanced 52 metres.

In July 2013 (after the reporting period) the 1100 level cross-cut intersected the Eaglehawk Reef in the area of the Alliance South Shoot and strike driving to the south on the Eaglehawk Reef commenced.

Table 1 Alliance South Mineral Resource Estimate (October 2009)

		Estimated Gold Resource and Category								
		Measured			Indicated			Inferred		
Deposit	**Location**	**'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

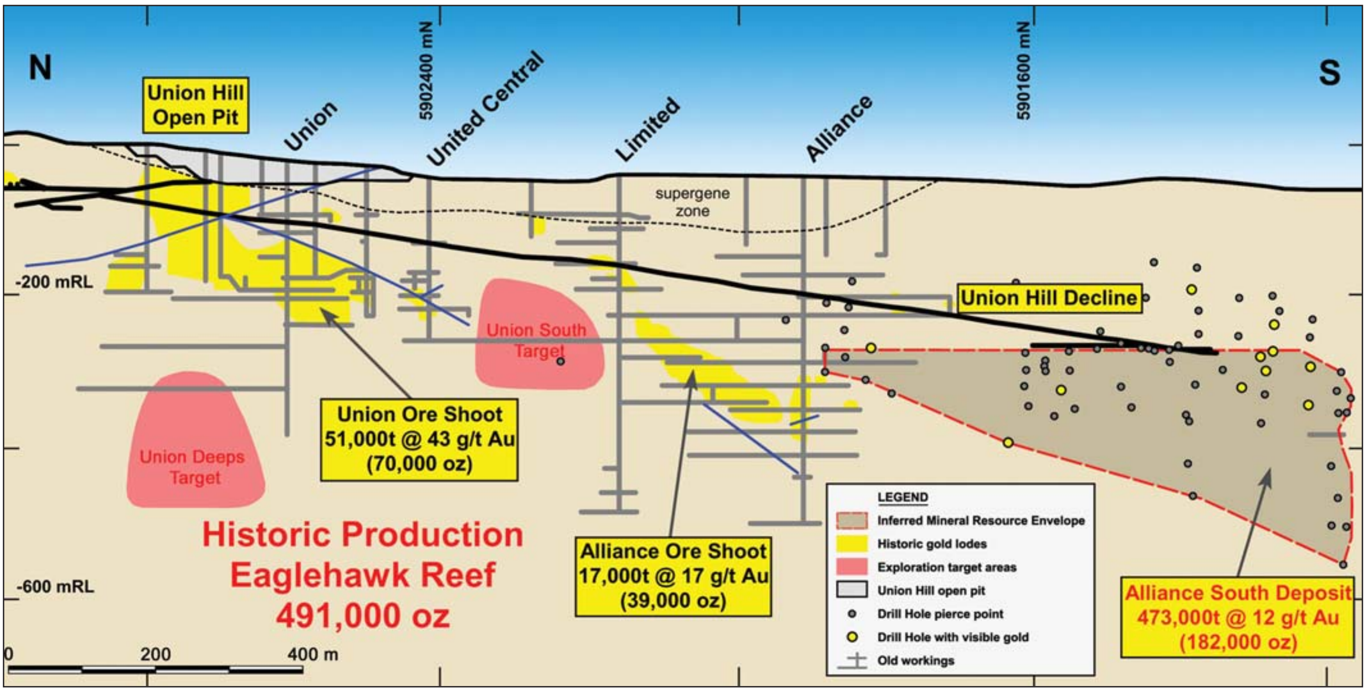


Figure 3: Eaglehawk Reef: Longsection with the Union and Alliance shoots and the Alliance South Deposit

Review of Operations

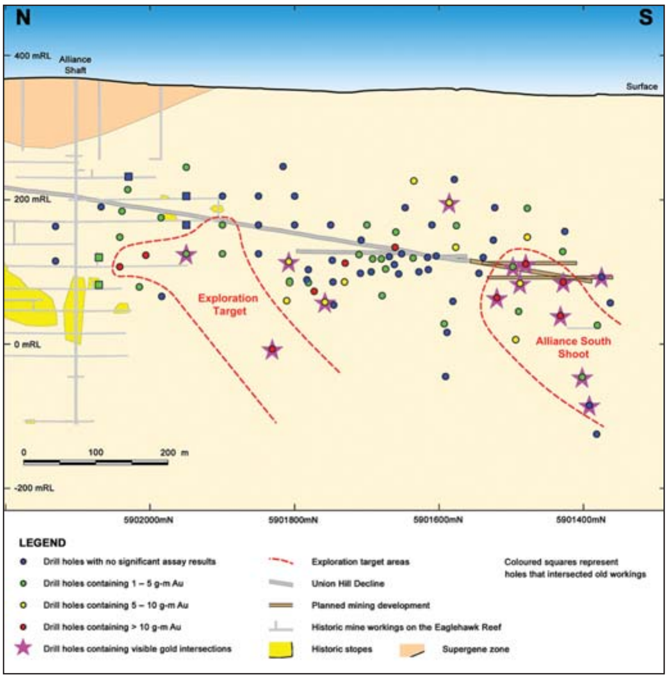


Figure 4: Eaglehawk Reef: Longsection showing position of Union Hill Decline relative to the Alliance South Shoot and planned mine development

Ore Processing

In August 2012 Octagonal entered into an agreement with Unity Mining Limited (ASX: UML) ("Unity") to re-process tailings from the Kangaroo Flat Gold Mine near Bendigo.

The Kangaroo Flat Gold Mine produced gold from the Bendigo Goldfield between 2006 and 2011 using a gravity and flotation gold processing plant. The tailings produced from the flotation circuit is composed of quartz, sulphide, and gold, with gold grades varying between 10g/t Au and 18g/t Au. Much of this gold is refractory (gold associated with sulphides and not easily liberated), however metallurgical test work completed by Octagonal on these tailings indicated that the Porcupine Flat Gold Processing Plant (which uses a slightly different process) will be able to recover between 3 g/t Au and 6 g/t Au.

Under the terms of this agreement Octagonal managed the removal and re-processing of tailings and paid 50% of the costs to receive 50% of the gold produced.

Between September 2012 and May 2013 25,329 dry tonnes of Kangaroo Flat tailings were re-processed to recover an average grade of 6.2 g/t Au and produce 5,029 ounces of refined gold.

During June 2013 3,681 dry tonnes of ore from the Black Reef open pit (100% Octagonal) was processed grading 2.3 g/t Au to recover an average grade of 2.0 g/t Au. By the end of the year 130 ounces of refined gold had been produced.

Exploration

Nuggetty Reef Mine Geological Mapping and Sampling

The Nuggetty Reef is the northern-most reef in the Maldon Goldfield (Figure 2). The Nuggetty Mine workings strike broadly north-south and consist of two near-vertical quartz reefs, referred to as the west reef and east reef that are linked at depth by a near-horizontal flat reef.

The Nuggetty Reef was discovered in 1856 and in the following ten years produced 301,000 ounces of gold from 50,000 tonnes of ore at an average grade of 187 g/t Au. During this period the reef was mined over 350 metres strike length by nine companies, with four deep shafts sunk to a maximum of 238 metres depth.

At the time of production the lower economic cut-off grade for mining is estimated to have been between 15 and 23 g/t Au and there may be potential for significant moderate-grade gold surrounding the historic mine workings.

To test this theory a program of geological mapping and channel sampling was completed in the only area of historic workings currently accessible in the mine (Figure 5).

Geological mapping of the west reef on the 370 mRL level revealed that in this area the reef is 1 to 3 metres thick, and consists of massive quartz, quartz-hornfels and fault breccias, typically with narrow zones of overprinting laminated quartz.

Channel samples were collected at five metre intervals from the backs (roof) and walls of the west reef over the entire 92 metre length of development. Assay results from this sampling returned a peak result of 0.7m @ 48.4 g/t Au, with the five meter spaced channel samples collected from the roof of the drive averaging 4.8 g/t Au and the walls of the drive averaging 4.1 g/t Au. These results include 33m @ 8.2 g/t Au in the roof, 20m @ 8.9 g/t Au in the east wall, and 12m @ 11.1 g/t Au in the west wall (Table 2 and Figure 6).

As the Nuggetty Reef Mine is only located 2.5 kilometres from the Porcupine Flat Gold Processing Plant and little capital development would be required to access the historic workings Octagonal believes that the mine workings present a commercially viable underground mining opportunity. The Company is evaluating mining scenarios to develop the Nuggetty Reef as its second underground mine at Maldon.

Table 2 — Nuggetty Reef Mine: 370mRL Level Channel Sampling

	Roof (Backs)		West Wall		East Wall	
Northing (MGA)	**Thickness (m)**	**Au (g/t)**	**Thickness (m)**	**Au (g/t)**	**Thickness (m)**	**Au (g/t)**
5904792mN	1.9	1.0	0.75	0.1	2.0	0.7
5904787mN	2.9	2.7	-	-	1.0	7.6
5904781mN	1.5	1.5	1.5	0.8	1.5	0.8
5904777mN	2.1	7.5	1.0	5.0	1.0	1.8
5904769mN	5.45	6.3	1.2	0.3	2.0	5.7
5904766mN	1.5	3.1	4.1	0.7	4.4	10.1
5904759mN	3.25	8.8	1.3	1.4	2.4	10.2
5904756mN	2.5	15.2	0.45	0.5	1.5	7.9
5904750mN	1.5	8.8	2.0	16.9	2.3	1.3
5904744mN	1.65	3.2	2.2	5.2	1.5	2.5
5904738mN	1.9	1.9	1.1	0.3	2.15	0.4
5904733mN	2.1	3.9	1.2	0.8	2.0	5.0
5904728.5mN	3.9	3.5	1.2	0.5	-	-
5904723mN	1.3	0.8	1.3	2.6	1.25	0.5
5904718mN	1.3	3.4	1.15	1.9	1.15	15.7
5904713mN	1.4	2.3	1.15	0.5	1.15	0.7
5904708mN	1.45	0.9	1.25	1.2	1.25	10.1
5904705.5mN	1.45	0.5	1.3	1.3	1.3	0.5
Average	**2.2**	**4.8**	**1.4**	**2.8**	**1.8**	**5.2**

Notes

1. Channel samples collected over intervals ranging between 0.3 metres and 1.6 metres length
2. Sample size ranges between 1.5kg and 8.5kg with average weight of 4.1kg
3. Gold analysis conducted by Onsite Laboratory Services (Bendigo Laboratory) using a 40 gram Fire Assay Digest with AAS Finish

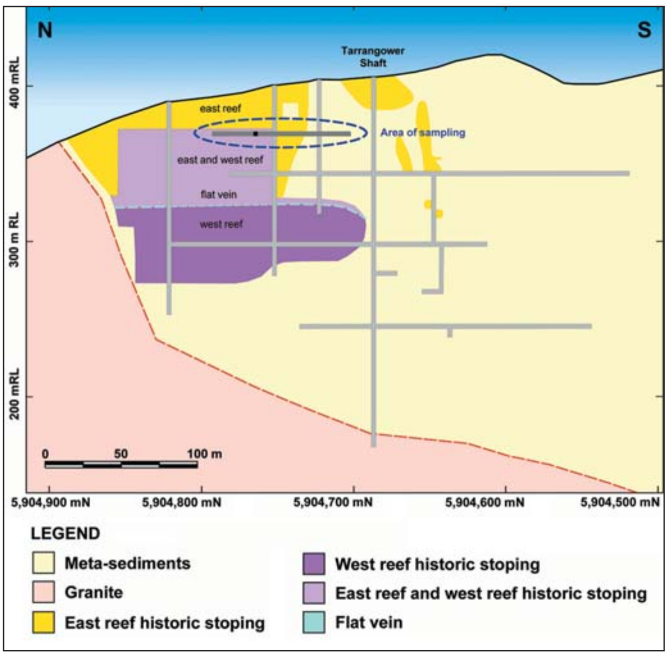


Figure 5: Nuggetty Reef Mine: Longsection of workings with location of sampled ore drive

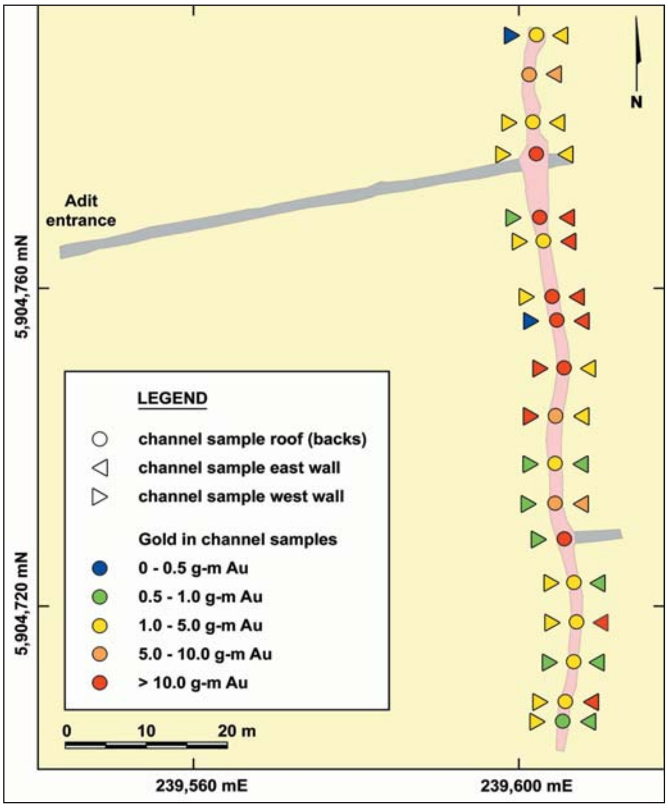


Figure 6: Nuggetty Reef Mine: Plan of 370mRL level with channel sampling results

Review of Operations

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 that collectively include 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 7). 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 been previously drilled in the Wehla Goldfield to an average depth of 50 metres. This drilling has intersected sporadic high-grade gold 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 of lower grade 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 results indicate the potential for significant near-surface gold that may be amenable to open pit mining, however the structural controls and "nugget effect" on the distribution of this gold are not well understood.

Black Reef Open Pit

During the year Octagonal mined a trial open pit to 15 metres depth at Black Reef 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.

Between April and July 2013 6,800 tonnes of ore and 12,900 tonnes of waste was mined bringing the open pit down to 15 vertical metres depth. The majority of ore mined consisted of stope fill and moderate east-dipping spurry quartz veins as most of the main gold-bearing quartz reef had been removed by historic mining. This resulted in a lack of nuggetty high-grade ore in mining, but a significantly improved waste to ore ratio of 2:1 (compared with expected 8:1). Grade control sampling reconciled well against milling data and indicated an average ore grade of 2.1 g/t Au.

The extent of historic mining was not well recognised in reverse circulation (RC) drilling completed prior to mining (in 2011) because the voids have been back-filled with low-grade material (grading between 1g/t and 2g/t Au). The extent and grade of spurry veins was also not recognised in the drilling because the holes were oriented -60° to the east to target the main steep west-dipping quartz reef and the spurry veins dip sub-parallel to this drilling.

Octagonal is reviewing its mine design and operating costs to determine if development of a Stage 2 open pit to 30 vertical metres depth is commercially viable. Importantly, the gold mined in the Stage 1 open pit extends along strike into the north wall, south wall, and pit floor.

Mining has significantly improved the understanding of the structural controls on the distribution of gold in the Wehla Goldfield and provided for better interpretation of surface geological mapping. This has led to the identification of two near-mine exploration targets in similar structural positions. One of these targets is located 100 metres to the south of the open pit and has not been tested by previous drilling, whereas the second target is located 60 metres to the north of the open pit and has been tested by one RC hole BRRC33 that returned 8m @ 1.6 g/t Au from 10m, including 1m @ 7.7 g/t Au from 10m.

These two exploration targets could result in a larger open pit at Black Reef and will be tested with RC drilling.

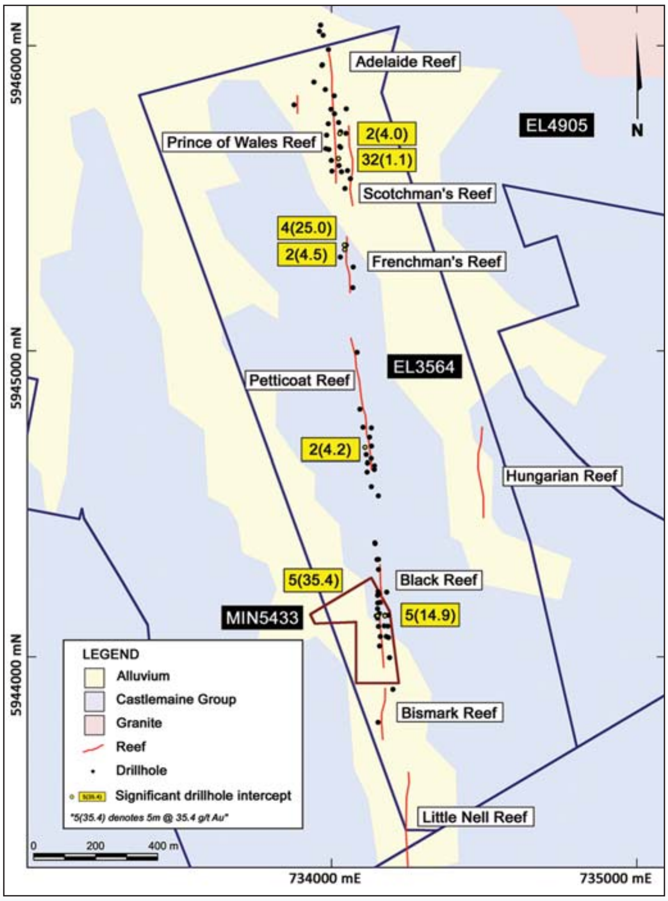


Figure 7: Reefs of the Wehla Goldfield with historic drilling results

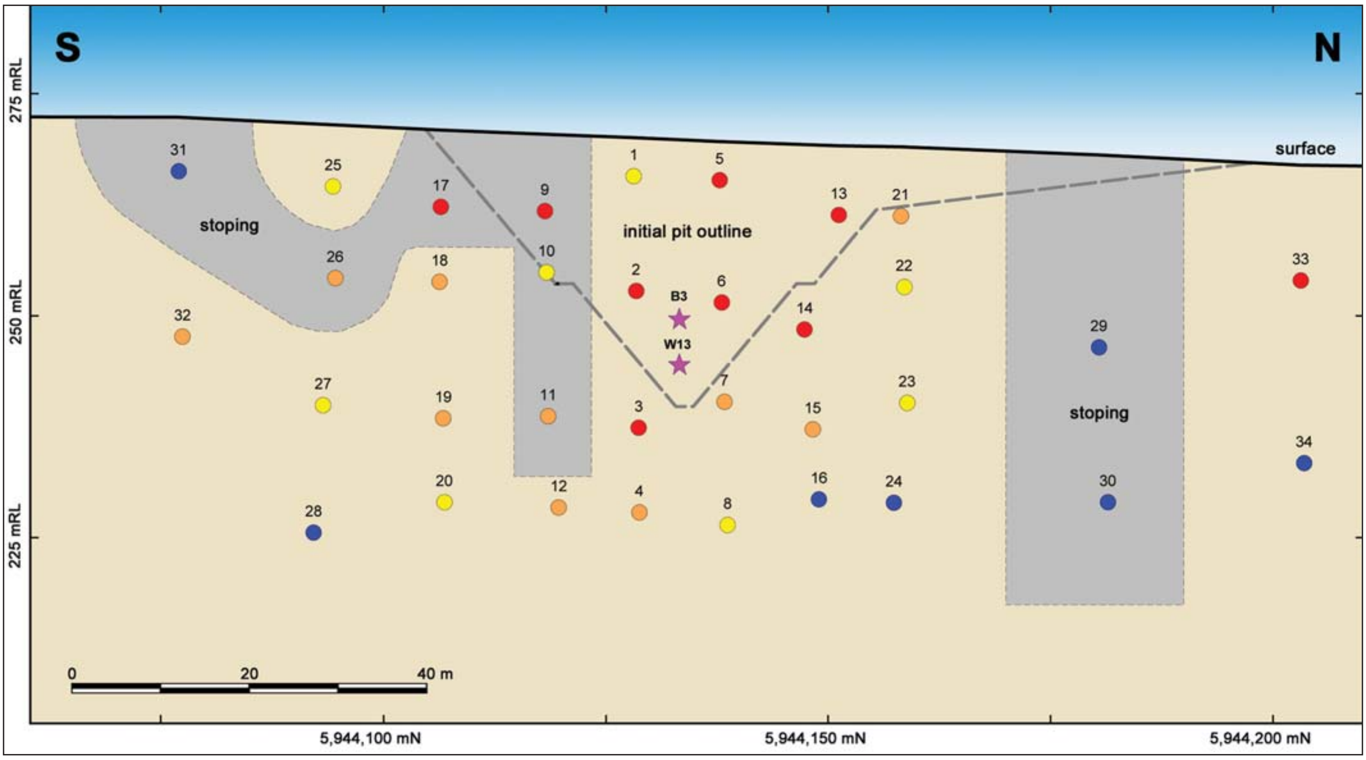


Figure 8: Black Reef: Long-section of drilling results with planned 30m deep open pit

Figure 9: Black Reef: Stage 1 open pit mined to 15m depth

Frenchman's Reef RC Drilling

During March 2013 a 22 hole RC drilling program, totaling 898 metres, was completed at Frenchman's Reef, located 1,100 metres to the north of the Black Reef open pit.

The Frenchman's Reef historic mine workings extend over 200 metres and consist of a 0.5 to 2.5 metre thick quartz reef with spurry veins dominant to the east. The reef dips steeply to the west and is located in the eastern limb of a syncline that plunges moderately to the north.

During 2009 Matrix Gold Pty Ltd drilled three diamond holes at Frenchman's Reef. This drilling returned significant results including 4m @ 25.0 g/t Au from 16m in MD103 and 2m @ 4.5 g/t Au from 30m in MD105.

The aim of this drilling program was to assess the potential of Frenchman's Reef to host near-surface gold amenable to open pit mining. Holes were designed to test a 220 metre strike length of reef to 30 vertical metres depth using a 20 metre by 20 metre spaced grid (Figure 10).

Review of Operations

Table 3	Frenchman's Reef RC Drilling: Significant Assay Results			
Hole No.	**From (m)**	**To (m)**	**Interval (m)**	**Au (g/t)**
FRRC001	9	10	1	1.1
FRRC002	33	35	2	4.1
FRRC004	30	36	6	1.2
FRRC006	38	39	1	1.6
FRRC016	28	30	2	1.8
FRRC017	23	24	1	1.9
	27	28	1	1.6
	34	35	1	2.9
FRRC018	38	39	1	1.8
FRRC019	18	24	6	24.3
FRRC022	44	45	1	20.0
	50	51	1	1.9

Notes

1 All RC holes drilled -60 degrees to the east.
2 Four metre composite scoop samples routinely collected and analysed for gold.
3 Composite scoop samples containing greater than 0.1 g/t gold split and re-analysed over 1 metre intervals for gold.
4 Gold analysis conducted by Gekko Assay Laboratory (Ballarat Laboratory). Analysis completed using the 2 kg Leachwell technique with determination by AAS. The residue of all samples containing greater than 1 g/t Au was routinely filtered, washed and dried for analysis using the Fire Assay technique with determination by AAS.
5 "NSA" denotes "no significant assay result greater than 0.1 g/t Au" and "inc." denotes "including".

This drilling intersected wide zones of quartz reef with nuggetty and high-grade gold surrounded by lower-grade mineralisation. Significant assay results include:

- 2 metres @ 4.1 g/t Au from 33 metres in FRRC02,
- 6 metres @ 1.2 g/t Au from 30 metres in FRRC04,
- 6 metres @ 24.3 g/t Au from 18 metres in FRRC19, inc. 1 metre @ 138.8 g/t Au from 20 metres, and
- 1 metre @ 20.0 g/t Au from 44 metres in FRRC22.

All significant assay results are listed in Table 3 and drill hole details provided in Table 4.

Figure 11 illustrates a long-section displaying the distribution of gold intersected in drilling. Significantly, the higher-grade gold located at the northern end of the drilling program remains unconstrained by drilling to the north and down dip.

The results from this drilling program support the potential of the area to host near-surface gold amenable to open pit mining and a second phase of RC drilling is planned to test for the northern and down plunge extent of gold at this deposit.

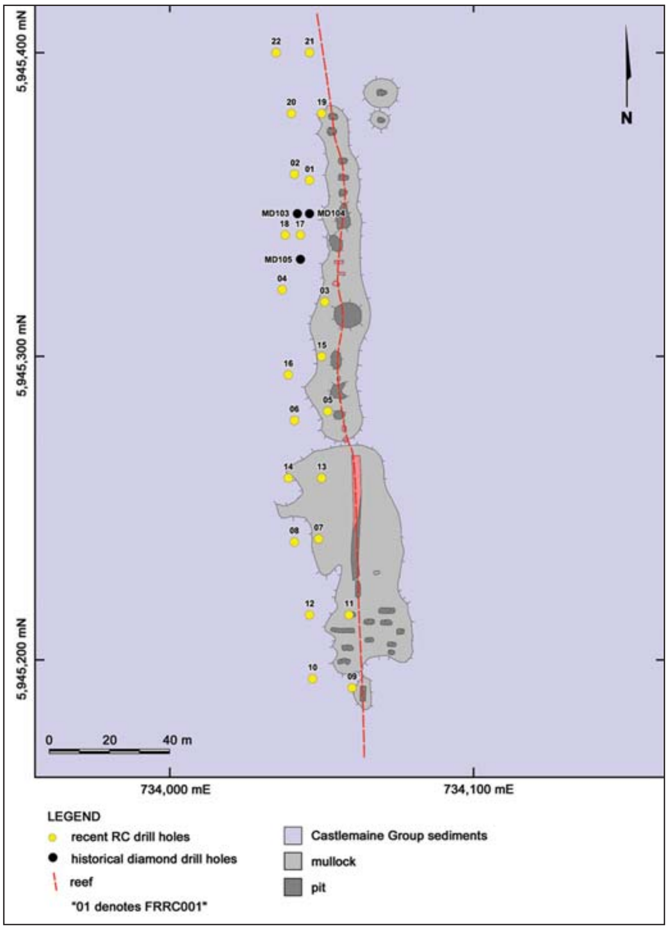


Figure 10: Frenchman's Reef: Drill hole location plan

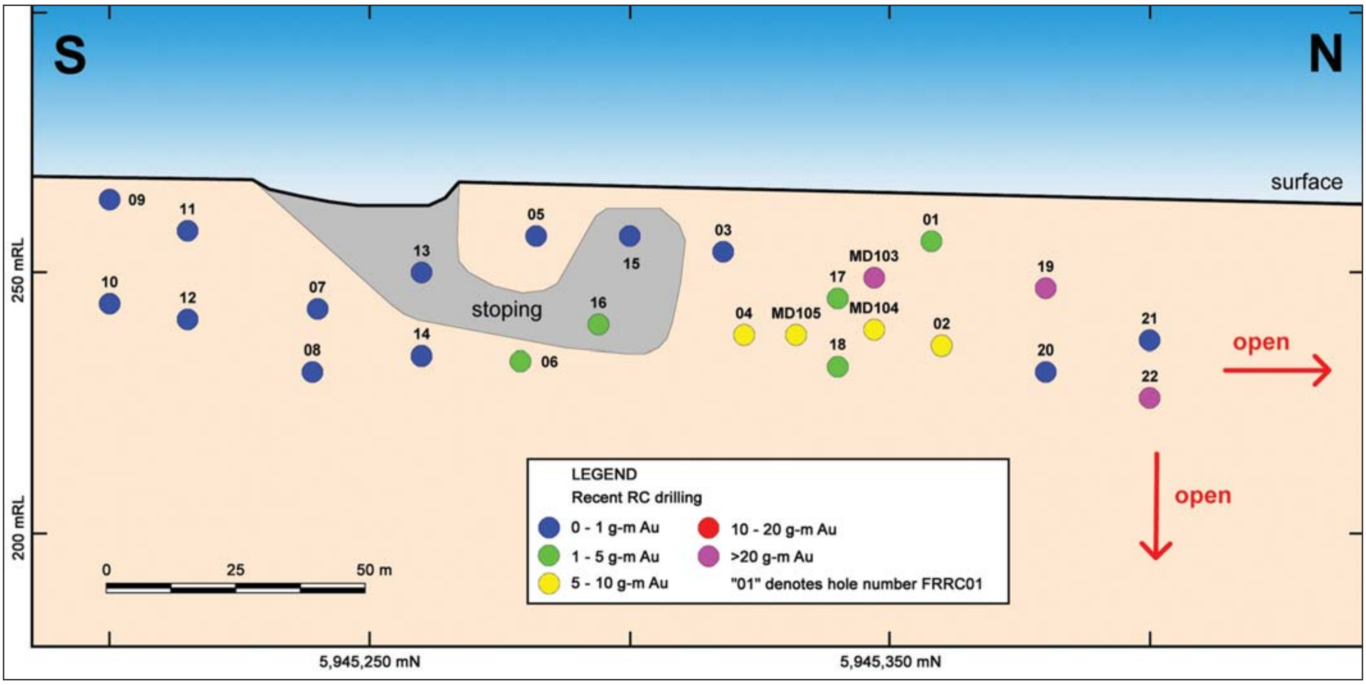


Figure 11: Frenchman's Reef: Long-section of drilling results

Table 4	Frenchman's Reef: RC Drill Hole Details				
Hole Number	**Northing (MGA)**	**Easting (MGA)**	**Azimuth (MGA)**	**Dip**	**Depth (m)**
FRRC001	5945358	734046	90	-60	30
FRRC002	5945360	734041	90	-60	60
FRRC003	5945318	734051	90	-60	30
FRRC004	5945322	734037	90	-60	60
FRRC005	5945282	734052	90	-60	31
FRRC006	5945279	734041	90	-60	55
FRRC007	5945240	734049	90	-60	34
FRRC008	5945239	734041	90	-60	55
FRRC009	5945191	734060	90	-60	28
FRRC010	5945194	734047	90	-60	55
FRRC011	5945215	734059	90	-60	30
FRRC012	5945215	734046	90	-60	52
FRRC013	5945260	734050	90	-60	18
FRRC014	5945260	734039	90	-60	52
FRRC015	5945300	734050	90	-60	9
FRRC016	5945294	734039	90	-60	31
FRRC017	5945340	734043	90	-60	40
FRRC018	5945340	734038	90	-60	60
FRRC019	5945380	734050	90	-60	30
FRRC020	5945380	734040	90	-60	52
FRRC021	5945400	734046	90	-60	34
FRRC022	5945400	734035	90	-60	52

Review of Operations

Amherst Project

The Amherst Project is located 40 kilometres southwest of Maldon. Octagonal has Mining Licence MIN5465 centred on the Pearl Croydon Deposit and Exploration Licence EL5146 that surrounds the mining licence. These tenements were granted during the reporting period and 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 (Figure 12).

Between 1997 and 2003 81 RC holes were drilled at the Pearl Croydon Deposit using predominantly 40 metre spaced traverses. 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.

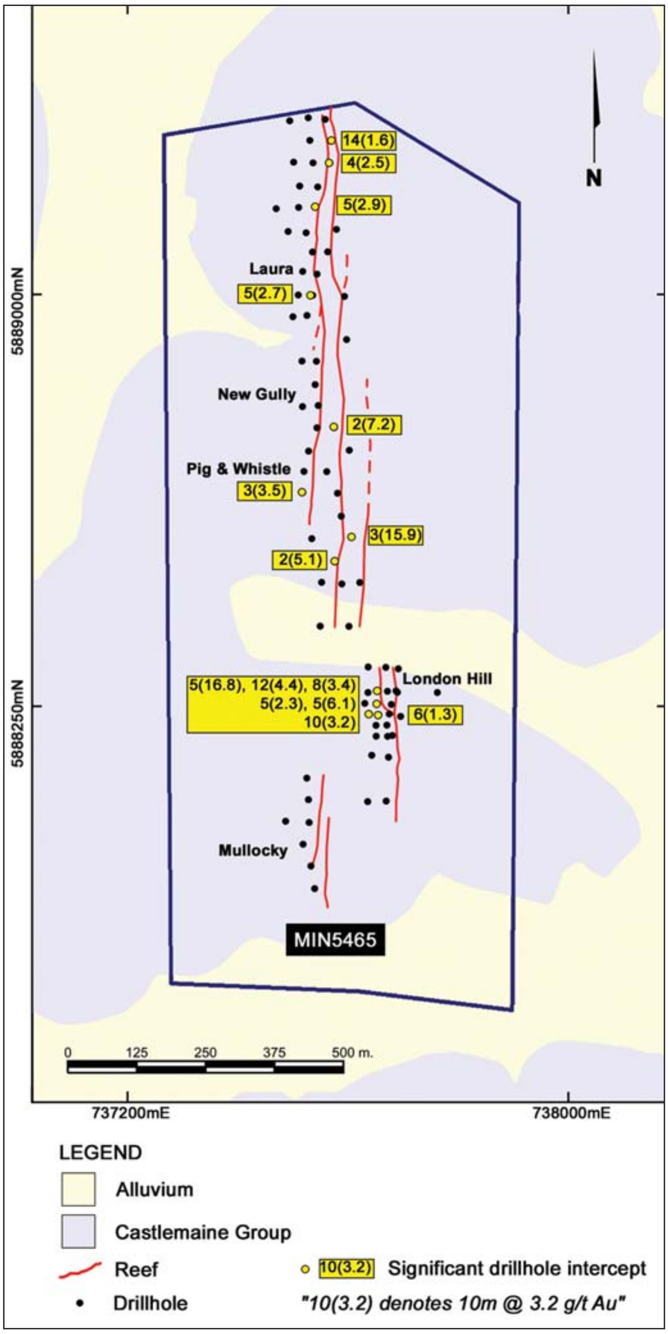


Figure 12: Pearl Croydon Deposit: Drill hole location plan

Table 5	Pearl Croydon Mineral Resource Estimate (July 2010)				
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**

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 5).

Open Pit Optimisation Study

Following the grant of MIN5465, Mining One Pty Ltd was engaged to complete a conceptual open pit optimisation study of the Pearl Croydon Deposit to estimate likely production volumes and grades and help with the planning of future exploration and mining activities. Mining targets are reported in ranges to reflect the underlying geological uncertainty of the Inferred Resource.

The open pit optimisation study was completed based on the following key development concept and mining and ore processing assumptions and results are listed in Table 6:

- Mined ore transported to the Porcupine Flat Gold Processing Plant at Maldon for processing,
- Gold price: A$1,500oz,
- Overall 45 degree pit wall angles,
- Mining dilution 10%,
- Process throughput using existing mill capacity, and
- Process tailings grade between 0.2 and 0.3 g/t Au.

This study revealed that there is the potential to develop up to eight open pits in the Pearl Croydon area (Figure 13), ranging in depth between 30 and 60 metres to mine between 135,000 and 219,000 tonnes of ore grading between 3.7 and 4.9 g/t Au to produce between 15,100 and 32,300 ounces of gold and a cash surplus of between $6.9 and $20.1 million.

Review of Operations

Table 6 Pearl Croydon: Open Pit Optimisation Summary	
Parameter	**Value**
Ore Tonnes (t)	135,000 - 219,000
Au grade (g/t)	3.7 - 4.9
Waste Tonnes (t)	1,350,000 - 2,730,000
Strip Ratio	10.0 - 12.7
Gold Produced (oz)	15,100 - 32,300
Mining Cost ($)	6,733,000 - 13,026,000
Transport & Processing Cost ($)	9,081,000 - 14,725,000
Gold Revenue ($)	22,712,000 - 48,400,000
Cash Surplus ($)	6,898,000 - 20,649,000

Most of the Pearl Croydon Deposit has been drilled using 40 metre spaced traverses, however the higher grade London Hill area has been defined using 20 metre spaced traverses and represents an immediate open pit mining target.

The open pit study revealed that the London Hill area may contain between 26,500 and 44,500 tonnes of ore grading between 4.7 and 7.1 g/t Au to produce between 4,000 and 9,400 ounces of gold and a cash surplus of between $2.7 and $8.0 million (Table 7).

Octagonal's objective is to bring the Pearl Croydon Deposit into production in the shortest possible time frame. To achieve this, the Company has completed mine and site layout design and flora and fauna and heritage surveys over the London Hill and Pig and Whistle areas and in July 2013 lodged a Work Plan with the Victorian State Government seeking regulatory approval to commence open pit mining.

Table 7 London Hill: Open Pit Optimisation Summary	
Parameter	**Value**
Ore Tonnes (t)	26,500 - 44,500
Au grade (g/t)	4.7 – 7.1
Waste Tonnes (t)	328,000 - 679,000
Strip Ratio	12.4 – 15.5
Gold Produced (oz)	4,000 – 9,400
Mining Cost ($)	1,569,000 - 3,139,000
Transport & Processing Cost ($)	1,788,000 - 3,006,000
Gold Revenue ($)	6,060,000 - 14,113,000
Cash Surplus ($)	2,703,000 - 7,968,000

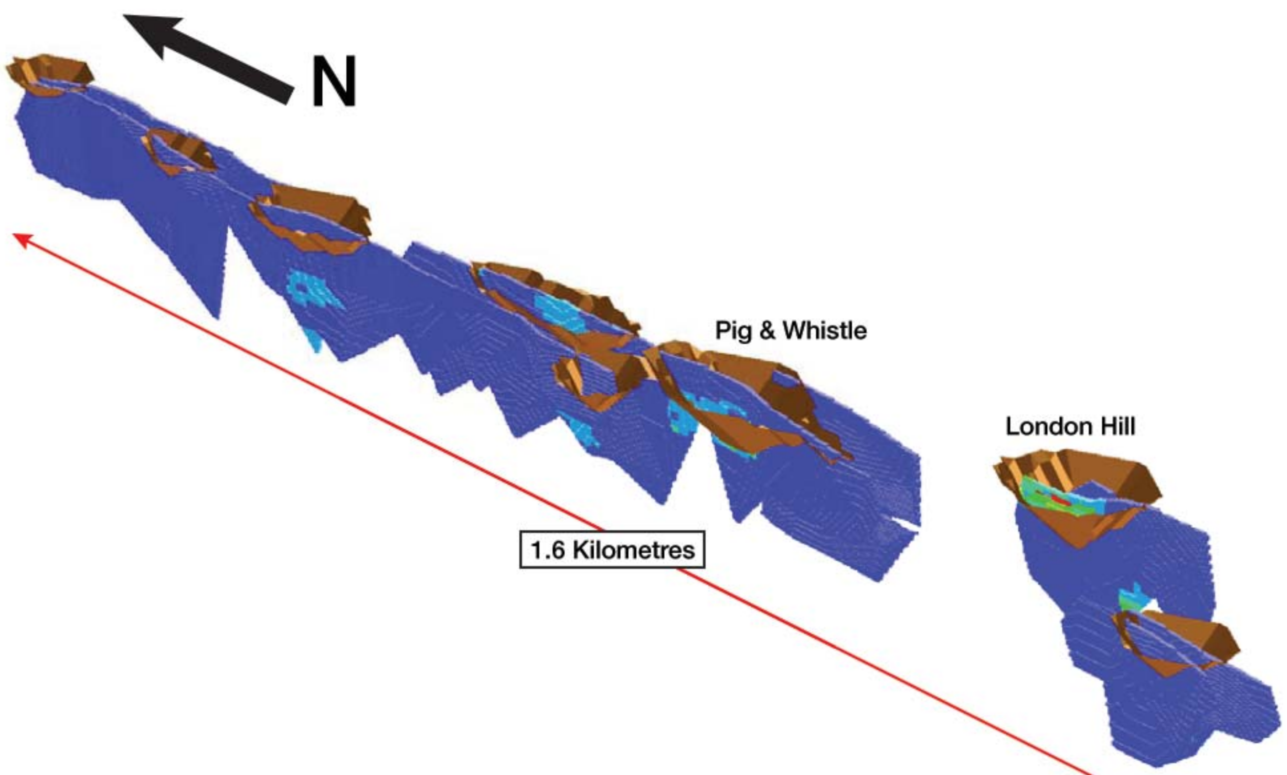


Figure 13: Pearl Croydon: Pit shells generated from open pit optimisation study

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 that partly overlies 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 14).

Between July 2011 and January 2012 47 RC holes were drilled at the Specimen Reef using 20 metre spaced traverses (Figure 15). This drilling 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.

Mineral Resource

The Specimen Reef Deposit hosts an Inferred Mineral Resource of 114,000 tonnes grading 2.9 g/t gold for 10,480 ounces of gold (Table 8). This resource estimate was completed in support of the mining licence application and there is substantial scope to increase the size of the deposit with additional drilling as gold remains unconstrained by drilling to the north, south, and down plunge.

No exploration work was completed on the project during the reporting period while the Company advanced Native Title negotiations to secure the grant of the mining licence.

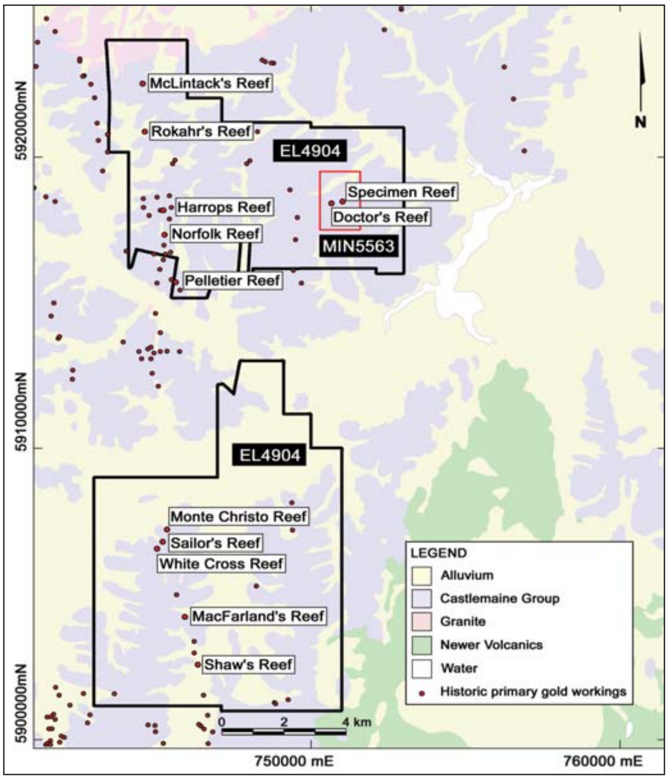


Figure 14: Dunolly East: Surface geology plan

Table 8	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**

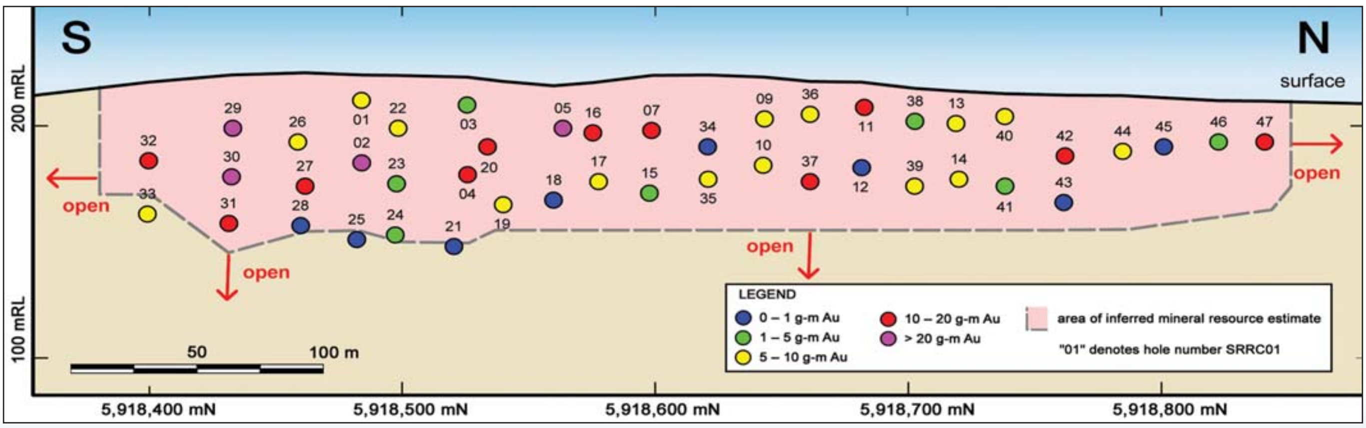


Figure 15: Specimen Reef: Long-section of drilling results with resource outline

Campbelltown Project

The Campbelltown Project is located 30 kilometres southwest of Maldon. Octagonal has Mining Licence MIN5464 centred on the Bosuns Prospect and Exploration Licences EL3377 and EL4831 that collectively includes most of the Campbelltown Goldfield (Figure 16). Mining licence MIN5464 was granted during the reporting period.

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 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 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 resources at the Bosuns Prospect for open pit mining.

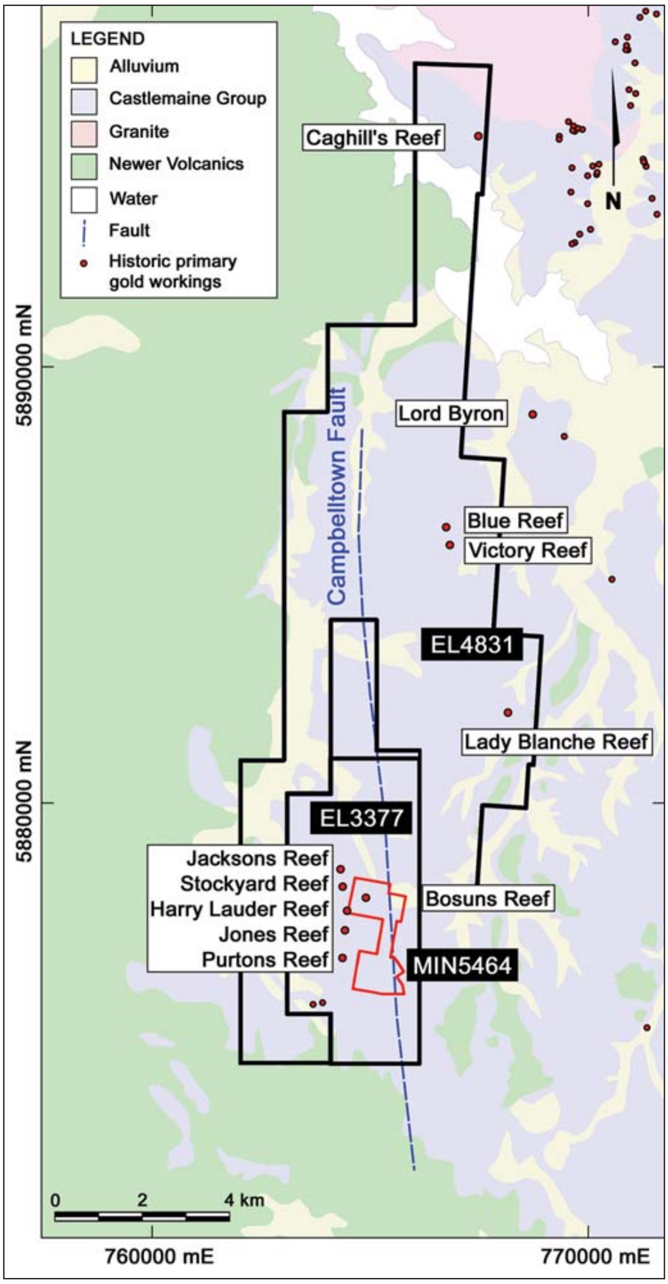


Figure 16: Campbelltown: Surface geology plan

Maryborough Project

The Maryborough Project is located 30 kilometres west of Maldon. During the year Exploration Licence EL5147 that overlies most of the historic Maryborough Goldfield was granted (Figure 17).

Exploration work completed consisted of a literature review of historic exploration data and initial site visits.

The Maryborough Goldfield has produced around 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 in the Maryborough Goldfield. Modern exploration targeting reef hosted gold is limited and Octagonal has identified the Leviathan Mine, Mariners Reef and Bluchers Reef as priority exploration targets for drill testing.

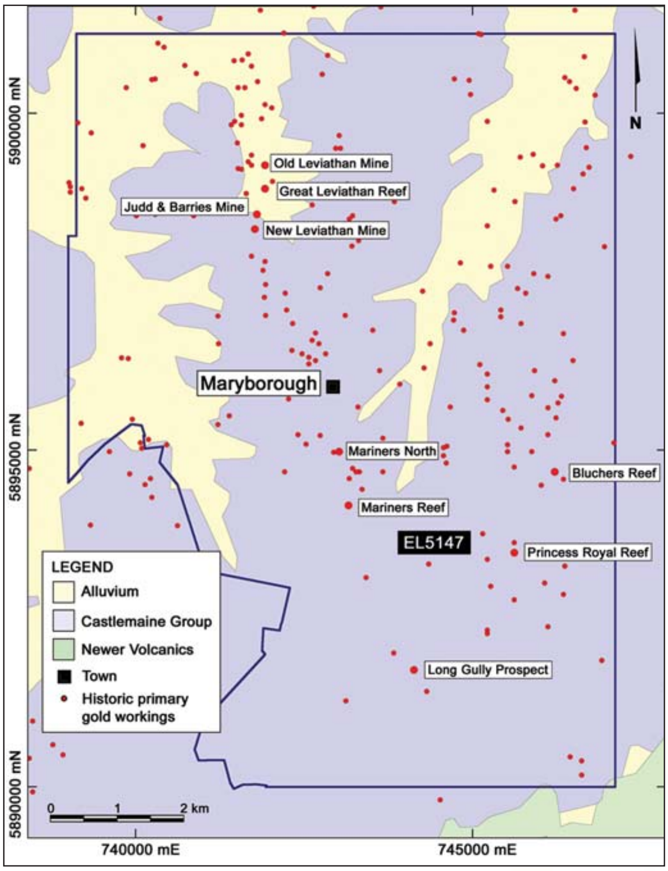


Figure 17: Maryborough: Surface geology plan

Review of Operations

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 +0.8Moz Daisy Milano Mine and +0.4Moz Salt Creek Mine owned by Silver Lake Resources.

The project consists of thirteen exploration licences that overlie a highly prospective but underexplored area of greenstone (Figure 18).

The Hogan's Project is positioned in the southern part of the Norseman - Wiluna Greenstone Belt and straddles the triple junction of three crustal units; the Parker and Boorara domains of the Kalgoorlie Terrane and the Bulong Domain of the Kurnalpi Terrane, each of which is bounded by regionally persistent faults with long histories of reactivation.

Most of the Hogan's Project area is overlain by shallow transported cover and Octagonal is systematically exploring the potential of the area to host a major copper or gold deposit.

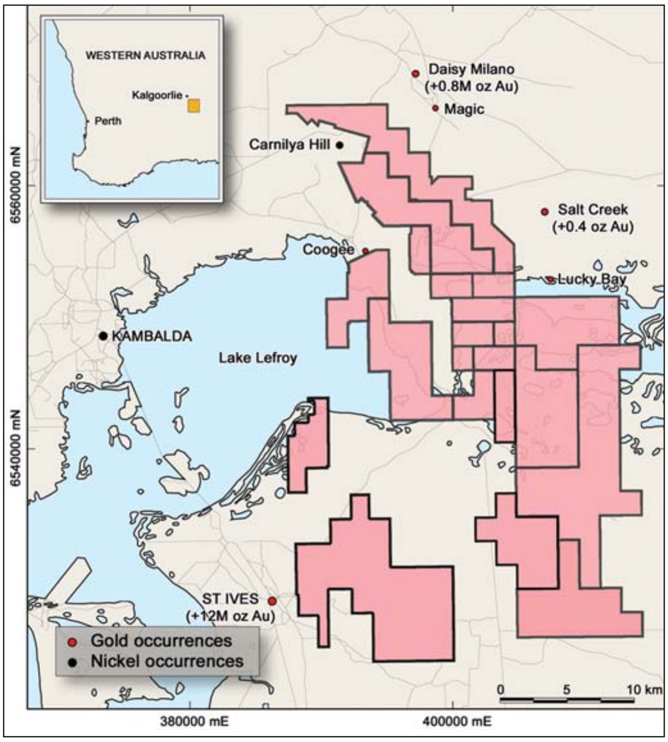


Figure 18: Hogan's Project: Tenement location plan

In November 2012 Octagonal acquired 100% equity in all of the Hogan's Project tenements by issuing 1,500,000 ordinary shares to each of its four joint venture partners; Gold Attire Pty Ltd, Gladiator Resources Limited, West River Pty Ltd, and Velvet Strike Pty Ltd.

Exploration work completed during the year focused on the Burns Prospect and consisted of RC drilling, re-analysis of aircore holes for copper, a ground magnetic survey, and a moving loop surface electromagnetic (EM) survey.

Burns Prospect

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

In May 2011 Octagonal discovered significant gold in regolith (weathered Archaean rock) anomalism at the Burns Prospect while completing regional 160 metre by 640 metre spaced aircore drilling.

During the second half of 2011 two further phases of infill and extensional aircore drilling were completed that ultimately defined a one square kilometre area of gold in regolith anomalism using a 40 metre by 160 metre spaced grid (Figure 19). This gold anomalism is unconstrained by drilling where it trends beneath salt lake cover to the north and east.

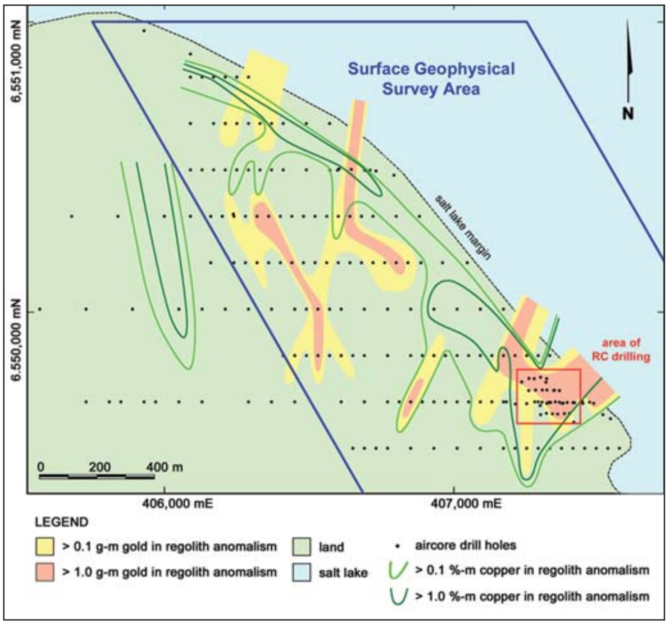


Figure 19: Burns Prospect: Location of gold and copper in aircore drilling with respect to bedrock RC drilling

In January 2012 Octagonal completed an initial twelve hole RC drilling program to test for primary gold that is the source of the gold in regolith anomalism defined by aircore drilling. This drilling program was highly successful and intersected significant widths and grades of not only gold, but also silver and copper. These results included:

- 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
- 6 metres @ 4.9 g/t Au, 2.0 g/t Ag & 0.9 % Cu from 24 metres in OBURC012

This drilling identified a 15 metre wide zone of gold, silver, and copper on one traverse that dips steeply to the west and is overlain by a 70 metre wide blanket of oxidised supergene mineralisation.

RC Drilling

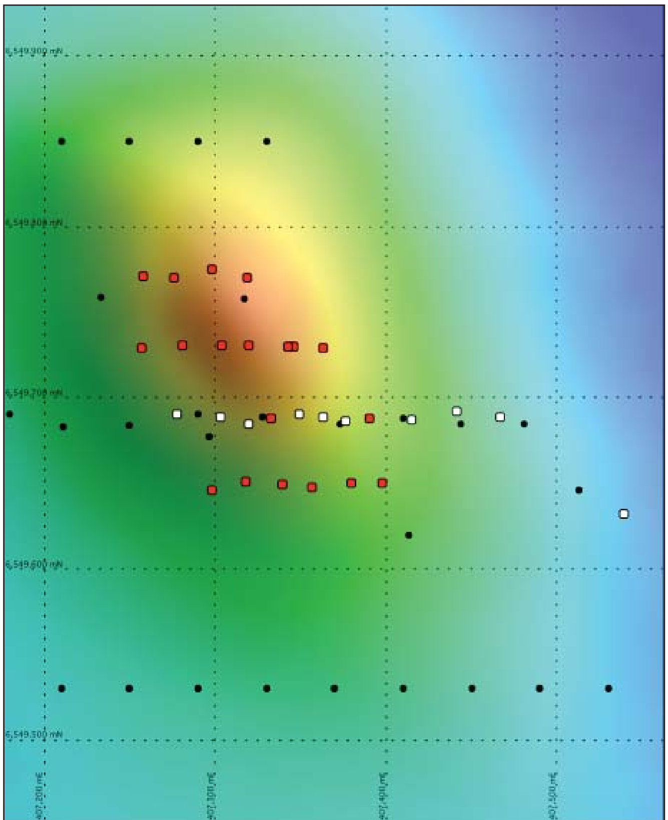
During the reporting period 19 RC holes, totaling 2,507 metres, were drilled at the Burns Prospect to test for extensions of gold, copper, and silver along strike to the north and south of the one traverse drilled in January 2012 (Figure 20).

This drilling continued to intersect broad zones of gold, copper and silver. Results are listed in Table 9 and include:

- 50 metre @ 0.9 g/t Au, 0.8 g/t Ag & 0.5 % Cu from 24 metres in OBURC016
- 12 metres @ 1.5 g/t Au, 0.5 g/t Ag & 0.5 % Cu from 27 metres in OBURC021
- 19 metres @ 0.5 g/t Au, 3.0 g/t Ag & 1.0 % Cu from 44 metres in OBURC022
- 9 metres @ 1.0 g/t Au, 1.6 g/t Ag & 0.7 % Cu from 28 metres in OBURC025
- 3 metres @ 16.1 g/t Au, 4.5 g/t Ag & 0.5 % Cu from 35 metres in OBURC028
- 9 metres @ 1.0 g/t Au, 3.1 g/t Ag & 1.5 % Cu from 115 metres in OBURC031
- 12 metres @ 1.3 g/t Au, 2.0 g/t Ag & 0.8 % Cu from 163 metre in OBURC032

This mineralisation is hosted with broader zones of lower grade mineralisation including:

- 128 metres @ 0.4 g/t Au, 0.6 g/t Ag & 0.3 % Cu from 24 metres in OBURC016
- 24 metres @ 0.2 g/t Au, 1.0 g/t Ag & 0.6 % Cu from 26 metres in OBURC020
- 56 metres @ 0.5 g/t Au, 0.4 g/t Ag & 0.3 % Cu from 26 metres in OBURC021
- 54 metres @ 0.4 g/t Au, 1.6 g/t Ag & 0.7 % Cu from 26 metres in OBURC022
- 23 metres @ 0.8 g/t Au, 1.0 g/t Ag & 0.5 % Cu from 27 metres in OBURC025



LEGEND
Black dots: aircore drill holes
Red dots: RC holes completed during the reporting period
White dots: RC holes drilled prior to the reporting period

Figure 20: Burns Prospect: Drill hole location plan on an aeromagnetic image

Review of Operations

Figure 21 illustrates an interpreted cross-section with drilling results.

Mineralisation is hosted within fractured, but relatively weakly deformed high-magnesian (komatiitic) basalts and intermediate intrusive rocks. Gold occurs both spatially associated with magnetite-biotite alteration and at/near lithological (rock boundary) contacts. Copper occurs predominantly as chalcocite and chalcopyrite, with minor chrysocolla, and except where copper is present there is a notable absence of sulphide minerals. This is not typical of most gold deposits in the Eastern Goldfields, however sulphide poor gold deposits are known to occur and include the +1.8Moz Redeemer and +0.4Moz Cox-Crusader gold deposits located near Agnew, 300 kilometres north-northwest of Kalgoorlie.

The gold, copper, and silver at the Burns Prospect has now been defined over 120 metres strike length, and down to 150 vertical metres depth, and is unconstrained by drilling in all directions.

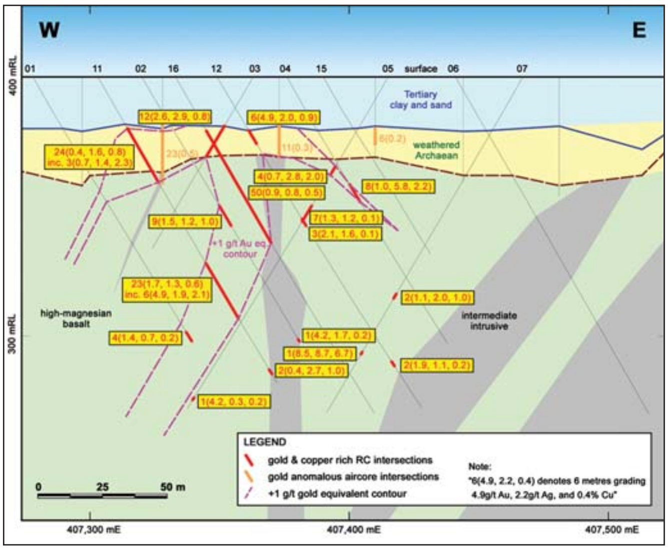


Figure 21: Burns Prospect: 6549690mN Cross-Section illustrating significant assay results

Table 9 — Burns Prospect RC Drilling: Significant Assay Results

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Au eg (g/t)
OBURC015			NSA				
OBURC016	24	152	128	0.4	0.6	0.3	0.9
inc.	24	74	50	0.9	0.8	0.5	1.7
inc.	56	58	2	1.5	2.3	1.4	3.7
inc.	68	74	6	0.6	4.2	1.8	3.5
inc.	73	74	1	0.4	6.3	6.8	11.1
inc.	105	108	3	0.4	1.1	1.0	2.0
OBURC017	33	43	10	0.4	0.8	0.6	1.3
inc.	33	36	3	0.2	0.9	1.0	1.8
inc.	42	43	1	2.0	0.7	0.2	2.3
OBURC018	24	26	2	1.1	0.3	0.3	1.6
	39	42	3	0.1	3.4	1.0	1.7
OBURC019	32	41	9	0.1	0.9	1.0	1.7
OBURC020	26	50	24	0.2	1.0	0.6	1.2
inc.	26	31	5	0.1	0.5	1.3	2.1
inc.	45	50	5	0.4	2.1	1.1	2.2
	59	60	1	1.2	4.4	2.0	4.4
	88	89	1	0.4	2.8	1.4	2.6
OBURC021	26	82	56	0.5	0.4	0.3	1.0
inc.	27	39	12	1.5	0.5	0.5	2.3
inc.	27	35	8	2.3	0.4	0.5	3.1
inc.	33	35	2	4.9	0.3	1.1	6.6
	94	97	3	1.3	6.6	2.3	5.0
OBURC022	26	80	54	0.4	1.6	0.7	1.5
inc.	26	34	8	0.3	1.3	1.0	1.9
inc.	44	63	19	0.5	3.0	1.0	2.1
inc.	58	62	4	1.2	6.1	2.2	4.7
inc.	68	71	3	1.2	2.8	0.4	1.9
	108	109	1	1.2	1.2	0.9	2.6
OBURC023	71	74	3	0.6	4.7	1.3	2.7
	130	133	3	1.2	1.7	0.4	1.9
OBURC024	26	43	17	0.1	0.5	0.7	1.2
inc.	27	34	7	0.2	0.3	1.1	1.9
	119	140	21	0.4	1.3	0.4	1.0
inc.	133	138	5	0.8	1.3	1.1	2.5

Burns Prospect RC Drilling: Significant Assay Results

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Au eg (g/t)
OBURC025	27	50	23	0.8	1.0	0.5	1.6
inc.	28	37	9	1.0	1.6	0.7	2.1
inc.	31	35	4	1.0	2.9	1.0	2.6
	83	86	3	1.0	4.0	1.1	2.8
	131	142	11	0.1	2.8	0.5	0.9
inc.	135	139	4	0.1	4.2	1.0	1.7
OBURC026	28	38	10	0.1	0.8	0.7	1.2
inc.	29	34	5	0.1	1.0	1.1	1.8
	66	69	3	0.9	1.8	0.4	1.6
OBURC027			NSA				
OBURC028	35	38	3	16.1	4.5	0.5	17.0
	45	46	1	1.4	0.4	0	1.4
	96	97	1	0.8	4.1	1.5	3.2
OBURC029	49	50	1	5.2	2.0	0.8	6.5
	104	107	3	1.6	2.1	2.1	4.9
	115	117	2	3.3	1.7	1.0	4.9
	127	128	1	1.5	1.5	0.5	2.3
OBURC030	70	73	3	1.4	3.0	2.3	5.0
OBURC031	115	124	9	1.0	3.1	1.5	3.4
inc.	115	118	3	2.3	5.7	2.8	6.8
	134	135	1	1.1	5.4	2.6	5.2
OBURC032	28	35	7	0.1	1.8	1.3	2.2
	55	56	1	1.3	1.3	0.1	1.5
	67	68	1	0.2	5.0	1.1	2.0
	82	84	2	0.1	2.5	1.4	2.3
	123	124	1	1.3	1	0.3	1.8
	163	175	12	1.3	2.0	0.8	2.6
inc.	163	165	2	3.9	5.2	2.3	7.6
OBURC033	27	32	5	0.3	1.4	1.0	1.9

Notes
1 Four metre composite scoop samples routinely collected.
2 Composite samples containing greater than 0.1 g/t gold or greater than 0.1 % copper split and analysed over 1 metre intervals for Au, Ag, As, Cu, Fe, K, Pb, S, Zn.
3 Gold analysis conducted by Inspectorate KalAssay (Kalgoorlie Laboratory) using a 40 gram Fire Assay Digest with AAS Finish.
4 Multi-element analysis conducted by Inspectorate KalAssay (Kalgoorlie Laboratory) using a Four Acid Digest with ICP-OES Finish.
5 "NSA" denotes "no significant assay result greater than 0.1 g/t Au or 0.1 % Cu", "inc." denotes "including", and "AuEq" denotes "gold equivalent grade".
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)

Table 10 **Burns Prospect: RC Drill Hole Details**

Hole No.	Northing (MGA)	Easting (MGA)	Azimuth (MGA)	Dip	depth (m)
OBURC015	6549688	407390	92.5	-60.6	80
OBURC016	6549688	407333	92.9	-60.3	152
OBURC017	6549729	407363	94.4	-60.6	150
OBURC018	6549730	407343	93.0	-60.5	65
OBURC019	6549730	407346	92.3	-60.2	150
OBURC020	6549731	407320	91.6	-60.2	150
OBURC021	6549731	407304	92.1	-60.6	180
OBURC022	6549731	407281	91.9	-60.5	120
OBURC023	6549729	407257	91.7	-60.8	177
OBURC024	6549770	407319	91.8	-60.3	150
OBURC025	6549775	407298	95.1	-60.8	150
OBURC026	6549770	407276	89.6	-60.7	74
OBURC027	6549771	407258	92.5	-60.0	38
OBURC028	6549650	407398	90.0	-60.0	150
OBURC029	6549650	407380	90.0	-60.0	150
OBURC030	6549648	407357	97.9	-60.5	150
OBURC031	6549649	407339	100.0	-60.7	180
OBURC032	6549651	407318	100.0	-60.0	180
OBURC033	6549646	407298	100.0	-60.0	61

Copper Analysis of Aircore Drill Holes

As the samples collected from the original aircore drilling programs at the Burns Prospect were only analysed for gold 1,186 composite aircore sample pulps were re-analysed for copper and other elements using a Niton Portable XRF Analyser.

Significant assay results are listed in Table 11 and include:

- 21 metres @ 0.47% Cu from 20 metres to EOH in OBU022 (all of Archaean)
- 14 metres @ 0.43% Cu from 20 metres to EOH in OBU083 (all of Archaean)
- 4 metres @ 0.80% Cu from 44 metres in OBU088
- 4 metres @ 0.59% Cu from 67 metres to EOH in OBU094 (all of Archaean)
- 12 metres @ 0.39% Cu from 20 metres to EOH in OBU105 (all of Archaean)
- 8 metres @ 0.64% Cu from 20 metres in OBU150
- 10 metres @ 0.40% Cu from 64 metres to EOH in OBU161 (all of Archaean)

Review of Operations

- » 23 metres @ 0.94% Cu from 20 metres to EOH in OBU170 (all of Archaean) inc. 12 metres @ 1.53% Cu from 24 metres inc. 4 metres @ 3.12% Cu from 24 metres
- » 8 metres @ 0.46% Cu from 24 metres to EOH in OBU171
- » 28 metres @ 0.16% Cu from 20 metres in OBU193
- » 15 metres @ 0.34% Cu from 16 metres to EOH in OBU233 (all of Archaean)
- » 11 metres @ 0.52% Cu from 28 metres to EOH in OBU254 (all of Archaean)
- » 18 metres @ 0.22% Cu from 20 metres to EOH in OBU256 (all of Archaean)

These assay results define two discrete copper anomalies (Figure 19).

The most significant copper anomaly is hosted within high-magnesian basalt and intermediate intrusive rocks, trends to the northwest, extends over two kilometres strike length, is between 80 and 350 metres wide, is not constrained by drilling along its southeast margin, and is coincident with a high-magnetic trend and a gravity gradient.

The second copper anomaly is defined by two 320 metre spaced drill holes and is located 600 metres to the west of the main anomaly. This anomaly extends over 700 metres strike length, is 160 metres wide, and is not constrained by drilling to the north. The anomaly is hosted within intermediate intrusive rocks and is not associated with gold anomalism.

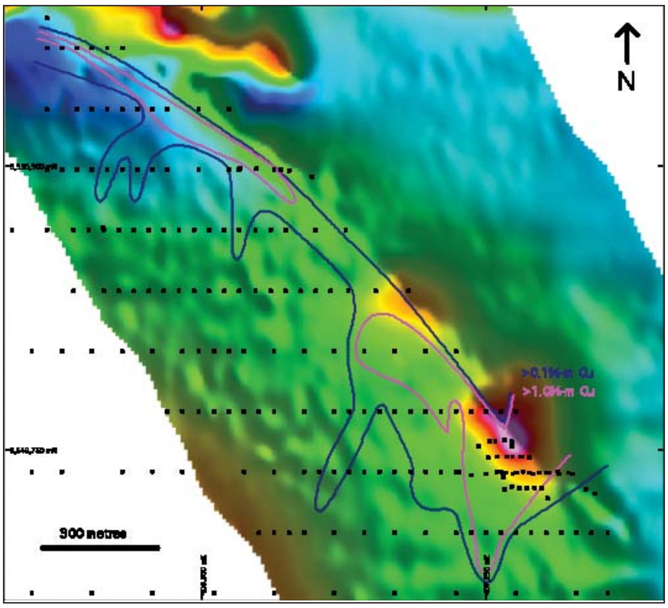


Figure 22: Burns Prospect: Ground magnetic image with copper in aircore drilling

The thickness, grade, and widespread distribution of copper in aircore drilling at the Burns Prospect is indicative of a large copper sulphide deposit. Octagonal is now using surface geophysical techniques to test for conductive or chargeable anomalies indicative of a primary copper sulphide deposit for targeted diamond drilling.

Surface Geophysical Surveys

During the year a moving loop surface EM survey and ground magnetic survey were completed at the Burns Prospect over the eastern copper anomaly (Figure 19).

The moving loop surface EM survey was designed to test for conductors potentially indicative of a massive copper sulphide deposit, whereas the ground magnetic survey was designed to better define the distribution of magnetite alteration associated with the gold, copper, and silver intersected in RC drilling.

Results from the ground magnetic survey defined several high magnetic anomalies that are spatially related with copper in regolith anomalism and provide discrete targets for drilling (Figure 22), whereas the moving loop surface EM survey failed to identify any conductors potentially indicative of massive copper sulphide mineralisation.

The next phase of exploration will consist of 3D modelling of the ground magnetic data to better understand the geometry of the high-magnetic anomalies and a ground induced polarisation (IP) survey to test for a disseminated copper sulphide deposit.

Table 11 Notes

1. One to four metre composite scoop sample pulps routinely analysed.
2. Sample pulps produced by Inspectorate KalAssay (Kalgoorlie Laboratory) when preparing samples for gold analysis.
3. Analysis completed using a Niton XLt 500 Series Portable XRF Analyser. Analysis completed for 30 seconds using the Bulk Sample – Standard Bulk Mode. Analysis completed for As, Co, Cu, Fe, Hg, Mn, Mo, Ni, Pb, Rb, Se, Sr, Th, U, Zn, Zr.
4. 20% of samples returning greater than 0.1% Cu sent to Inspectorate KalAssay (Kalgoorlie Laboratory) for copper analysis using a Four Acid Digest with ICP-OES Finish to confirm the accuracy and precision of the Niton Analyser (average copper error: +/- 0.02%Cu). Niton Analyser shown to routinely underestimate copper grades by an average of 0.08% Cu (range: 0.02% Cu to 0.33% Cu) or 15% of the metal content (range: 7% to 20%).
5. “inc.” denotes “including” and “EOH” denotes “end of hole”.

Table 11 Burns Prospect Aircore Drilling: Significant Copper Results

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Comments
OBU009	72	84	12	0.14	
OBU019	64	65	1	0.10	to EOH.
OBU021	28	32	4	0.22	to EOH.
OBU022	20	41	21	0.47	to EOH. All of Archaean.
OBU082	32	33	1	0.10	
OBU083	20	34	14	0.43	to EOH. All of Archaean.
OBU088	44	48	4	0.80	
OBU094	67	71	4	0.59	to EOH. All of Archaean.
OBU105	20	32	12	0.39	to EOH. All of Archaean.
inc.	24	25	1	1.03	
OBU106	44	45	1	0.16	
OBU108	72	76	4	0.10	to EOH.
OBU110	20	24	4	0.18	
OBU114	32	40	8	0.14	
OBU150	20	28	8	0.64	
OBU160	72	84	12	0.13	
OBU161	64	74	10	0.40	to EOH. All of Archaean.
OBU168	28	32	4	0.17	
OBU169	28	33	5	0.22	to EOH. All of Archaean.
OBU170	20	43	23	0.94	to EOH. All of Archaean.
inc.	24	36	12	1.53	
inc.	24	28	4	3.12	
OBU171	24	32	8	0.46	to EOH.
OBU172	36	40	4	0.10	
OBU181	44	48	4	0.11	
OBU185	40	52	12	0.12	
OBU193	20	48	28	0.16	
OBU204	70	74	4	0.13	
OBU205	60	65	5	0.13	to EOH. All of Archaean.
OBU206	48	52	4	0.13	
OBU207	36	40	4	0.20	to EOH. All of Archaean.
OBU208	24	31	7	0.21	to EOH. All of Archaean.
OBU209	32	47	15	0.15	to EOH.
OBU221	76	80	4	0.12	
OBU225	72	73	1	0.12	to EOH.
OBU226	72	74	2	0.17	to EOH.
OBU230	48	56	8	0.14	to EOH.
OBU232	20	24	4	0.15	
OBU233	16	31	15	0.34	to EOH. All of Archaean.
OBU234	20	23	3	0.20	to EOH.
OBU252	56	58	2	0.16	to EOH.
OBU253	44	50	6	0.17	to EOH. All of Archaean.
OBU254	28	39	11	0.52	to EOH. All of Archaean.
OBU256	20	38	18	0.22	to EOH. All of Archaean.
OBU266	36	40	4	0.11	
OBU284	40	44	4	0.22	to EOH. All of Archaean.
OBU285	44	52	8	0.31	

Review of Operations

Eaglehawk Reef (1.1m @ 10.5 g/t Au)

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 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	2,259.3 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	Granted	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	2,398.3 ha	Matrix Gold Pty Ltd
			CAMPBELLTOWN			
VIC	EL 3377	100%	Campbelltown	Granted	1,813.5 ha	Highlake Resources Pty Ltd
VIC	EL 4831	100%	Campbelltown North	Granted	6,914.2 ha	Highlake Resources Pty Ltd
VIC	MIN 5464	100%	Bosun's Reef	Granted	207.9 ha	Highlake Resources Pty Ltd
			AMHERST			
VIC	MIN 5465	100%	Pearl Croydon	Granted	98.5 ha	Highlake Resources Pty Ltd
VIC	EL 5146	100%	Amherst	Granted	5,482 ha	Fiddlers Creek Gold Mining Co. Pty Ltd
			DUNOLLY EAST			
VIC	EL 4904	100%	Dunolly East	Granted	7,398.7 ha	Highlake Resources Pty Ltd
VIC	MIN 5563	100%	Specimen Reef	Application	260.0 ha	Highlake Resources Pty Ltd
			RHEOLA			
VIC	EL 4905	100%	Rheola	Granted	1,332.8 ha	Highlake Resources Pty Ltd
			MARYBOROUGH			
VIC	EL 5147	100%	Leviathan	Granted	7,893 ha	Fiddlers Creek Gold Mining Co. Pty Ltd
			HOGAN'S			
WA	E15/1044	100%	Hogan's Gold JV	Granted	4 BL	Gladiator Resources Limited
WA	E26/108	100%	Hogan's Gold JV	Granted	27 BL	Gladiator Resources Limited
WA	E15/1097	100%	Lucky Bay Sth JV	Granted	12 BL	Gold Attire Pty Ltd
WA	E15/1125	100%	Lucky Bay Sth JV	Granted	1 BL	Gold Attire Pty Ltd
WA	E26/130	100%	Velvet JV	Granted	15 BL	Velvet Strike Pty Ltd
WA	E15/1072	100%	Velvet JV	Granted	12 BL	Velvet Strike Pty Ltd
WA	E26/129	100%	West River JV	Granted	3 BL	West River Pty Ltd
WA	E25/457	100%	West River JV	Granted	2 BL	West River Pty Ltd
WA	E15/1029	100%	West River JV	Granted	2 BL	West River Pty Ltd
WA	E15/1030	100%	West River JV	Granted	26 BL	West River Pty Ltd
WA	E15/1315	100%	St Ives East	Granted	9 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1336	100%	St Ives East	Granted	10 BL	Octagonal Resources (WA) Pty Ltd
WA	E15/1337	100%	St Ives East	Granted	3 BL	Octagonal Resources (WA) Pty Ltd

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 2013.

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)
Ian C Pamensky (appointed on 24 August 2011 and resigned on 17 January 2013)
Robert P Tolliday (appointed on 17 January 2013)

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $1,041,411 (30 June 2012: $1,761,688).

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 - 26 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 11 August 2013, Octagonal Resources (WA) Pty Ltd allowed Tenements E15/0774 and E15/0803 to expire. All exploration costs were written off at 30 June 2013.

Highlake Resources Pty Ltd provided for a rehabilitation bond for MIN5465 Pearl Croydon. The company anticipates the rehabilitation bond will be $301,000; however this has not been formally confirmed by the Department of Enviroment and Primary Industries.

No other matter or circumstance has arisen since 30 June 2013 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 and commence mining at the Alliance South deposit.
» Continue processing open pit and underground ore from Octagonal's mining operations at the Porcupine Flat Gold Processing Plant.

Wehla Project, Victoria (Matrix Gold Pty Ltd - 100% owned)

» Stage 2 open pit mining at Black Reef.
» Exploration drilling at priority near-surface targets.

Amherst Project, Victoria
(Highlake Resources Pty Ltd - 100% owned)

» Open pit mining and resource definition drilling at the Pearl Croydon deposit.

Campbelltown Project, Victoria
(Highlake Resources Pty Ltd - 100% owned)

» Exploration drilling at the Bosun's Prospect.

Dunolly East, Victoria (Highlake Resources Pty Ltd - 100% owned)

» Grant of mining licence application MIN5563 overlying the Specimen Reef Deposit.

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

» Surface geophysical surveys at the Burns Prospect.
» Aircore drilling at the Sideshow Prospect.
» Regional exploration across the project area.

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 - 26. 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 Environment and Primary Industries (DEPI) 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 quarterly 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 DEPI or DMP.

Occupational Health and Safety

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

To the end of June 2013, 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 it's operations, these policies are communicated to employees and are reviewed on a regular basis.

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

Octagonal Resources Limited is fully committed to the following principles:

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

Directors' report

Name:	**Ian J Gandel**
Title:	Non-Independent Non-Executive Chairman
Qualifications:	LLB, BEc, FCPA, FAICD
Experience and expertise:	Ian Gandel is a businessman with extensive experience in retail and retail property management. He has had an involvement in the construction and leasing of Gandel shopping centres and has been a director of Gandel Retail Trust. He has previously been involved in the Priceline retail chain and the Corporate Executive Offices serviced offices chain. Ian has been an investor in the mining industry since 1994, is currently a substantial shareholder in a number of publicly listed Australian companies and 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 24 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
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 18 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:	510,002 ordinary shares
Interests in options:	N/A

Name:	**Ian C Pamensky**
Title:	Non-Executive Director - Resigned 17 January 2013
Qualifications:	BComm, BCompt (Hons), Chartered Accountant
Experience and expertise:	N/A
Other current directorships:	N/A
Former directorships (in the last 3 years):	N/A
Special responsibilities:	Ian Pamensky was Company Secretary and Finance Manager of Octagonal Resources Limited up to late November 2012.
Interests in shares:	109,667 ordinary shares

Name:	**Robert P Tolliday**
Title:	Non-Executive Director
Qualifications:	BBus, Chartered Accountant
Experience and expertise:	Robert Tolliday is a Chartered Accountant with over 25 year's experience in business including accounting, audit, corporate finance, corporate recovery, treasury, HR, office management and company secretarial. For the majority of the last 12 years Robert worked as the Company Secretary and General Manager Finance & Admin for the Professional Golfers Association of Australia Ltd (PGA), a public company limited by guarantee. Prior to this, Robert was a Senior Manager and spent over 13 years working for Chartered Accounting practices KPMG and Pitcher Partners in both Australia and the UK, participating in the corporate recovery and reconstruction, plus audit and accounting divisions, during which time Robert gained extensive experience in a wide and varied cross section of industry sectors and companies. Robert is also the Company Secretary of Alliance Resources Ltd (appointed on 22 November 2012).
Other current directorships:	N/A
Former directorships (in the last 3 years):	N/A
Special responsibilities:	Robert Tolliday is Company Secretary and Chief Financial Officer (CFO) of Octagonal Resources Limited.
Interests in shares:	100,000 ordinary shares

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

Directors' report

Company secretary

Robert Tolliday was appointed company secretary of Octagonal Resources Limited on 22 November 2012. Robert is also the company secretary of Alliance Resources Ltd (appointed on 22 November 2012).

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Ian J Gandel	8	8	3	3
Anthony R Gray	8	8	3	3
Ian C Pamensky*	3	3	N/A	N/A
Robert P Tolliday **	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.

* Ian C Pamensky resigned as a Director on 17 January 2013.

** Robert P Tolliday was appointed as a Director on 17 January 2013.

Remuneration report (audited)

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

From 1 July 2012 to 30 June 2013, 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
» Ian C Pamensky - Non Executive Director & Company Secretary from 24 August 2011 until 17 January 2013 and from 10 November 2010 to 21 November 2012 respectively.
» Robert P Tolliday - Non Executive Director from 17 January 2013 & Company Secretary from 22 November 2012

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

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

B. Details of remuneration

Amounts of remuneration

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

30 June 2013	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*	68,750	5,000	-	-	-	-	73,750
Robert P Tolliday**	-	-	-	-	-	2,215	2,215
Ian C Pamensky**	3,333	-	-	-	-	-	3,333
Executive Directors:							
Anthony R Gray	228,750	-	-	20,588	-	6,939	256,277
	300,833	5,000	-	20,588	-	9,154	335,575

* Other - Audit Committee fees

** The Gandel Metals Trust employed Ian C Pamensky until 30 November 2012 and employed Robert P Tolliday from 25 October 2012. 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 $115,394 for accounting and company secretarial services provided by Ian C Pamensky and Robert P Tolliday. All charges were on commercial terms. The Gandel Metals Trust was also paid directors fees of $78,333 for non-executive director services provided by Ian C Pamensky ($60,000) and Robert P Tolliday ($18,333). Note: Ian C Pamensky received directors fees of $3,333 paid to him in his own right subsequent to his employment with The Gandel Metals Trust. Refer to note 26 - Related Party Transactions in the annual report.

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
Executive Directors:							
Anthony R Gray	210,000	-	-	18,900	-	-	228,900
John F Harrison	103,173	-	-	6,938	-	-	110,111
Other Key Management Personnel:							
Ian C Pamensky**	-	-	-	-	-	-	-
	363,173	5,000	-	25,838	-	-	394,011

* Other - Audit Committee fees

** The Gandel Metals Trust employed Ian C Pamensky during the 30 June 2012 year. The Gandel Metals Trust is an entity associated with Ian J Gandel. Fees are paid to the Gandel Metals Trust in accordance with the Gandel Metals Trust Management Service Agreement and part of the fees paid included professional fees of $78,284 for accounting and company secretarial services provided by Ian C Pamensky. All charges were on commercial terms. Refer to note 26 - Related Party Transactions in the annual report.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**30 June 2013**	**30 June 2012**	**30 June 2013**	**30 June 2012**	**30 June 2013**	**30 June 2012**
Non-Executive Directors:						
Robert P Tolliday	- %	- %	- %	- %	100%	- %
Executive Directors:						
Anthony R Gray	95%	100%	- %	- %	5%	- %

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:	01/11/2012
Term of agreement:	30/09/2014
Details:	Remuneration - Employment cost is $256,738 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 2013.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2013.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2013.

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 2013.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date*	Expiry date**	Share price target for Vesting***	Fair value per right at grant date
20/12/12	20/12/13	21/12/15	$0.275	$0.0406

* 40% of performance rights vest on 20 December 2013, 40% on 20 December 2014 and lastly, 20% of performance rights vest of 20 December 2015.
** Performance rights will expire in the following circumstances; (1) on the date the employee ceases to be employed, (2) if there is a work related fatality during the period 20 December 2012 to 19 December 2013 and (3) if the closing price of the company's ordinary shares does not exceed 27.5 cents for more than 20 trading days during the period 20 December 2012 to 19 December 2013.
*** Share price target for vesting must occur for more than 20 trading days during the period 20 December 2012 to 19 December 2013.

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

Name	Number of rights granted during the year		Number of rights vested during the year	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Mr A Gray	170,910	-	-	-
Mr R Tolliday	54,550	-	-	-

Values of performance rights over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

Name	Value of rights granted during the year $	Value of rights vested during the year $	Value of rights lapsed during the year $	Remuneration consisting of rights for the year $
Mr A Gray	6,939	-	-	-
Mr R Tolliday	2,215	-	-	-

This concludes the remuneration report, which has been audited

Directors' report

Shares under option

There were no shares of Octagonal Resources issued on the exercise of options during the year ended 30 June 2013 and up to the date of this report. The 817,190 performance rights major terms of issue include that during the 12 month period following the grant of performance rights on 20 December 2012; (1) there being no fatalities, (2) the closing price of the Company's ordinary shares exceeding 27.5 cents for more than 20 trading days, (3) certain lost time injury conditions which can reduce the potential total of performance rights to be converted to shares and (4) continued employment throughout the period.

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 2013 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 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 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

» all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

» none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former 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 the following page.

Auditor

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

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Octagonal Resources Limited support and have adhered to the principles of corporate governance and have established a set of policies for the purpose of managing this governance. The consolidated entity's corporate governance statement is contained on pages 39 to 49 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
Chairman

30 September 2013
Melbourne, Victoria

Auditors Independence Declaration

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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 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 30 September 2013

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
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.	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. 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: » 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 behavior; and » reviewing the performance of the Board as a whole, Board Committees and individual directors. 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: » 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

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
		» 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. **Director Induction and Education** 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. **Company Secretary** All Directors have access to the Company Secretary. The Company Secretary is accountable, through the Chairman, for all governance matters. **Management** Mr. Anthony Gray was appointed Managing Director on 10 November 2010. The Managing Director's specific responsibilities are described above. The other senior executive of the Company is the Chief Financial Officer (responsible and accountable to the Managing Director) and Company Secretary. His specific responsibilities include the following: » 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

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.	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. 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 2013. **Director Independence** 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. Robert Tolliday, Non-Executive Director (Company Secretary). 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." 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. 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, one director, Mr Robert Tolliday, is non-executive but acts as the Company Secretary (as per footnote 2, page 10, Mr Tolliday is employed by Gandel Metals Pty Ltd) and the other director is executive. 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's size does not justify a large Board with a majority of independent directors. **Independent professional advice** 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.	None of the directors are independent. The Company's size does not justify a large Board with a majority of independent directors.
2.2	The chair should be an independent director.	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. 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. The Board is aware that it does not comply with Recommendation 2.2 and has formed the view that its size does not justify a Board large enough to have an independent director as its chairperson.	Size does not justify a Board large enough to have an independent director as its chairperson.

Corporate Governance Statement

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
2.3	The roles of chairperson and chief executive officer (or equivalent) should not be exercised by the same individual.	The Company's chairperson, Mr Ian Gandel and Managing Director, Mr Anthony Gray have separate roles. The chairperson is primarily responsible for: » 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. 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.	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.	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 2014 using the above process. **Director Induction and Education** 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. **Company Secretary** All directors have access to the Company Secretary. The Company Secretary, is accountable, through the Chairman, for all governance matters.	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.	Size does not warrant a separate Committee.

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 3: Promote ethical and responsible decision-making			
3.1	» Establish a code of conduct and disclose the code or a summary of the code as to: » 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	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. The Company recognises the need for Directors and employees to observe the highest standards of behavior 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.	Not applicable
3.2	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.	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. The Diversity Policy provides a framework for Octagonal to achieve: » 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, equality and respect for all aspects of diversity. The Policy can be accessed at www.octagonalresources.com.au	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.	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. 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.	While Octagonal has reported against other 2010 amendments to the ASX Principles and Recommendations in this Corporate Governance Statement, having regard to the 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.	The proportion of women in the Octagonal group of companies is set out in the following table: **Proportion of women** Whole organisation[1]: 6 out of 21 (29%) Board: Nil out of 3 (0%) Senior executive positions[2]: 1 out of 4 (25%)	Not applicable
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	All information required to be provided has been disclosed above.	Not applicable

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 Chief Financial Officer & Company Secretary, Mr Robert Tolliday and the Senior Management Accountant, Ms Ana Carapina. Mr Tolliday and Ms Carapina are employed by Gandel Metals (see footnote 1 above).

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.	The Company established an Audit & Risk Committee on 16 November 2010. **Committee members:** Members of the Committee at the date of this Report are: » Mr Ian Gandel (Chairman) » Mr Anthony Gray (Managing Director) **Committee Role & Responsibilities:** 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: » 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. The Audit & Risk Committee will normally meet at least two times each financial year.	Not applicable
4.2	The Audit committee should be structured so that it: » 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.	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 Robert Tolliday (Non-Executive Director/Company Secretary) and the Company's External Auditors. 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 » 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
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	The external auditor, BDO 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. 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. 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. All information required to be provided has been disclosed above.	Not applicable

Corporate Governance Statement

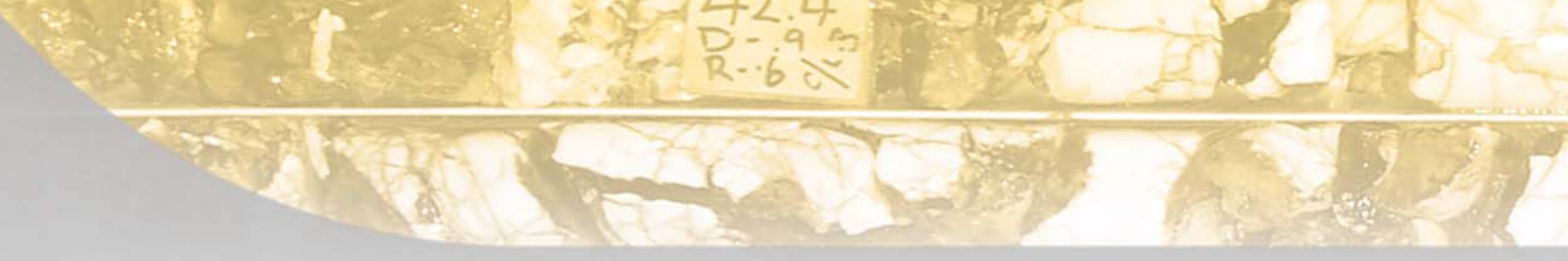
Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 5: Make timely and balanced disclosure			
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	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. 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. 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. 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. 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.	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

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.	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. 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: » 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 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. 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. 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. 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. 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. Shareholders who are unable to attend meetings of the Company are encouraged to participate in meetings by appointing a proxy. Proxy forms may by lodged by shareholders by post, facsimile or transmission to the electronic address specified in the relevant notice of meeting.	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.	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	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.	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. 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. 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. 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.	Not applicable

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.	The Board will ensure that it receives assurance from the Managing Director and the Chief Financial Officer & 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. The Board has indicated that it is satisfied that management has developed and implemented a sound system of risk management and internal control.	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.	The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives. 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. 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. Non-executive directors are not provided with retirement benefits. The senior executives of the Company are remunerated by way of a total salary package (inclusive of statutory superannuation), excepting those identified in Footnote 2 above as employed by Gandel Metals which charges a fee for their services per the Management Services Agreement. 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). 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.	Not applicable
8.3	Companies should provide the information indicated in the guide to reporting on Principle 8.	All information required to be provided has been disclosed above.	Not applicable



Statement of profit or loss and other comprehensive income

For the year ended 30 June 2013

		Consolidated	Consolidated
	Note	30 June 2013 $	30 June 2012 $
Revenue	4	4,876,434	503,932
Expenses			
Corporate administration expense		(419,077)	(334,432)
Employee benefits expense		(638,002)	(306,730)
Marketing expense		(96,167)	(77,381)
Loss on sale of a mining tenement	5	(164,058)	-
Depreciation and amortisation expense	6	(305,945)	(263,069)
Company secretarial expense		(67,177)	(52,053)
Refining expenses		(2,233)	(4,359)
Operating and plant recommissioning expenses		(2,160,955)	(478,094)
Tenement costs written off		(1,393,114)	-
Share based payment expense		(33,178)	-
Other expenses		(637,916)	(749,502)
Loss before income tax expense		(1,041,388)	(1,761,688)
Income tax expense	7	(23)	-
Loss after income tax expense for the year attributable to the owners of Octagonal Resources Limited	20	(1,041,411)	(1,761,688)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Octagonal Resources Limited		(1,041,411)	(1,761,688)
		Cents	**Cents**
Basic earnings per share	30	(0.98)	(1.76)
Diluted earnings per share	30	(0.98)	(1.76)

Statement of financial position

As at 30 June 2013

	Note	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
Assets			
Current assets			
Cash and cash equivalents	8	1,241,508	2,172,930
Trade and other receivables	9	176,715	286,154
Inventories	10	114,370	79,591
Other	11	111,448	134,393
Total current assets		1,644,041	2,673,068
Non-current assets			
Receivables	12	992,500	992,500
Property, plant and equipment	13	1,473,794	1,551,672
Exploration and evaluation	14	19,989,692	17,673,197
Total non-current assets		22,455,986	20,217,369
Total assets		24,100,027	22,890,437
Liabilities			
Current liabilities			
Trade and other payables	15	1,111,013	340,819
Employee benefits	16	196,424	87,731
Total current liabilities		1,307,437	428,550
Non-current liabilities			
Provisions	17	1,273,751	1,010,165
Total non-current liabilities		1,273,751	1,010,165
Total liabilities		2,581,188	1,438,715
Net assets		21,518,839	21,451,722
Equity			
Contributed equity	18	19,772,476	18,697,126
Reserves	19	33,178	-
Retained profits	20	1,713,185	2,754,596
Total equity		21,518,839	21,451,722

Statement of changes in equity

For the year ended 30 June 2013

	Contributed equity $	Reserves	Retained profits $	Total equity $
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)
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
Consolidated				
Balance at 1 July 2012	18,697,126	-	2,754,596	21,451,722
Loss after income tax expense for the year	-	-	(1,041,411)	(1,041,411)
Total comprehensive income for the year	-	-	(1,041,411)	(1,041,411)
Transactions with owners in their capacity as owners:				
Issues of Shares on acquisition of tenements, net of transaction costs	1,075,350	-	-	1,075,350
Share based payments	-	33,178	-	33,178
Balance at 30 June 2013	19,772,476	33,178	1,713,185	21,518,839

Statement of cash flows

For the year ended 30 June 2013

	Note	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,831,108	91,786
Payments to suppliers and employees (inclusive of GST)		(3,126,699)	(1,833,621)
		1,704,409	(1,741,835)
Interest received		65,890	210,755
Fuel Tax Credit		9,036	-
Income taxes paid		(23)	-
Net cash from/(used in) operating activities	29	1,779,312	(1,531,080)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(228,067)	(738,824)
Payments for exploration and evaluation	14	(2,492,667)	(3,298,489)
Payments for term deposits		-	(85,417)
Payments for ore tolling agreement bonds		-	(50,000)
Proceeds from sale of property, plant and equipment		10,000	-
Net cash used in investing activities		(2,710,734)	(4,172,730)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(931,422)	(5,703,810)
Cash and cash equivalents at the beginning of the financial year		2,172,930	7,876,740
Cash and cash equivalents at the end of the financial year	8	1,241,508	2,172,930

Notes to the financial statements

30 June 2013

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 below. 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 financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity generated a net loss after income tax of $1,041,411 for the year ended 30 June 2013 and a net decrease in cash and cash equivalents of $931,422. As at 30 June 2013 the consolidated entity has cash and cash equivalents of $1,241,508 and net current assets of $336,604.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. Based on the information below, the directors are satisfied that an adequate plan is in place and that the consolidated entity will have a positive cash balance through to 30 September 2014 (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 2013, the consolidated entity had cash and cash equivalents of $1,241,508 and had working capital, being current assets less current liabilities, of $336,604.

» The budgets and forecasts reviewed by the directors for the next eighteen month period ending 31 December 2014 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 Pearl Croydon and Alliance South gold deposits

» 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.

» Whilst aiming to be self funding, should additional funding be required the consolidated entity continues to actively consider other available financing options including loans and future equity capital raising initiatives to support necessary exploration and operational expenditure commitments however, it should be noted, that while capital raising funding has been used in the past, any future capital raising would be dependent on financial market conditions at the time that any additional equity funds are being sought.

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.

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.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Functional and presentation currency

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

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 2013 and the results of all subsidiaries for the year then ended. Octagonal Resources Limited and its subsidiaries 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 and special purpose entities 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 once ore processing has been completed.

Agency Income - Unity Tailings

50% of gold and silver sale proceeds less refining charges as provided by Unity tailings. Revenue is recognised once payment is received from The Perth Mint.

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, 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

Notes to the financial statements

30 June 2013

» 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.

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 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from 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 are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

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

Loans and receivables

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

Impairment of financial assets

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

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the 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 recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment

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

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

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

Buildings	5 years
Plant and equipment	2.5 - 40 years
Motor vehicles	5 years

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 exploration 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.

Notes to the financial statements

30 June 2013

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.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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.

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 result 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 2013. 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.

Notes to the financial statements

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AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 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. 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. The consolidated entity will adopt this standard from 1 July 2013 but the impact of adoption is not expected to be material to the consolidated 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 2014 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 are yet to be assessed.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimation of useful lives of assets

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

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

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

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 contaminated sites.

NOTE 3. OPERATING SEGMENTS

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

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

Notes to the financial statements

30 June 2013

	Consolidated	Consolidated
	30 June 2013 $	**30 June 2012 $**
NOTE 4. REVENUE		
Sales revenue		
Sale of goods	181,046	91,786
Ore processing income	939,516	195,972
Agency Income - Unity Tailings	3,676,700	-
	4,797,262	287,758
Other revenue		
Interest	65,890	211,597
Diesel fuel rebates	9,036	4,195
Other revenue	4,246	382
	79,172	216,174
Revenue	4,876,434	503,932
NOTE 5.		
Loss on Sale of a Mining Tenement	164,058	-
NOTE 6. EXPENSES		
Loss before income tax includes the following specific expenses:		
Depreciation		
Land and buildings	(2,643)	(5,505)
Plant and equipment	(288,578)	(243,616)
Motor vehicles	(14,724)	(13,948)
Total depreciation	(305,945)	(263,069)

	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
NOTE 7. INCOME TAX EXPENSE		
The components of income tax expense / (benefit) comprise:		
Current income tax		
Current income tax charge / (benefit)	(929,356)	(1,526,122)
Adjustments to current income tax expense in respect of prior periods	23	-
Deferred tax		
Relating to origination and reversal of temporary differences	626,893	997,616
Deferred tax assets not brought to account	302,463	528,506
Income tax expense / (benefit)	23	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,041,388)	(1,761,688)
Tax at the statutory tax rate of 30%	(312,416)	(528,506)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustments to current income tax expense in respect of prior periods	23	-
Share based payments	9,953	-
	(302,440)	(528,506)
Deferred tax assets not brought to account	302,463	528,506
Income tax expense	23	-
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	16,271,966	13,174,114
Potential tax benefit @ 30%	4,881,590	3,952,234
The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.		
Deferred tax assets and liabilities not recognised		
Deferred tax liabilities comprise:		
Prepayments	(28,636)	(27,120)
Accrued income	-	(2,160)
Exploration and evaluation	(4,646,898)	(3,986,525)
Total deferred tax liabilities	(4,675,534)	(4,015,805)
Deferred tax assets comprise:		
Provisions and accruals	454,552	330,006
Equity raising costs	183,418	275,128
Tax losses	4,881,590	3,952,234
Total deferred tax assets	5,519,560	4,557,368

The above potential net tax benefit 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 2013

	Consolidated 30 JUNE 2013 $	Consolidated 30 JUNE 2012 $
NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash on hand	2,209	2,200
Cash at bank	1,179,299	2,110,730
Cash on deposit	60,000	60,000
	1,241,508	2,172,930
NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade receivables	1,382	2,014
Rental deposit	-	120
Ore processing income receivable	-	195,972
Interest receivable	-	7,200
GST receivable	175,333	80,848
	176,715	286,154
NOTE 10. CURRENT ASSETS - INVENTORIES		
Raw materials - at cost	114,370	79,591
NOTE 11. CURRENT ASSETS - OTHER		
Prepayments	111,448	134,393
NOTE 12. NON-CURRENT ASSETS - RECEIVABLES		
Term deposits*	942,500	942,500
Ore tolling agreement bond**	50,000	50,000
	992,500	992,500

* 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

	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
NOTE 13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT		
Land and buildings - at cost	551,091	551,091
Less: Accumulated depreciation	(27,528)	(24,885)
	523,563	526,206
Plant and equipment - at cost	3,401,682	3,175,815
Less: Accumulated depreciation	(2,498,817)	(2,210,239)
	902,865	965,576
Motor vehicles - at cost	146,365	144,165
Less: Accumulated depreciation	(98,999)	(84,275)
	47,366	59,890
	1,473,794	1,551,672

Reconciliations

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

	Land & Buildings $	Plant & Equipment $	Motor Vehicles $	Total$
Consolidated				
Balance at 1 July 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
Additions	-	225,867	2,200	228,067
Depreciation expense	(2,643)	(288,578)	(14,724)	(305,945)
Balance at 30 June 2013	523,563	902,865	47,366	1,473,794

Notes to the financial statements

30 June 2013

	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
NOTE 14. NON-CURRENT ASSETS - EXPLORATION AND EVALUATION		
Exploration and evaluation (Maldon Resources Pty Ltd) - at cost	28,144,513	26,490,308
Less: Impairment	(19,652,396)	(19,652,396)
	8,492,117	6,837,912
Exploration and evaluation (Octagonal Resources (WA) Pty Ltd) - at cost	5,877,473	5,403,179
	5,877,473	5,403,179
Exploration and evaluation (Matrix Gold Pty Ltd) - at cost	2,485,201	2,810,659
	2,485,201	2,810,659
Exploration and evaluation (Highlake Resources Pty Ltd) - at cost	3,134,901	2,621,447
	3,134,901	2,621,447
	19,989,692	17,673,197

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 2011	14,374,708
Expenditure during the year	3,298,489
Balance at 30 June 2012	17,673,197
Expenditure during the year	2,492,667
Share based and other non-cash transactions	1,381,000
Disposals	(164,058)
Write off of assets	(1,393,114)
Balance at 30 June 2013	19,989,692

	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
NOTE 15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	417,163	221,116
GST payable	184,307	-
Other payables	509,543	119,703
	1,111,013	340,819
NOTE 16. CURRENT LIABILITIES - EMPLOYEE BENEFITS		
Long service leave	68,991	-
Annual leave	127,433	87,731
	196,424	87,731

	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
NOTE 17. NON-CURRENT LIABILITIES - PROVISIONS		
Long service leave	14,251	51,665
Environmental rehabilitation	1,259,500	958,500
	1,273,751	1,010,165

Environmental

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

	Consolidated 30 June 2013 shares	Consolidated 30 June 2012 shares	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
NOTE 18. CONTRIBUTED EQUITY				
Ordinary shares - fully paid	106,048,002	100,048,002	19,772,476	18,697,126

Movements in ordinary share capital

Details	Date	No of shares	$
Balance	1 July 2011	100,048,002	18,697,126
Balance	30 June 2012	100,048,002	18,697,126
Issue of shares on acquisition of tenements less Costs	16 November 2012	6,000,000	1,075,350
Balance	30 June 2013	106,048,002	19,772,476

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 2013 $	Consolidated 30 June 2012 $
NOTE 19. EQUITY - RESERVES		
Share based payment reserve	33,178	-
NOTE 20. EQUITY - RETAINED PROFITS		
Retained profits at the beginning of the financial year	2,754,596	4,516,284
Loss after income tax expense for the year	(1,041,411)	(1,761,688)
Retained profits at the end of the financial year	1,713,185	2,754,596

NOTE 21. EQUITY - DIVIDENDS

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

NOTE 22. FINANCIAL INSTRUMENTS

Financial risk management objectives

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

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

Market risk

Foreign currency risk

The consolidated entity operates solely in Australia and at present has no foreign exchange exposure.

Commodity price risk

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

Interest rate risk

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

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

	30 June 2013		30 June 2012	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Consolidated				
Cash and cash equivalents	1.72	1,241,508	1.64	2,172,930
Term Deposits	4.30	992,500	4.57	992,500
Net exposure to cash flow interest rate risk		2,234,008		3,165,430

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

A movement in interest rates, with all other variables held constant would result in a post tax gain (increase in rates) or loss (decrease in rates) of $22,340 (2012: $31,654). A 1% interest rate change sensitivity is considered reasonable based on possible changes over a finacial year.

Credit risk

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

As at 30 June 2013, the majority of credit risk exposure relates to cash and cash equivalents and receivables. Cash and cash equivalents amounted to $1,241,508 (2012: $2,172,930), while current trade and other receivables amounted to $176,715 (2012: $286,154) and non-current receivables amounted to $992,500 (2012: $992,500). The credit risk on cash and cash equivalents and non-current receivables is limited as the counterparties are banking institutions with high credit ratings assigned by international credit-rating agencies.

No material concentration of credit risk exists in relation to current trade and other receivables.

The ageing of current receivables at reporting date were as follows:

	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
30 - 60 days	176,715	286,154

No receivables are impaired or past due at balance date (2012: nil)

Liquidity risk

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

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

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

Remaining contractual maturities

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

Consolidated	Weighted average interest rate %	1 year or less $	Between 1 & 2 years $	Between 2 & 5 years $	Over 5 years $	Remaining contractual maturities $
30 June 2013						
Non-derivatives						
Non-interest bearing						
Trade payables	-	417,163	-	-	-	417,163
Other payables	-	693,850	-	-	-	693,850
Total non-derivatives		1,111,013	-	-	-	1,111,013
30 June 2012						
Non-derivatives						
Non-interest bearing						
Trade payables	-	221,116	-	-	-	221,116
Other payables	-	119,703	-		-	119,703
Total non-derivatives		340,819	-		-	340,819

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.

Notes to the financial statements

30 June 2013

NOTE 23. 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 (resigned on 17 January 2013)

» Robert P Tolliday (appointed on 17 January 2013)

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 2013 $	Consolidated 30 June 2012 $
Short-term employee benefits	305,833	368,173
Post-employment benefits	20,588	25,838
Share based payment	14,635	-
	341,056	394,011

* The employment of Ian C Pamensky and Robert P Tolliday is through the Gandel Metals Trust. The Gandel Metals Trust is an entity associated with Ian J Gandel. Fees are paid to The Gandel Metals Trust in accordance with The Gandel Metals Trust Management Service Agreement and part of the fees paid included professional fees of $115,394 (2012: $78,284) for accounting and company secretarial services provided by Ian C Pamensky and Robert P Tolliday. All charges were on commercial terms. The Gandel Metals trust was also paid director's fees of $78,333 for non executive director services provided by Ian C Pamensky (60,000) and Robert P Tolliday ($18,333).
Note: Ian C Pamensky received directors fees of $3,333 paid to him in his own right subsequent to his employment with the Gandel Metals Trust. Refer to Note 26 - Related Party Transactions in the annual report.

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 renumeration	Additions	Disposals/ other	Balance at the end of the year
30 June 2013					
Ordinary shares					
Ian J Gandel	19,986,000	-	-	-	19,986,000
Anthony R Gray	410,002	-	100,000	-	510,002
Ian C Pamensky*	109,667	-	-	-	109,667
Robert P Tolliday	-	-	100,000	-	100,000
	20,505,669	-	200,000	-	20,705,669
* Ian C Pamensky resigned on 17 January 2013 - his shareholdings relate to the period from 1 July 2012 to 17 January 2013.					
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.

Related party transactions

Related party transactions are set out in note 26.

NOTE 24. 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	Consolidated
	30 June 2013 $	30 June 2012 $
Audit services - BDO East Coast Partnership		
Audit or review of the financial statements	72,000	66,400
Other services - BDO East Coast Partnership		
Tax compliance services	20,080	30,355
	92,080	96,755

NOTE 25. COMMITMENTS

	Consolidated	Consolidated
Capital commitments - Intangible assets		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,549,247	1,741,250
One to five years	3,297,418	3,467,883
More than five years	84,000	-
	4,930,665	5,209,133
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	57,008	4,350

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 1 February 2014. On renewal, the terms of the leases are renegotiated.

NOTE 26. 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 23 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	Consolidated
	30 June 2013 $	**30 June 2012 $**
Payment for goods and services:		
Payment for services from other related party *	348,104	306,371

* Other related party - Gandel Metals Trust

Payment for services relates to amounts charged as per Management Service Agreement including financial, company secretary, admin support, geological and other services including non-executive directors fees and non-executive chairman's fees.

Receivable from and payable to related parties

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

	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
Current payables:		
Trade payables to other related party - Gandel Metals Trust	44,842	19,223

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 commercial terms and conditions. Under the terms of the contract The Gandel Metals Trust can apply a mark-up of 15% on most charges. To 30 June 2013, 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 2013 $	Consolidated 30 June 2012 $
NOTE 27. PARENT ENTITY INFORMATION		
Set out below is the supplementary information about the parent entity.		
Statement of profit or loss and other comprehensive income		
Loss after income tax	(3,939,986)	(645,855)
Total comprehensive income	(3,939,986)	(645,855)
Statement of financial position		
Total current assets	323,568	1,940,316
Total assets	18,229,736	21,003,895
Total current liabilities	179,721	100,897
Total liabilities	220,316	129,839
Net assets	18,009,420	20,874,056
Equity		
Contributed equity	22,960,883	21,885,533
Share based payment	33,178	-
Accumulated losses	(4,984,641)	(1,011,477)
Total equity	18,009,420	20,874,056

Significant accounting policies

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

NOTE 28. EVENTS AFTER THE REPORTING PERIOD

On 11 August 2013, Octagonal Resources (WA) Pty Ltd allowed Tenements E15/0774 and E15/0803 to expire. All exploration costs were written off at 30 June 2013.

Highlake Resources Pty Ltd provided for a rehabilitation bond for MIN5465 Pearl Croydon. The company anticipates the rehabilitation bond will be $301,000; however this has not been formally confirmed by the Department of Enviroment and Primary Industries.

No other matter or circumstance has arisen since 30 June 2013 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 2013

	Consolidated 30 June 2013 $	Consolidated 30 June 2012 $
NOTE 29. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES		
Loss after income tax expense for the year	(1,041,411)	(1,761,688)
Adjustments for:		
Depreciation and amortisation	305,945	263,069
Net loss on disposal of non-current assets	-	1,831
Tenement costs written off	1,393,114	-
Share based payment	33,178	-
Loss on sale of a tenement	164,058	-
Rehabilitation expense - non-cash	-	105,500
Long service leave expense - non-cash	31,577	11,124
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	109,439	(120,961)
Decrease/(increase) in inventories	(34,779)	4,759
Increase/(decrease) in trade and other payables	778,489	(63,523)
Increase in employee benefits	77,116	28,809
(Decrease) in other provisions	(37,414)	-
Net cash from/(used in) operating activities	1,779,312	(1,531,080)
NOTE 30. EARNINGS PER SHARE		
Loss after income tax attributable to the owners of Octagonal Resources Limited	(1,041,411)	(1,761,688)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	106,048,002	100,048,002
Weighted average number of ordinary shares used in calculating diluted earnings per share	106,048,002	100,048,002
	Cents	**Cents**
Basic earnings per share	(0.98)	(1.76)
Diluted earnings per share	(0.98)	(1.76)

NOTE 31. SHARE BASED PAYMENTS

A Performance Plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nominations and Remuneration Committees, grant performance rights in the parent entity to certain key management personnel and staff of the consolidated entity. The performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Nominations and Remuneration Committees.

Set out below are summaries of performance rights granted under the plan:

Grant Date	Expiry Date	Exercise price	Balance at the end of the year	Granted	Exercised	Expired/ fortified/ other	Balance at the end of the year
20/12/12	20/12/15	-	-	817,190	-	-	817,190

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

Grant Date	Expiry Date	30 June 2013	30 June 2012
20/12/12	20/12/15	817,190	-

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
20/12/12	20/12/15	$0.14	$0.00	75.00%	0.00%	2.50%	$0.041

Performance rights are issued on the following terms:

a 40% of performance rights vest on 20 December 2013;

b 40% of performance rights vest on 20 December 2014;

c 20% of performance rights vest on 20 December 2015;

d Rights expire on the date the employee ceases to be employed

e There being no work related fatality during the period 20 December 2012 to 19 December 2013;

f Reduced percentages applying to the number of Performance Rights in certain circumstances for Lost Time Injuries (LTI's) during the period 20 December 2012 to 19 December 2013;

g The closing price of the company's ordinary shares exceeding 27.5 cents for more than 20 trading days during the period 20 December 2012 to 19 December 2013

The terms of the above performance rights are as follows:

» The performance rights were granted for no consideration

» Rights granted carry no dividend of voting rights

» Each performance right converts to one ordinary share

Share based Compensation - The assessed fair value at grant date of performance rights granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the Directors and Executives remuneration tables. Fair values at grant date are determined using an appropriate performance rights pricing model that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expected annual price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the performance rights.

Directors' declaration

30 June 2013

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 2013 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Ian J Gandel
Director

30 September 2013
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INDEPENDENT AUDITOR'S REPORT

To the members of Octagonal Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Octagonal Resources Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other 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 Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the disclosing entity'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 disclosing entity'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.

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 2013 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 $1,041,411 during the year ended 30 June 2013 and had net cash outflows from operating and investing activities of $931,422. 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 32 to 35 of the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

David Garvey

Partner

Melbourne, 30 September 2013

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Shareholder information

The shareholder information set out below was applicable as at 19 September 2013.

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	19
1,001 to 5,000	34
5,001 to 10,000	135
10,001 to 100,000	345
100,001 and over	121
	654
Holding less than a marketable parcel	53

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
1. ALLIANCE RESOURCES LIMITED	22,000,000	20.75
2. ABBOTSLEIGH PTY LTD	19,860,000	18.73
3. JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	9,443,650	8.91
4. MR KARL SABLJAK + MRS CARMEL LOUISE SABLJAK <SABREGUARD SUPER FUND A/C>	2,175,000	2.05
5. LOCANTRO SPECULATIVE INVESTMENTS LIMITED	2,000,000	1.89
6. MR ANTHONY GRANT MELVILLE + MRS ELAINE SANDRA MELVILLE <MELVILLE FAMILY SUPER A/C>	2,000,000	1.89
7. WEST RIVER PTY LTD	1,500,000	1.41
8. MR KARL SABLJAK + MRS CARMEL LOUISE SABLJAK <SABREGUARD SUPER FUND A/C>	1,293,016	1.22
9. BACK COMPANY PTY LTD <BACK FAMILY A/C>	1,105,000	1.04
10. GOLD ATTIRE PTY LTD	977,479	0.92
11. GLADIATOR RESOURCES LIMITED	887,239	0.84
12. MR NICHOLAS JAMES CARTER + MRS SUSAN MARY CARTER <CARTER FAMILY SUPER A/C>	855,333	0.81
13. MR RAMAMOORTHY SRINIVASAN + MRS BHANUMATHI SRINIVASAN	850,000	0.80
14. SABREGUARD PTY LTD <SABLJAK FAMILY A/C>	785,000	0.74
15. MR PETER ANASTASIOU	765,829	0.72
16. PARKFORM PTY LTD <THE PEARSON SUPER FUND A/C>	740,000	0.70
17. WIDDY PTY LTD <SUPERANNUATION FUND A/C>	733,269	0.69
18. MR MAURICE NATHAN VASIN & MRS LYNETTE VASIN <MAURICE VASIN ASSOC SF A/C>	674,382	0.64
19. WISE PLAN PTY LTD <BURKE SUPER FUND 2 A/C>	650,000	0.61
20. MR ANTHONY ROBERT GRAY + MRS DIANE JOY GRAY <KRAKATINNI SUPER FUND A/C>	510,000	0.48
	69,805,197	65.84

Shareholder information

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	20.75
ABBOTSLEIGH PTY LTD	19,860,000	18.73
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	9,443,650	8.91

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.


BOOMER

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