

9 August 2013

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ASX CODE: ORS

Market Cap.: \$10.1 m (\$0.095 p/s)

Shares on issue: 106,048,002

Cash: \$2.2 m (30 June 2013)

BOARD & MANAGEMENT

Ian Gandel, Chairman

Anthony Gray, Managing Director

Bob Tolliday, Director

MAJOR SHAREHOLDERS

Alliance Resources – 20.8%

Abbotsleigh – 18.7%

JP Morgan Nominees – 8.9%

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Black Reef Open Pit Update **Wehla, in Central Victoria**

- **Mining of the Black Reef Stage 1 open pit to 15 metres depth is complete**
- **6,800 tonnes of ore mined grading 2.1 g/t Au**
- **Waste to ore strip ratio of 2:1 achieved**
- **Grade control sampling reconciles well with recovered gold**
- **Understanding of the structural controls on the distribution of gold in the Wehla Goldfield significantly improved**
- **Gold extends out of the pit along strike to the north, south, and down dip**
- **Company is assessing the financial viability of extending the open pit to 30 metres depth**
- **Exploration target identified 100 metres to the south of the Black Reef open pit in a similar structural position**

The Directors of Octagonal Resources Limited (ASX: ORS) (“**Octagonal**” or “**Company**”) are pleased to provide an update on open pit mining activities at the Black Reef Deposit near Wehla in Central Victoria.

Between April and July 2013 6,800 tonnes of ore was mined from the Black Reef open pit grading 2.1 g/t Au.

Octagonal’s Managing Director, Anthony Gray, commented “mining of the Black Reef Stage 1 open pit has been completed on time and within budget”.

“The average grade of the ore mined correlated very well between grade control and mill data. Unfortunately, much of the main gold producing reef had been taken by historic mining and replaced with low-grade stope fill, but where we lost out in this respect we made up by mining higher grade spurry veins to the east that weren’t identified in our drilling”.

“The end effect was that we were able to improve the economics of this mining operation by lowering our waste to ore ratio down to 2:1”.

“In all, this has been a successful outcome for Octagonal. We now have a better understanding of the structural control on the distribution of gold in the Wehla Goldfield that we can apply to our exploration. We have an intimate understanding of our mining costs that we can apply to planning future open pits. And we have demonstrated that we can economically mine narrow gold-bearing quartz veins in Central Victoria without significant dilution and mitigate commercial risk to our business in a dynamic mining environment”.

Wehla Project

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

The main gold workings consist of a north trending line of reefs; Adelaide, Prince of Wales, Frenchman's, Petticoat, Black, Bismark and Little Nell (Figure 1). 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 were historically 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 within broad zones of lower grade gold mineralisation including 5m @ 2.5 g/t Au from 15m in W5, 13.75m @ 1.2 g/t Au from surface in W34, 2m @ 4.0 g/t Au from 28m in W37, and 32m @ 1.1 g/t Au from surface in W38.

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

Black Reef Open Pit

Octagonal has improved its understanding of these issues by mining a trial open pit to 15 metres depth at Black Reef on MIN5433 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 6,800 tonnes of ore and 12,900 tonnes of waste was mined from the open pit bringing it 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 during historic mining. This resulted in a lack of nuggetty gold high-grade ore in mining, but a significantly improved waste to ore ratio of 2:1 (compared with expected 8:1).

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 degrees to the east to target the main steep west-dipping quartz reef and the spurry veins dip sub-parallel to this drilling.

Mining has significantly improved the Company's understanding of the structural controls on the distribution of gold in the Wehla Goldfield, however as much of the main gold-bearing quartz reef was removed by historic mining there was little evidence of nuggetty gold, both visually and in the grade control sampling.

Grade control trench sampling completed over one metre intervals on 5 metre spaced traverses and two metre high flitches indicated that the ore mined averaged 2.1 g/t Au and has reconciled very well with milling data that returned an average processed feed grade of 2.4 g/t Au from 6,400 dry tonnes processed to recover an average gold grade of 2.1 g/t Au (with an extraction efficiency of 88%).

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

The improved understanding of the structural controls on the distribution of gold at Black Reef has allowed for better interpretation of surface geological mapping and has already lead to the identification of two near-mine exploration targets in similar structural positions to the Black Reef pit. The first of these exploration 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 partially tested by one RC hole BRRC33 that returned 8 metres grading 1.6 g/t Au from 10 metres, including 1 metre grading 7.7 g/t Au from 10 metres.

These two exploration targets could result in a larger open pit mining operation at Black Reef and will be tested in early 2014 using reverse circulation drilling.

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

www.octagonalresources.com.au

For further enquiries, please contact:

Anthony Gray (Managing Director) +61 3 9697 9088.

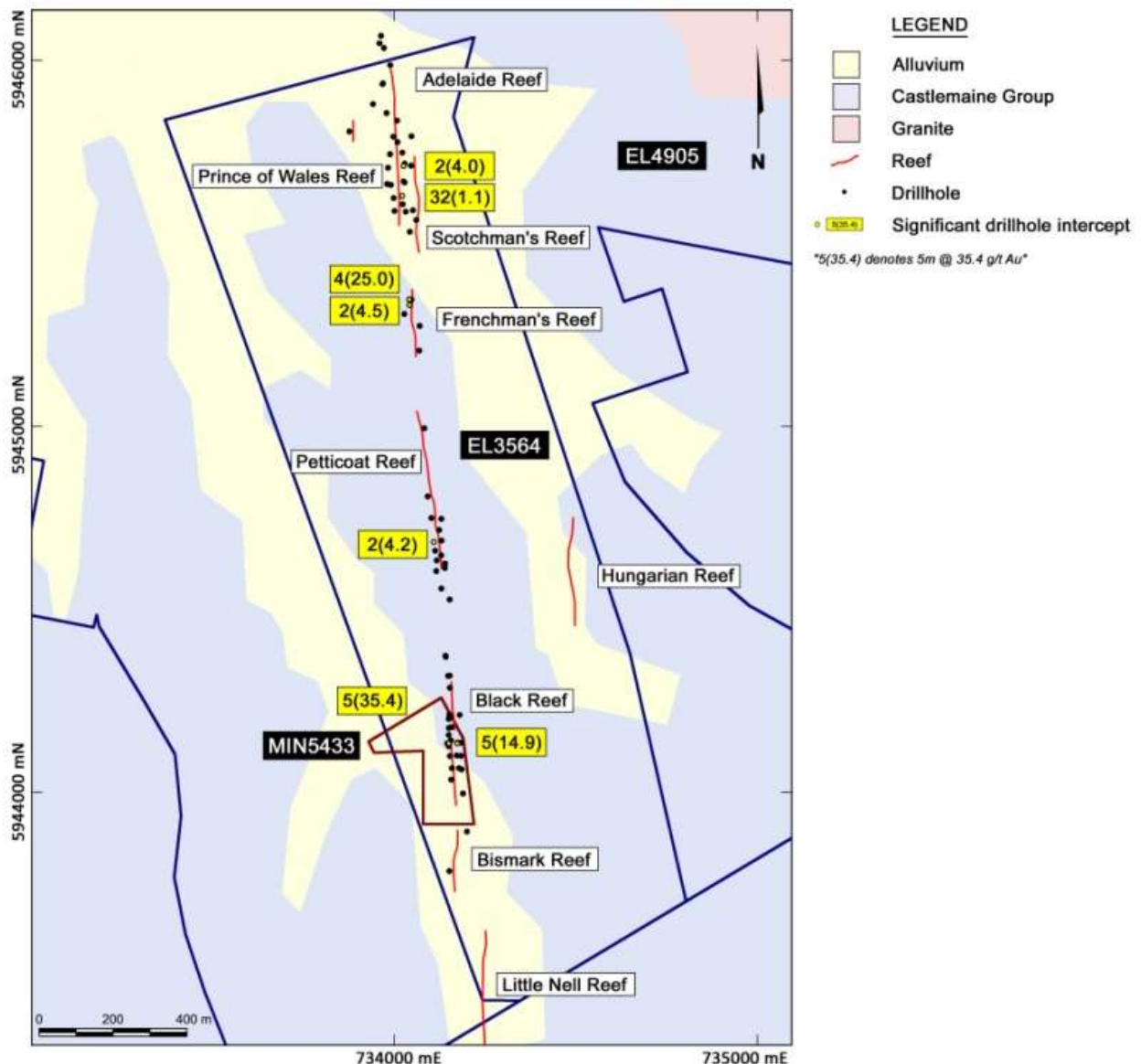


Figure 1. Reefs of the Wehla Goldfield with historic drilling results

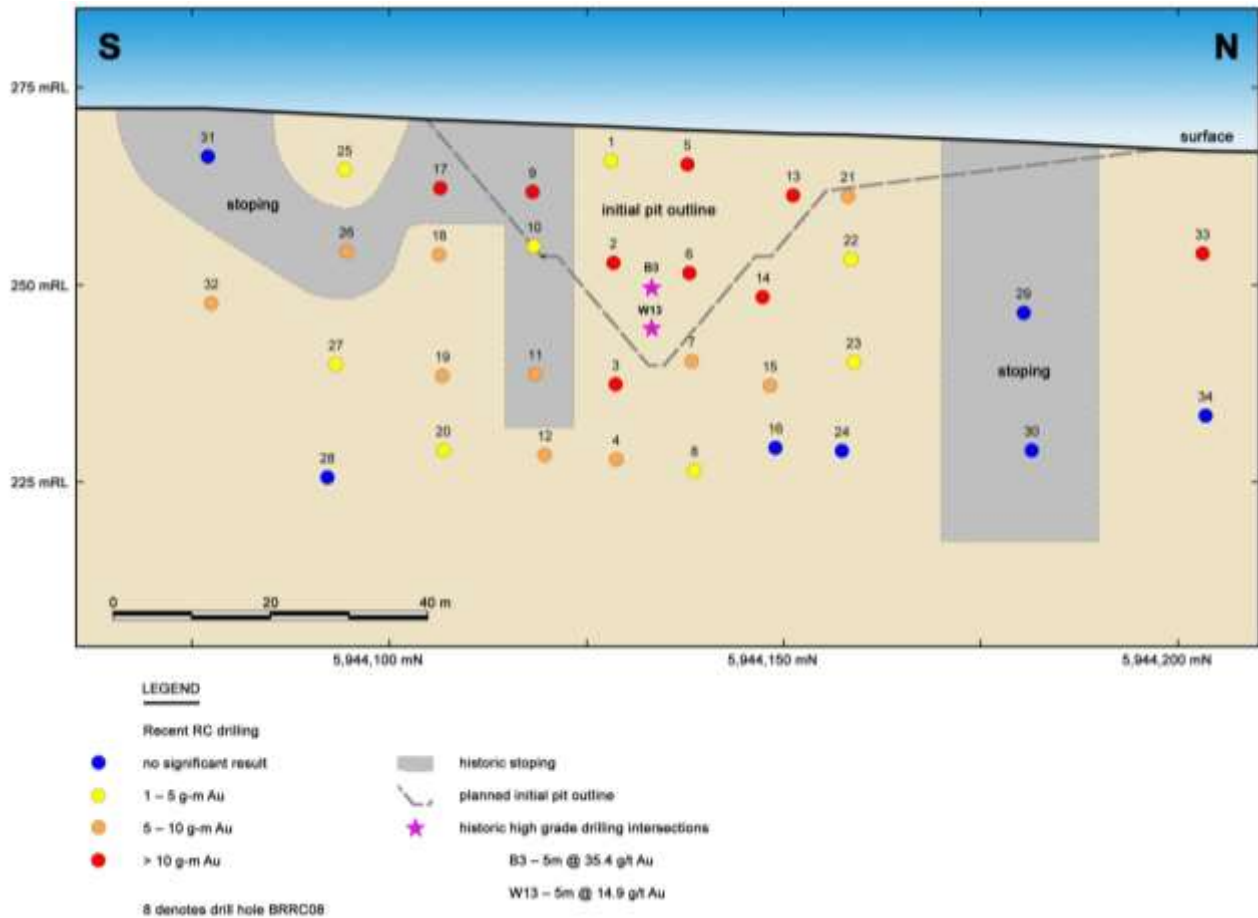


Figure 2. Black Reef: Long-section of RC drilling results with planned 30 metre deep open pit and historic high grade drilling

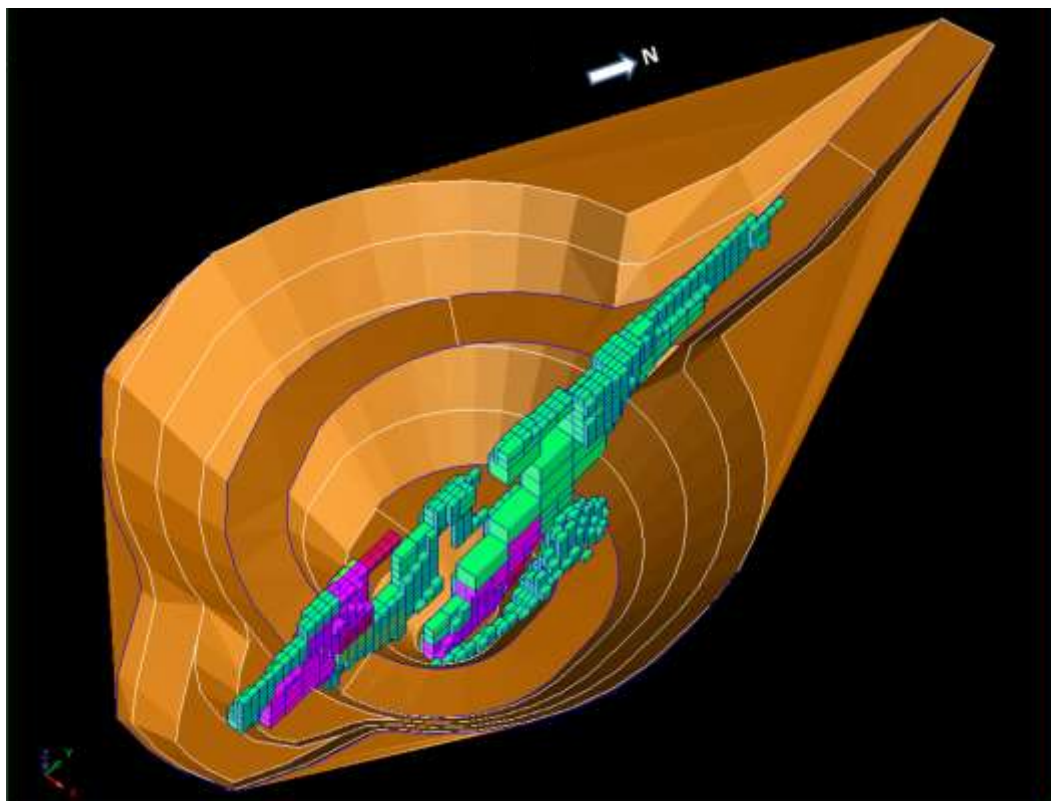


Figure 3. Black Reef: 3D model of 30 metre deep open pit design

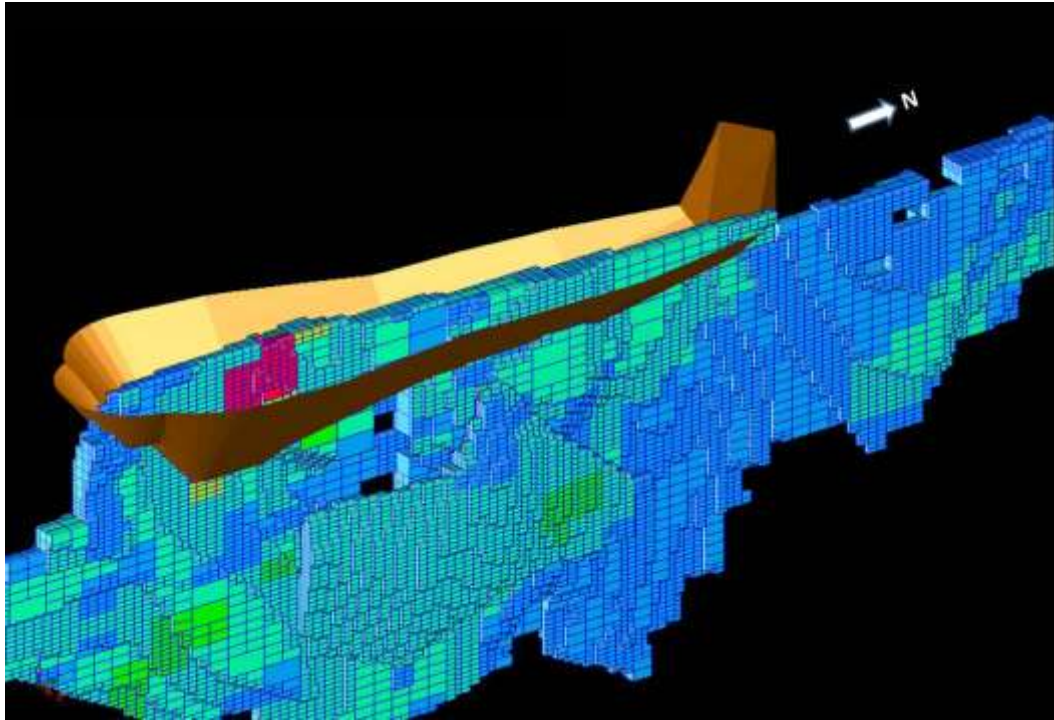


Figure 4. Black Reef: 3D model of 15 metre deep open pit design



Black Reef Stage 1 open pit mined to 15 metres depth

Competent Persons Statement

The 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.

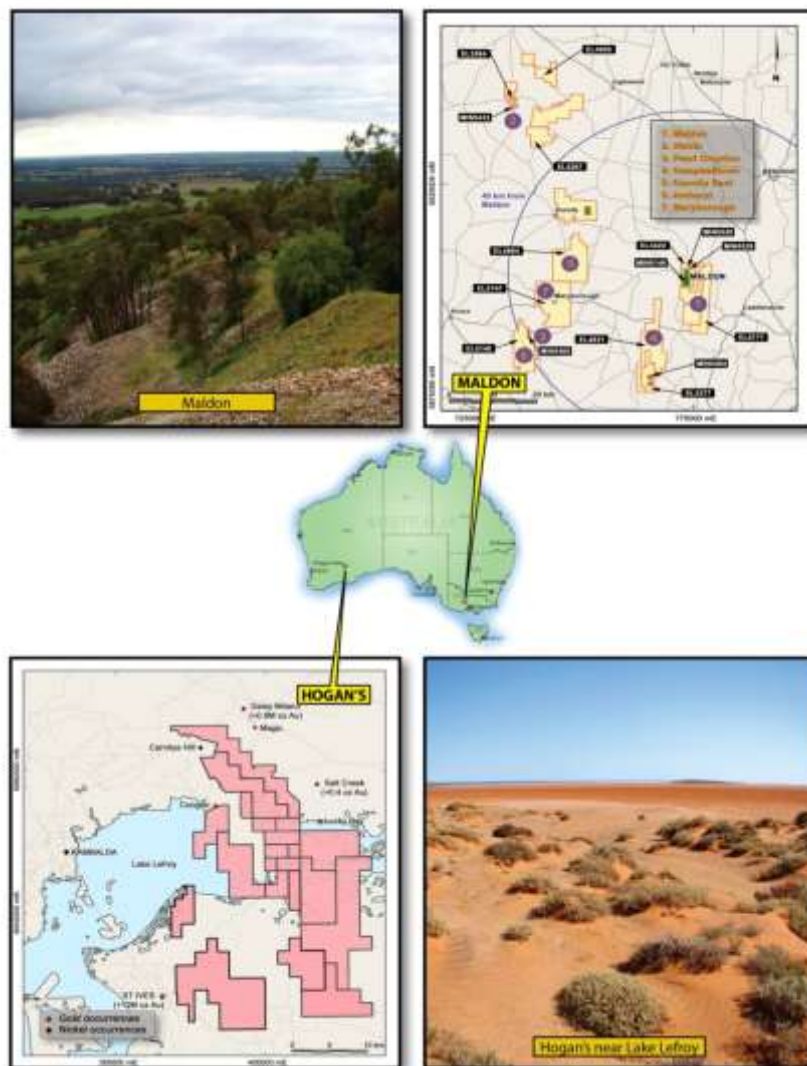
About Octagonal Resources

Octagonal Resources is a gold focused exploration and mining company with projects located in underexplored areas of two of Australia's most significant gold producing regions; the Central Victorian Goldfields and the Eastern Goldfields of Western Australia.

The Company's Victorian operations are centred at Maldon, the third largest historic primary gold producer in Central Victoria after Bendigo and Ballarat. It is here that Octagonal owns a 150,000 tpa CIL gold processing plant, 245,000 ounces of inferred gold resources and a decline that extends to the undeveloped underground resources. Underground mining of the Alliance South Shoot commenced at Maldon during July 2013 and the Company expects to commence open pit mining of the Pearl Croydon Deposit near Amherst in early 2014.

In Western Australia Octagonal holds 100% interest in the Hogan's Project where it is exploring for gold and copper deposits in a highly prospective but underexplored area only 70 kilometres from Kalgoorlie. The gold potential of this emerging gold producing district is demonstrated by the recent exploration and mining success achieved by Silver Lake Resources at the Daisy Milano and Salt Creek mines and Lucky Bay Prospect. Octagonal is exploring priority exploration target areas that display the potential to host a major gold or copper deposit.

Octagonal's corporate strategy is to develop a long term sustainable mining operation in Central Victoria to fund the Company's growth through the discovery and development of major gold deposits.



Octagonal Resources Project Locations