

**29 November 2013**

No. of Pages: 2

**ASX CODE: ORS**

Market Cap.: \$7.6 m (\$0.072 p/s)

Shares on issue: 106,048,002

Cash: \$1.2 m (30 September 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%

Karl Sabljak – 5.0%

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## Chairman's Address Annual General Meeting

**29 November 2013**

On behalf of the Board of Directors, I would like to welcome you to Octagonal Resources third Annual General Meeting.

Since listing on the ASX in January 2011 Octagonal Resources has not deviated from its short term objectives, to commence mining in Central Victoria to generate a cash flow, complete resource definition to sustain this operation, and undertake aggressive exploration in Western Australia to grow our business with 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.

We have advanced the Union Hill Decline in Maldon safely through the difficult ground conditions associated with Moon's Cross-Course and in July we commenced development on the Eaglehawk Reef to mine the Alliance South Shoot. We are currently mining on the 1100 level in the upper part of the ore shoot and working to understand the gold grade distribution of the ore body and determine the most appropriate mining technique for an ongoing operation.

Recognising 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 we delivered our first quarter of positive cash flow.

This agreement proved to be very successful for Octagonal, however with the completion of processing in May and no underground ore available from Alliance South or the A1 Gold Mine, the Company accelerated mining of the Black Reef open pit, near Wehla, and then reverted to processing low-grade ore from the Union Hill open pit and historic Maldon tailings.

These low-grade ore sources allowed Octagonal to continue gold production throughout 2013, but not at a rate capable of sustaining the entire Company.

We are currently processing a combination of ore from the Alliance South Shoot and Maldon tailings while we work to bring the Pearl Croydon Deposit, near Maryborough, into production as quickly as possible.

The Pearl Croydon mining licence was granted in late 2012 and following a positive open pit optimization study we have completed mine design, flora and fauna and heritage surveys, and received approval from the State Government to commence mining. We have consulted extensively with the local community and key stakeholders and expect mining to commence in early 2014 once a Planning Permit is issued by the local Shire council.

Our forecast mining costs at Pearl Croydon have been confirmed by trial open pit mining at Black Reef where between April and June 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 identified two near-pit exploration targets, which combined with high-grade drilling results received from Frenchman's Reef, one kilometre to the north of Black Reef, further support the potential for a larger open pit mining operation at Wehla.

During the year we continued to build our pipeline of ore sources to feed the Maldon mill and last week announced a Heritage Agreement to provide for the grant of the Specimen Reef mining licence, near Dunolly. This deposit has an inferred resource of 10,000 ounces of gold, but with the mineralisation open in all directions, we expect this resource to grow with further drilling and by having a mining licence granted over the deposit this will expedite the approvals process when we are ready to start mining.

In Western Australia we continued exploration at the Hogan's Project and focused on the Burns gold-copper prospect.

RC drilling extended the primary zone of gold and copper over 120 metres strike length and to 150 vertical metres, with the mineralisation still open in all directions, and re-testing of aircore holes for copper defined a two kilometre long copper anomaly that presents a discrete target for surface geophysical testing.

We have already completed a moving loop electromagnetic survey and ground magnetic survey at the Burns Prospect and will complete further geophysical surveys next year to define anomalies for targeted bedrock drilling.

Exploration at the Burns Prospect is at an early stage, however from what we have seen so far we are excited by the potential of this target to develop into a large multi-commodity deposit.

Looking to the year ahead, the focus for Octagonal will be to gain 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 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.

- END -

For and on behalf of the Board

Bob Tolliday

**Company Secretary**

**OCTAGONAL RESOURCES LIMITED**

Additional information relating to Octagonal and its various mining and exploration projects can be found on the Company's website: [www.octagonalresources.com.au](http://www.octagonalresources.com.au)