

10 February 2014

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Octagonal Resources Limited ACN 147 300 418 (ASX:ORS) (**ORS** or the **Company**) under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* (**Act**) as modified by ASIC Class Order [CO 08/35].

ORS has today announced a non-renounceable pro-rata entitlement offer of 3 new ORS shares (**New Shares**) for every 5 ORS share held at 7:00pm (AEDT) on 18 February 2014 by shareholders with a registered address in Australia or New Zealand (**Rights Issue**).

In addition to being able to apply for New Shares under the Rights Issue, eligible shareholders who take up their full entitlement will also be able to apply for New Shares that are not subscribed for under the Rights Issue (**Additional Shares**). Under this shortfall facility, Additional Shares will be issued to eligible shareholders at the discretion of the directors of the Company.

ORS advises that:

1. the New Shares and Additional Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
2. this notice is being given under section 708AA(2)(f) of the Act;
3. as at the date of this notice, ORS has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to ORS; and
 - (ii) section 674 of the Act; and
4. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act.

Set out below is information on the potential effect that the issue of the New Shares and Additional Shares will have on the control of ORS, though the consequences of that effect will depend on a number of factors including investor demand and existing shareholdings:

1. if all eligible shareholders take up their entitlements under the Rights Issue in full, the Rights Issue will have no effect on the control of ORS;
2. the proportional interests in ORS of those eligible shareholders who do not take up their entitlements under the Rights Issue will be diluted;
3. the proportional interests in ORS of those shareholders who are not eligible to participate in the Rights Issue will be diluted. ORS shareholders who are not eligible to participate in the Rights Issue hold less than 0.25% of all shares on issue in ORS; and

4. the Rights Issue is not underwritten. As noted above, in the event that there is a shortfall in the take up of entitlements by eligible shareholders under the Rights Issue, the directors reserve the right to place Additional Shares at their discretion. The directors do not expect any such placement to have any material effect on the control of ORS.

Alliance Resources Limited (**Alliance**) is ORS's largest shareholder. On the date of this notice, Alliance holds approximately 20.75% of all shares on issue in ORS. Abbotsleigh Proprietary Limited (**Abbotsleigh**), a company controlled by Mr Ian Gandel, the Company's Chairman, is ORS's second largest shareholder. On the date of this notice, Abbotsleigh holds approximately 18.73% of all shares on issue in ORS.

Alliance's and Abbotsleigh's participation in the Rights Issue will be subject to the restrictions contained in the takeover provisions of the Act (relief from compliance which may be granted by the Australian Securities and Investments Commission (**ASIC**) on a case-by-case basis).

Abbotsleigh, by virtue of the application of ASX Listing Rule 10.11, is prohibited from applying for Additional Shares without ORS shareholder approval. However, subject to the restrictions contained in the takeover provisions of the Act, Alliance is not prohibited from applying for Additional Shares.

If all shareholders take up their full entitlements to New Shares under the Rights Issue, there will be no effect on the control of ORS as, following the Rights Issue, all shareholders (other than those shareholders who are not eligible to participate in the Rights Issue, whose shareholding will be diluted) should hold substantially the same percentage interest in ORS.

In contrast, in the unlikely event that only Alliance and Abbotsleigh participate in the Rights Issue by taking up the maximum number of entitlements for which they are permitted to do so in accordance with the restrictions contained in the takeover provisions of the Act (absence any case-by-case-relief granted by ASIC) and no other ORS shareholder takes up any of their entitlements, Alliance and Abbotsleigh's shareholdings in ORS will increase from approximately 20.75% and 18.73% respectively to 26.84% and 24.23% respectively. Further, depending on the level of participation in the Rights Issue, other ORS shareholders may have the opportunity to increase their shareholding in ORS to up to 20% of all shares on issue in ORS by taking up their entitlements in full and applying for Additional Shares.

If all of the New Shares and Additional Shares offered under the Rights Issue are issued, ORS does not believe their issue will have a material effect on the control of the Company.

Signed for Octagonal Resources Limited



Mr Bob Tolliday
Company Secretary