

6 March 2014

No. of Pages: 8

ASX CODE: ORS

Market Cap.: \$6.4 m (\$0.06 p/s)
Shares on issue: 106,048,002
Cash: \$1.3 m (31 December 2013)
Debt: \$1.0 m (31 December 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 – 8.8%
Karl Sabljak – 5.2%

PRINCIPAL OFFICE

Octagonal Resources Limited
ABN 38 147 300 418
Suite 3, 51 – 55 City Road
Southbank VIC 3006

T +61 3 9697 9088

F +61 3 9697 9089

E info@octagonalresources.com.au

W www.octagonalresources.com.au

Alliance South Mine Update, Maldon in Central Victoria

- **Mine development on the 1100 level at the Alliance South Deposit nears completion**
- **3.7 metre wide ore shoot grading 18.8 g/t Au defined over 38 metres length of reef**
- **Length, grade, and width of ore shoot similar to historic gold producing mines at Maldon**
- **New structural model suggested for Alliance South Shoot**
- **2,000 tonne bulk sample of ore stockpiled for processing**
- **Decline development to re-commence to access the 1080 level**

The Directors of Octagonal Resources Limited (ASX: ORS) (“**Octagonal**” or “**Company**”) are pleased to provide an update on underground mine development at the Alliance South Deposit at Maldon in Central Victoria.

On 17 February 2014 the Company announced that underground mine development on the 1100 level at the Alliance South Deposit had intersected a high-grade gold shoot over 38 metres strike length of reef averaging 18.8 g/t Au over 3.7 metres width.

Since this announcement, mine development on the 1100 level has been extended 24 metres past the high-grade gold shoot and intersected low-grade reef averaging 1.6 g/t Au.

Octagonal is currently preparing to drill a series of sludge holes into the walls of the 1100 level drive to test for adjacent gold, and assuming no further mineralisation is intersected, development of the Union Hill Decline will recommence to access the 1080 level of the deposit.

Octagonal’s Managing Director, Anthony Gray, commented “now that we have passed through the Alliance South Shoot on the 1100 level we have a clear plan to assess the potential of this shoot and then ramp up production to exploit the deposit.”

“We will continue mining on a single shift basis to access and develop the 1080 level of the deposit, confirm the plunge of the high-grade shoot, and then complete underground diamond drilling to test its up-dip and down-plunge potential. We expect that once the geometry of the ore shoot has been adequately defined we will be able to engage a second mining crew to accelerate mine development and production.”

“Development of the decline to access the 1080 level is expected to take five months to complete, during which time we will also be mining and processing ore from the Pearl Croydon open pit.”

“The funds raised from the Non-Renounceable Rights Issue announced to the ASX on 10 February 2014, and closing this Tuesday 11 March 2014,

will fully fund the extension of the Union Hill Decline, development of the 1080 level, and commencement of open pit mining at the Pearl Croydon Deposit.”

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.

Alliance South Deposit

The Alliance South Deposit is located on the Eaglehawk Reef at the southern end of the Central Maldon Shear Zone. The deposit was discovered by Alliance Resources Limited in 2004 and is associated with a flexure in the Eaglehawk Reef, where it passes from the east limb of the German anticline into the hinge zone of the German syncline.

In March 2012 Octagonal re-commenced development of the Union Hill Decline (that had been on care and maintenance since November 2008) to access and mine the Alliance South Deposit, with the Company’s initial mining target being a cluster of visible gold intersections identified in drilling at the southern end of the deposit, referred to as the Alliance South Shoot (Figures 1 and 2).

The Eaglehawk Reef was intersected on the 1100 level in July 2013 and since that time mining has focussed on developing the reef to the south to determine the grade of the Alliance South Shoot, assess ground conditions, and determine the most appropriate mining technique for an ongoing operation.

In January 2014 Octagonal intersected high-grade gold on the 1100 level at the Alliance South Shoot, with 38 metres of mine development averaging 18.8 g/t Au over a 3.7 metre wide face (refer to ASX Announcement dated 17 February 2014).

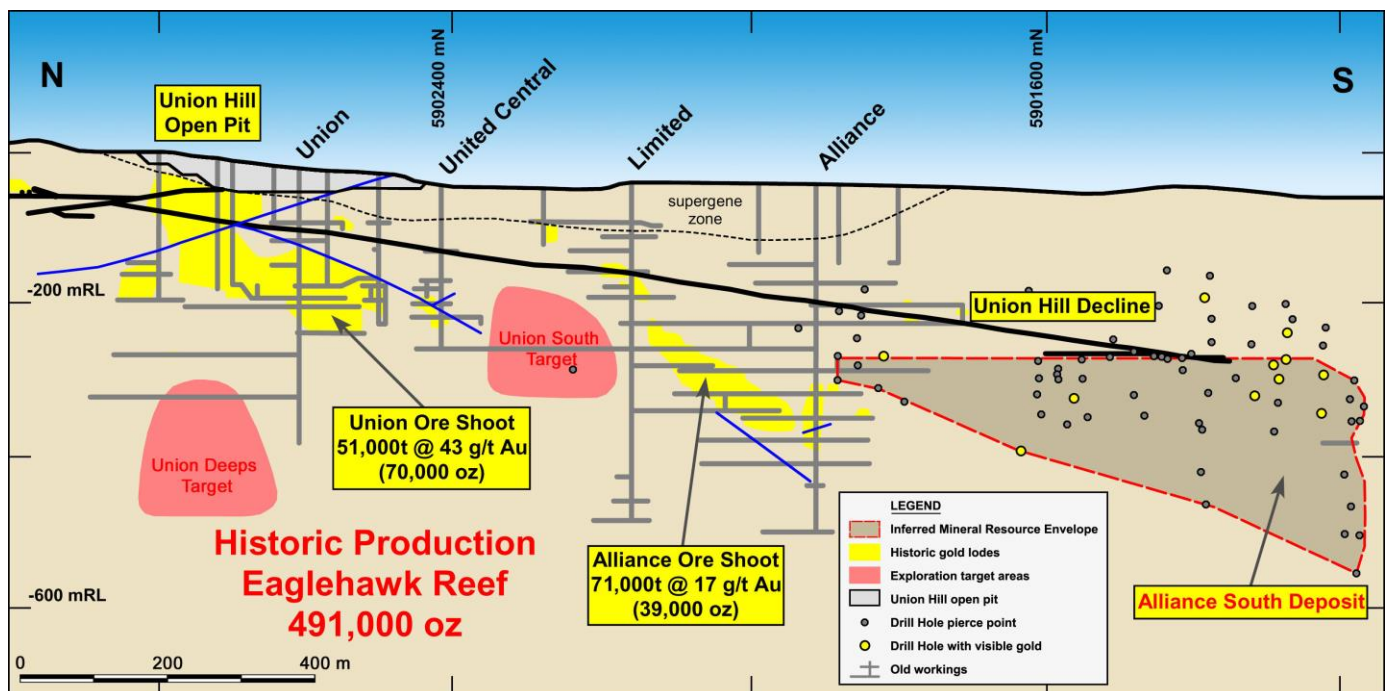
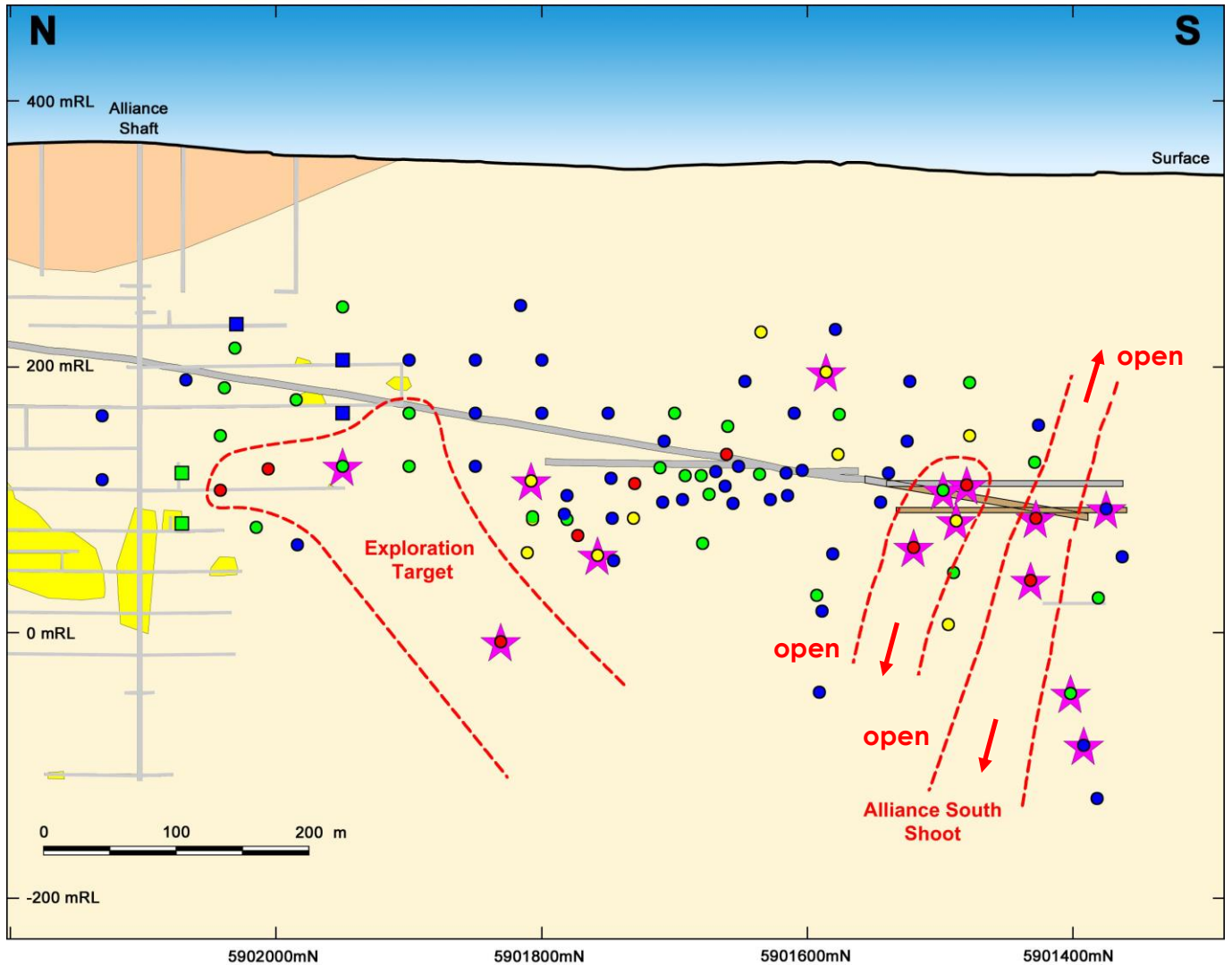


Figure 1: Eaglehawk Reef with the Union and Alliance shoots and the Alliance South Deposit



LEGEND

- Drill holes with no significant assay results
- Drill holes containing 1 – 5 g-m Au
- Drill holes containing 5 – 10 g-m Au
- Drill holes containing > 10 g-m Au
- ★ Drill holes containing visible gold intersections
- Exploration target areas
- Union Hill Decline
- Planned mining development
- Historic mine workings on the Eaglehawk Reef
- Historic stopes
- Supergene zone

Coloured squares represent holes that intersected old workings

Figure 2: Eaglehawk Reef: Longsection showing position of Union Hill Decline relative to the Alliance South Shoot, planned mine development, and new interpreted ore shoots

Table 1.
Maldon Goldfield: Major Gold Producing Reefs

Reef System	Gold Production	Deepest Workings	Period Mined
Nuggetty Reef	303,000 oz	750' (230m) level	1856 - 1900
Eaglehawk Reef	491,000 oz	1,550' (470m) level	1854 - 1912
Beehive Reef	250,000 oz	1,300' (400m) level	1854 - 1918
German Reef	277,000 oz	2,200' (670m) level	1855 - 1920
Victoria & Derby Reef	150,000 oz	1,250' (380m) level	1855 - 1909
North British Reef	242,000 oz	1,650' (500m) level	1856 - 1926

Mine Development Face Channel Sampling

Mine development face channel sampling has identified a high grade gold shoot at the Alliance South Deposit with **38 metres of development returning an average grade of 18.8 g/t Au over 3.7 metres width** (refer to ASX Announcements dated 29 January 2014 and 17 February 2014).

Since the announcement on 17 February 2014 mine development on the 1100 level has been extended a further 24 metres to the south and intersected low-grade reef averaging 1.6 g/t Au (Figures 3 and 4).

While the gold-bearing reef is still present in the mine development heading, and looks similar to the high-grade ore zone, the reef has changed strike slightly and resulted in lower-grade ore. Potential remains for further high-grade gold to the south of the current mine development, however to reduce unnecessary mining costs this will be tested with underground diamond drilling once the decline is extended to the 1080 level.

Ore Processing

A 2,000 tonne bulk sample of underground ore from the 1100 level has been stockpiled for ore processing in early April. This ore is estimated to average 9 g/t Au, using uncut gold grades (average 5 g/t Au using a 20 g/t Au upper cut), and consists of 11 blocks of high-grade ore and 5 blocks of low-grade ore.

The deposits of the Maldon Goldfield are historically very high grade, with a nuggetty gold grade distribution. The aim of processing this bulk sample is to better determine the average grade of the reef.

It should be noted that the bulk sample is composed of ore drive development that was mined wider than the actual ore zone to test for gold in spurry veins to the west of the main ore zone.

Mine Planning

Octagonal is currently preparing to drill a series of sludge holes into the west wall of the 1100 level ore drive to test for gold adjacent to the mine development. If no further gold is identified development of the 1100 level drive will slow and mining will focus on extending the Union Hill Decline 150 metres to the south to access and mine the 1080 level (Figures 3 and 4).

Development of the decline to access the 1080 level will continue on a single shift basis and is expected to take five months to complete.

Once the 1080 level has been developed, and the plunge of the high-grade ore shoot confirmed, an underground diamond drilling program will be completed to test the up-dip and down-plunge extent of the ore shoot and a resource estimate for the Alliance South Deposit calculated to comply with the 2012 JORC Code.

It is expected that these results will justify a second mining shift to accelerate mine development and production.

Structural Model

The Maldon Goldfield has produced over 1.7 million ounces of reef hosted gold at an average grade of 28 g/t Au, with six reefs producing over 100,000 ounces of gold (Table 1). Each of these major gold producing reefs typically contain several 40,000 to 80,000 ounce high-grade shoots that make up the total deposit. The Eaglehawk Reef, which hosts the Alliance South Deposit, is the largest gold-producing reef in the field. Historic production from the Eaglehawk Reef includes the 70,000 ounce Union Shoot (average grade: 43 g/t Au) and the 39,000 ounce Alliance Shoot (average grade: 17 g/t Au) (Figure 1).

The Alliance South Deposit was initially identified as an exploration target, based on its favourable structural position, being associated with a flexure in the Eaglehawk Reef, where it passes from the east limb of the German anticline into the hinge zone of the German syncline. This structural position is similar to the historically mine Union and Alliance ore shoots and supported the interpretation of a moderate south plunging shoot.

Recent mine development on the 1100 level has suggested that this shoot interpretation may be incorrect and that the Alliance South Shoot may be a steep north-plunging shoot in a similar structural position to the Lower German Shoot.

The Lower German Shoot is located 200 metres to the west of the Eaglehawk Reef on the German Reef and produced 137,500 ounces of gold averaging 37 g/t Au. This shoot consisted of two ore zones that were each only 40 metres wide, but extended down plunge over 350 metres. The principal structural control on the Lower German Shoot is thought to be related to its position near the southern end of the German Reef. The Alliance South Shoot is located towards the southern end of the Eaglehawk Reef.

Figure 2 illustrates the new interpreted plunge of the Alliance South Shoot, whereas Figure 5 illustrates a longsection of the German Reef with historic mine workings.

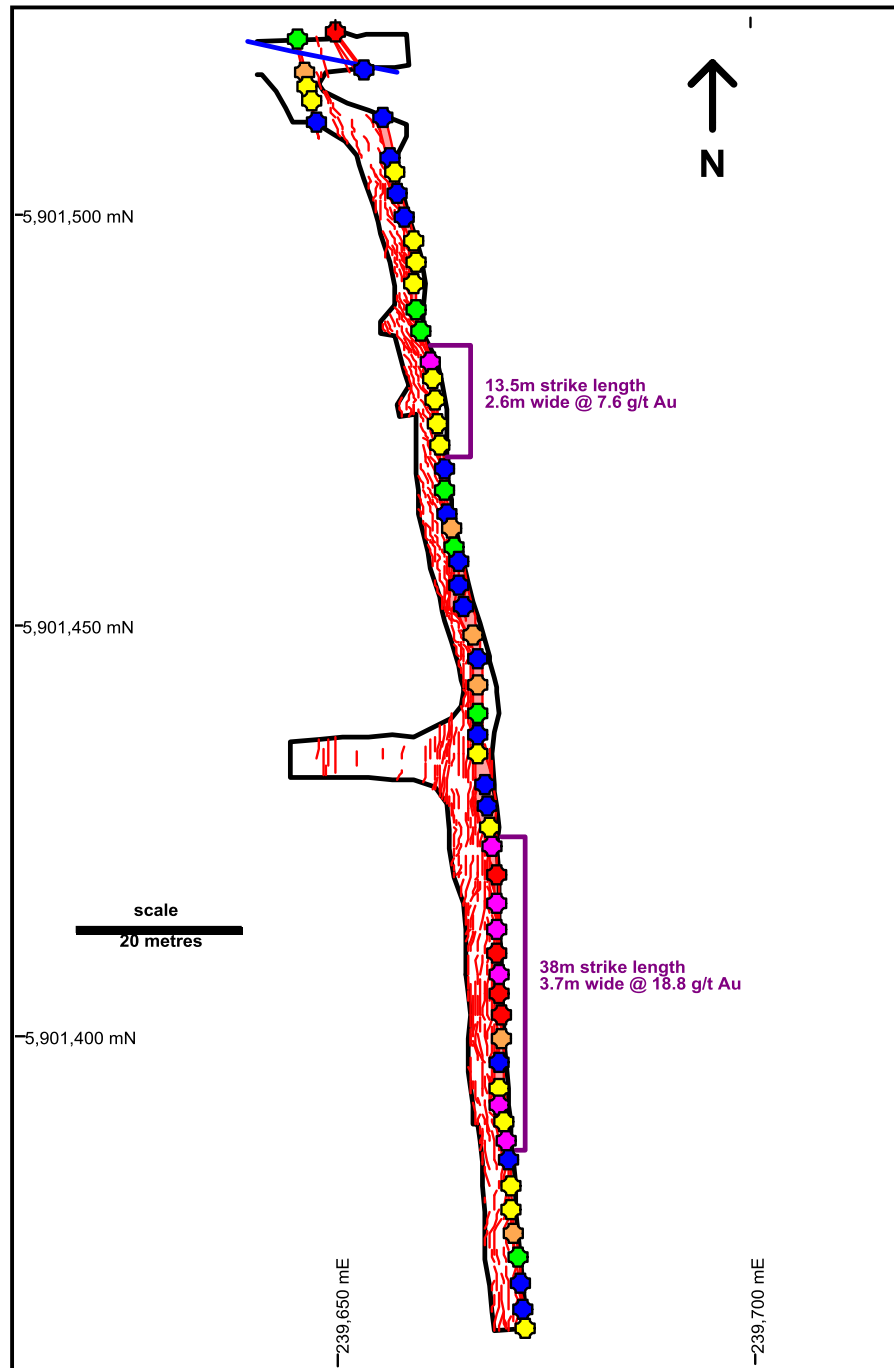


Figure 3: Plan of 1100 level cross-cut and reef development with undiluted face channel sample assay results

- Legend-**
- Blue dots: no significant assay result
 - Green dots: 1 – 5 g-m Au
 - Yellow dots: 5 – 10 g-m Au
 - Orange dots: 10 – 20 g-m Au
 - Red dots: 20 – 50 g-m Au
 - Purple dots: > 50 g-m Au
 - Red lines: quartz reef and spurry veins

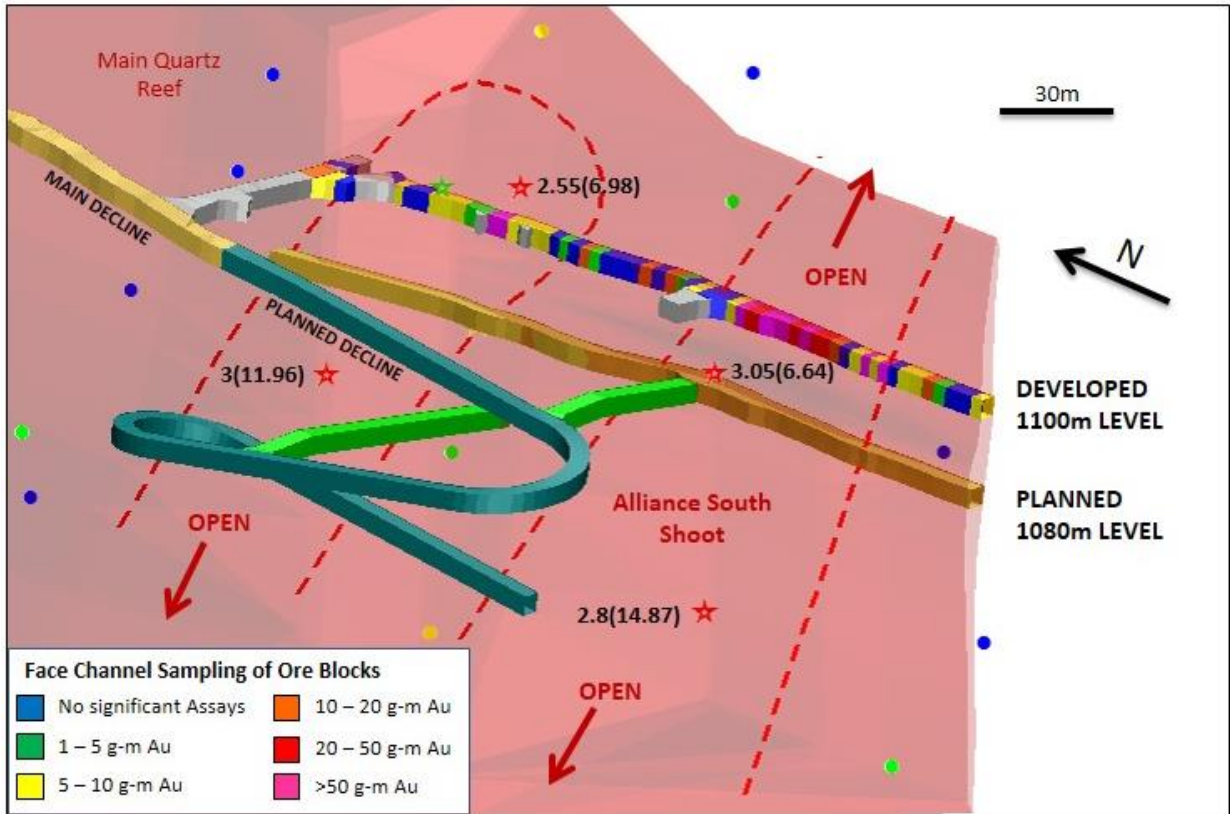


Figure 4: 3D Model of the 1100 level face channel sample assay results, drill hole intersections, and planned mine development

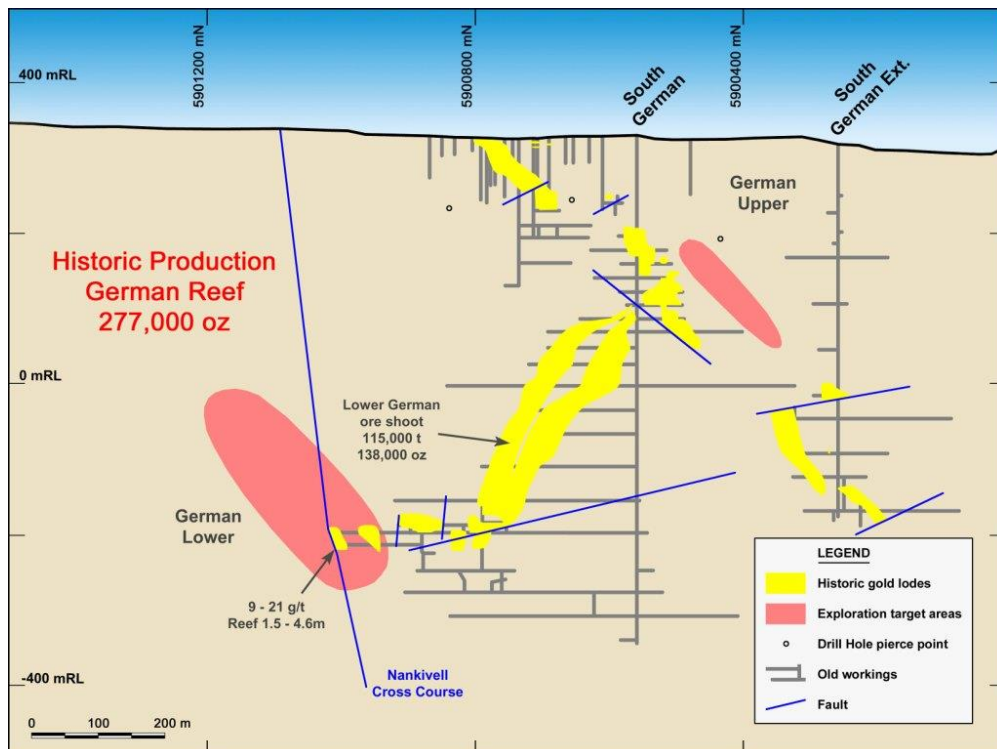


Figure 5: German Reef with the Lower German ore shoot and exploration targets

Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Anthony Gray, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Gray is a full-time employee of the company. Mr Gray has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 Report: Alliance South Channel Sampling Results

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
<i>Sampling techniques</i>	<p>Rock chip channel samples collected from the mine development face. Approximately 3 kilogram samples collected from chest height over channel intervals ranging between 0.4 – 1.5 metres length.</p> <p>Samples routinely analysed for gold using the 40 gram Fire Assay Digest technique with an AAS finish.</p> <p>Many samples re-analysed using a 2.0 kg BLEG analysis with an AAS finish for QAQC and to determine leachable gold.</p>
<i>Drilling techniques</i>	Not applicable – drilling results not reported.
<i>Drill sample recovery</i>	Not applicable – drilling results not reported
<i>Logging</i>	All mine development faces routinely photographed. Quartz content (visual estimate) and style recorded for all samples on a sample logging sheet.
<i>Sub-sampling techniques and sample preparation</i>	<p>Approximately 3 kilogram samples collected in calico bags and sent to assay laboratory for analysis.</p> <p>Whole sample pulverised at laboratory to produce a 40 gram charge for Fire Assay.</p> <p>2.0 kg sub-sample collected for BLEG analysis.</p> <p>No routine duplicate sampling other than repeat sampling discussed in <i>Sampling techniques</i> above.</p>
<i>Quality of assay data and laboratory tests</i>	<p>Samples routinely analysed for gold using the 40 gram Fire Assay Digest technique with an AAS finish.</p> <p>Fire Assay technique is considered to be a near total digest.</p> <p>Samples re-analysed using a 2.0 kg BLEG analysis with an AAS finish for QAQC and to determine leachable gold.</p> <p>BLEG technique is a partial digest that determines cyanide leachable gold.</p>
<i>Verification of sampling and assaying</i>	<p>The results have been reviewed by alternative company personnel and no errors identified.</p> <p>Sampling data is recorded in hard copy format and entered into a digital database. Digital assay data and hard copy data provided by the laboratory is matched against sample numbers in the digital database.</p>
<i>Location of data points</i>	<p>Mine development is surveyed monthly by a qualified surveying contractor. The location of channel sample start points are measured from a known survey point with a tape measure. Adjustments are made to the channel sample start points following the completion of the monthly survey. All channel sample start points are reported in GDA94, MGA Zone 55 coordinates.</p> <p>Channel samples are assumed to be horizontal and oriented towards 270°. The orientation may vary by up to 5°, depending on the strike of the reef and drive, but as the maximum channel length is less than 6 meters this is not considered to be significant.</p>
<i>Data spacing and distribution</i>	<p>Channel samples collected from mine development faces that are between 2.7 to 3.4 m apart.</p> <p>Face channel sample results are composited to report the estimated grade over the strike length of development on the reef.</p>
<i>Orientation of data in relation to geological structure</i>	<p>In the area of mine development that is being sampled the Eaglehawk Reef is near-vertical. The horizontal samples collected are considered to be perpendicular to the reef and close to true width.</p> <p>There is no known bias in the orientation of this sampling.</p>
<i>Sample security</i>	Sample pulps are stored at the laboratory for 30 days prior to disposal. This is appropriate for mine development sampling.
<i>Audits or reviews</i>	<p>There have been no audits of the mine development face channel sampling program.</p> <p>The sampling data has been reviewed by Anthony Gray who is the Competent Person that compiled the information for this report.</p>

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	The Alliance South Deposit is located on mining licence MIN5146 that is owned 100% by Maldon Resources Pty Ltd, a wholly owned subsidiary of Octagonal Resources Limited. The tenement is current and in good standing.
<i>Exploration done by other parties</i>	Modern exploration in the Maldon Goldfield has been completed by Carpentaria Exploration Company Pty Ltd, Lone Star Exploration NL, Triad Minerals NL, Alliance Gold Mines NL, MPI Gold Pty Ltd, and Alliance Resources Limited. The Alliance South Deposit was discovered by Alliance Resources Limited during 2004.
<i>Geology</i>	The Alliance South Gold Deposit is a narrow vein orogenic Ordovician slate belt hosted gold deposit located within the Bendigo Zone of the Western Lachlan Orogen in Central Victoria. The deposit is located at the southern end of the Eaglehawk Reef in the Central Maldon Shear Zone. Host rocks are tightly folded Ordovician (Lancefieldian) turbiditic sedimentary rocks of the Castlemaine Supergroup that have been intruded and metamorphosed by the Late Devonian Harcourt Granodiorite. Mineralisation is associated with a flexure in the Eaglehawk Reef, where it passes from the east limb of the German anticline into the hinge zone of the German syncline.
<i>Drill hole Information</i>	Significant results are reported in ASX Announcements dated 29 January 2014 and 17 February 2014.
<i>Data aggregation methods</i>	All channel sample grades have been length weighted. All assay results from channel sampling are provided. Samples returning greater than 1.0 g/t Au have been composited for reporting (internal dilution of samples containing less than 1.0 g/t Au are included within mineralised zones). Metal equivalents have not been used for reporting exploration results.
<i>Relationship between mineralisation widths and intercept lengths</i>	Results are considered to be close to true width.
<i>Diagrams</i>	Refer to ASX Announcements dated 29 January 2014 and 17 February 2014 and Figure 3.
<i>Balanced reporting</i>	Assay results are provided for all high-grade mine development face channel samples in ASX Announcements dated 29 January 2014 and 17 February 2014. A summary of all weighted average assay results from mine development face channel samples collected on the 1100 level is provided in Figure 3.
<i>Other substantive exploration data</i>	No other substantive exploration data.
<i>Further work</i>	2,000 tonnes of ore has been stockpiled for processing in April. The 1080 level will be developed to better define the plunge of the ore shoot before targeted underground diamond drilling to test its extent.