

9 May 2014

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ASX CODE: ORS

Market Cap.: \$8.3 m (\$0.049 p/s)

Shares on issue: 169,672,726

Cash: \$3.0 m (31 March 2014)

Debt: \$0.0 m (31 March 2014)

DIRECTORS

Ian Gandel, Chairman

Anthony Gray, Managing Director

Bob Tolliday, Director

MAJOR SHAREHOLDERS

Abbotsleigh – 19.5%

Alliance Resources – 13.5%

Karl Sabljak – 5.5%

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Operational Update

- **Accelerate mining of the Alliance South Deposit**
- **Prioritise capital development**
- **New mine design over 120 vertical metres**
- **Deposit developed using existing cash reserves**
- **Mining team doubled in size**
- **Ore processing from the 1100 level commenced**
- **Mining at Pearl Croydon deferred to fund Alliance South**
- **Drilling planned to expand Pearl Croydon Deposit**

The Directors of Octagonal Resources Limited (ASX: ORS) (“**Octagonal**” or “**Company**”) are pleased to provide an update on current and planned mining activities at the Maldon Gold Operation in Central Victoria.

On 28 April 2014 Octagonal announced to the ASX that the Company had intersected a second high-grade gold reef at the Alliance South Deposit in a cross-cut on the 1100 level. This cross-cut returned 7.85 metres grading 29.4 g/t Au from the north wall and 7.95 metres grading 19.0 g/t Au from the south wall and includes intersections from the Western Reef of 2.95 metres grading 40.3 g/t Au and 2.1 metres grading 30.4 g/t Au.

The discovery of this second high-grade reef within the 66 metre long zone of high-grade gold on the 1100 level (refer to ASX Announcement dated 13 March 2014) has led Octagonal to review its mine development options for the Alliance South Deposit with a view to accelerating mine development and bring the deposit into economically sustainable production sooner than previously anticipated.

As a result, the Company has decided to postpone the commencement of open pit mining at the Pearl Croydon Deposit to focus short term capital investment on accelerating the development of the Alliance South Deposit.

The Company is currently updating the mine design and scheduling for the Alliance South Deposit, with a view to funding development and production with existing cash reserves, and will commence a staged increase of mine productivity, initially doubling the size of its mining team from 4 to 8 personnel.

Exploration expenditure will also be tailored to achieve the Company’s underground mining objectives and to define a larger open pit mining operation with infill and extensional drilling at Pearl Croydon.

Octagonal’s Managing Director, Anthony Gray, commented “we have now been developing on the 1100 level of the Alliance South Deposit since July 2013 and even though we first intersected high-grade gold in the Alliance South Shoot in January this year, four months later we are still within the same high-grade shoot.”

“Our development strategy has always been to de-risk underground mining of a narrow vein high-grade nuggetty gold deposit by using a small mining team to understand the structural controls and grade of the deposit before ramping up production.”

“With the high-grade and consistent results that we have seen to date from the Alliance South Shoot this has given us the confidence to focus our capital and resources on the development of this deposit.”

“We are still committed to bringing the Pearl Croydon Deposit into production, but feel that in the short term we would be better off to concentrate on completing the development required for high-grade gold production at Alliance South and then commence open pit mining of the lower-grade 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.

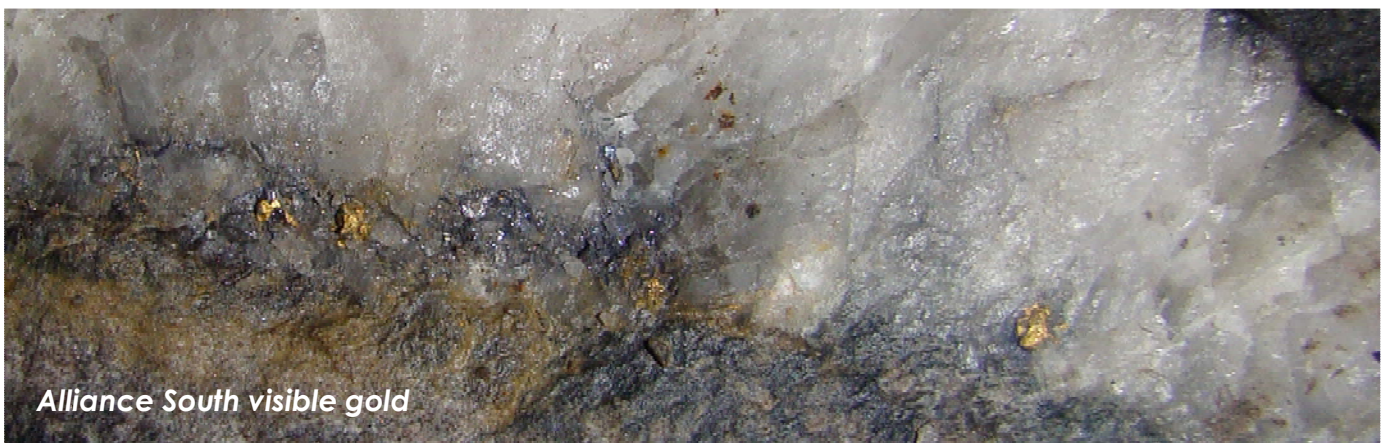
Alliance South Deposit

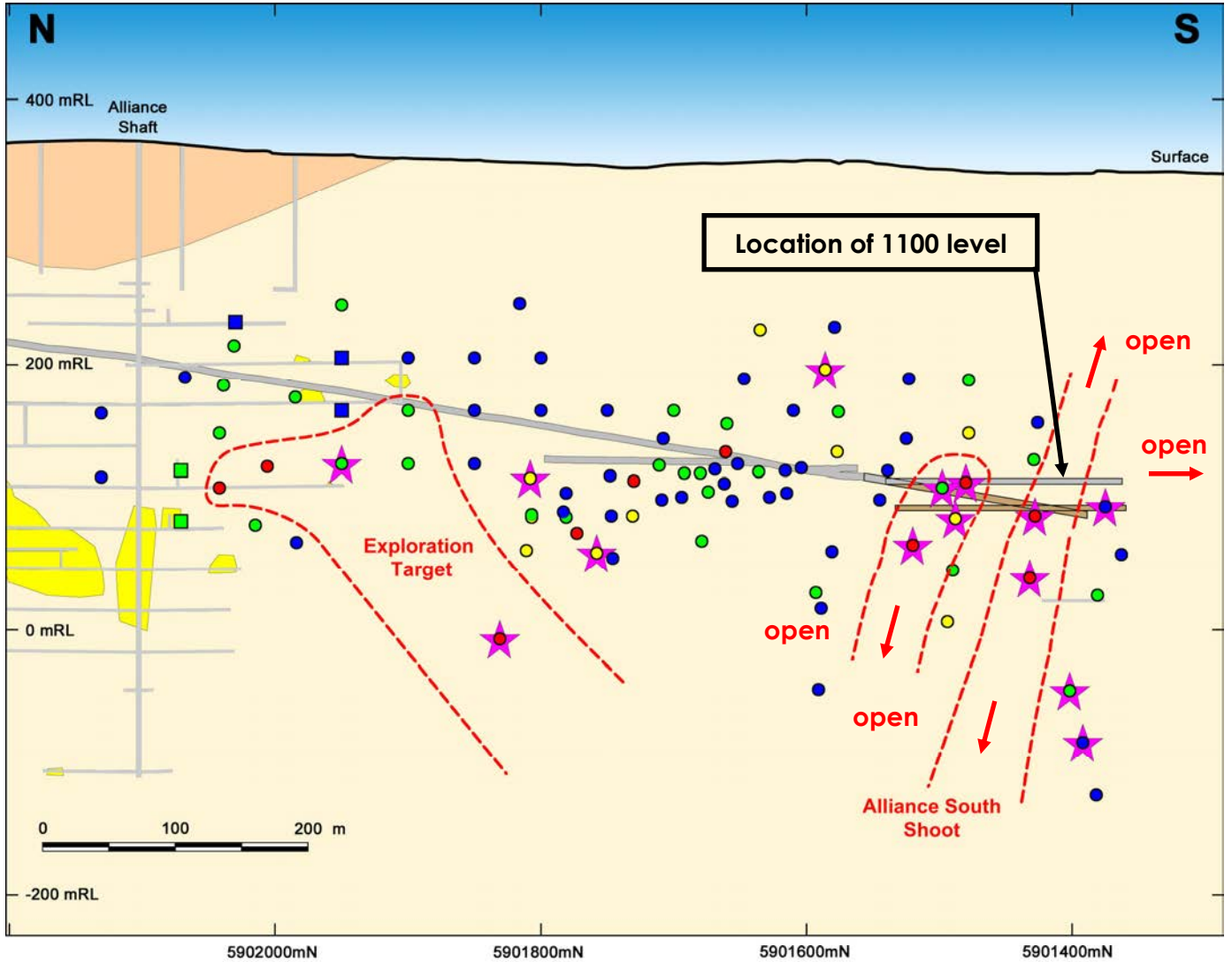
The Alliance South Deposit is located on the Eaglehawk Reef at the southern end of the Central Maldon Shear Zone. The deposit was discovered by Alliance Resources Limited in 2004 and is associated with a flexure in the Eaglehawk Reef, where it passes from the east limb of the German anticline into the 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 (Figure 1).

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 Announcements dated 17 February 2014 and 6 March 2014) (Figure 2). This was subsequently extended to 66 metres strike length with seven sludge holes, covering 30 metres strike length of reef, returning an average grade of 6.8 g/t Au from across the full 7 metre length of the drill holes (refer to ASX Announcement dated 13 March 2014). And most recently a cross-cut developed to test the source of gold in a sludge hole that returned 7 metres grading 13.9 g/t Au intersected 7.85 metres grading 29.4 g/t Au from the north wall and 7.95 metres grading 19.0 g/t Au from the south wall, including a high-grade Western Reef with intersections of 2.95 metres grading 40.3 g/t Au and 2.1 metres grading 30.4 g/t Au (refer to ASX Announcement dated 28 April 2014).





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 1: Eaglehawk Reef: Long-Section showing position of Union Hill Decline relative to the Alliance South Shoot and the location of the 1100 level

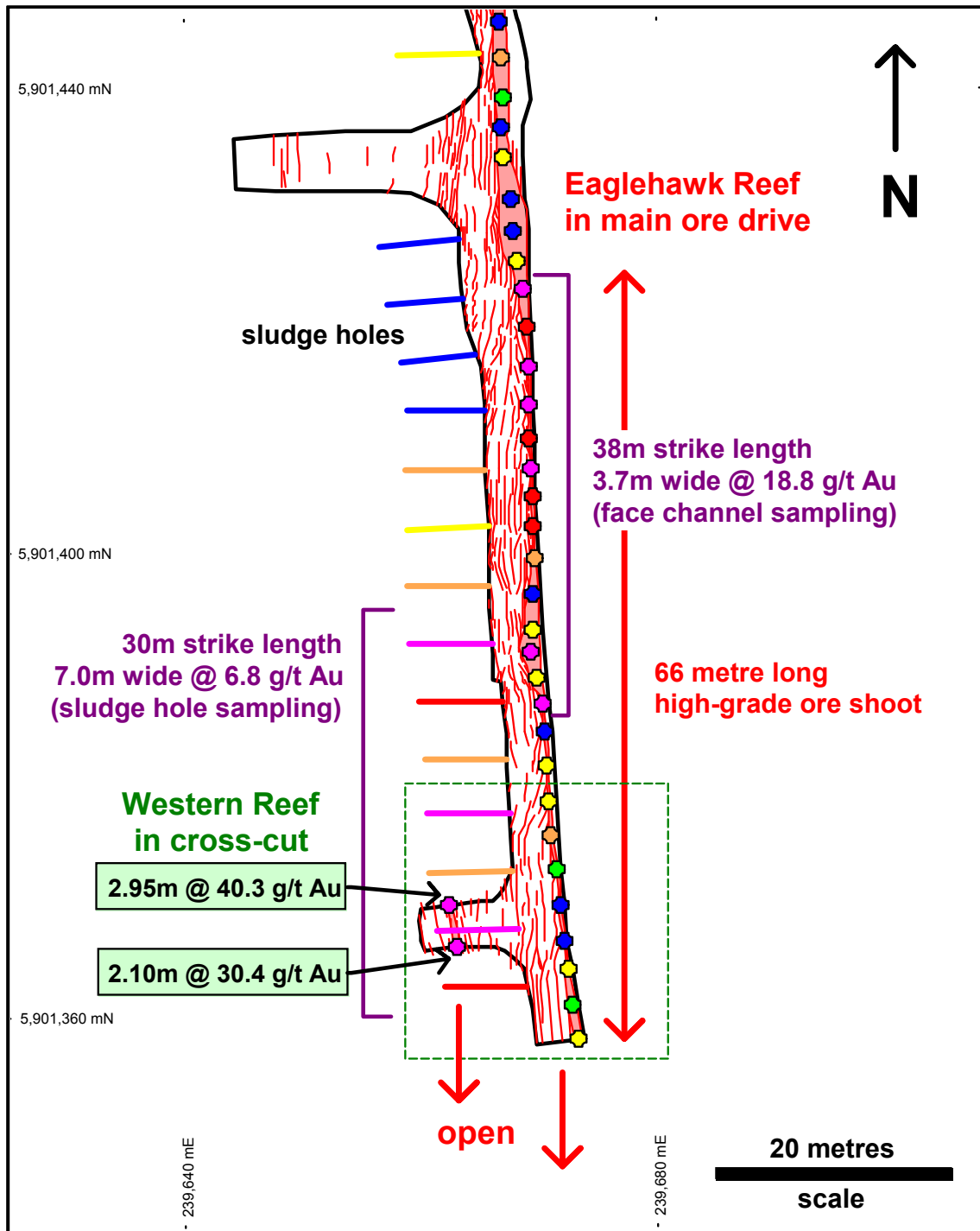


Figure 2: Plan of 1100 level cross-cut and reef development with diluted sludge hole sample assay results, undiluted face channel sample assay results, and western cross cut with Western Reef

Legend-
 Dots: face channel samples
 Horizontal lines: sludge holes
 Blue: no significant assay result
 Green: 1 – 5 g-m Au
 Yellow: 5 – 10 g-m Au
 Orange: 10 – 20 g-m Au
 Red: 20 – 50 g-m Au
 Purple: > 50 g-m Au
 Red lines: quartz reef and spurry veins

Mine Planning

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 also 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).

The deposits of the Maldon Goldfield are historically very high-grade, with a nuggetty (inhomogeneous) gold grade distribution that makes it difficult to estimate resources based on drilling data alone.

Octagonal's strategy to de-risk the development of the Alliance South Deposit has focussed on using a small owner operator mining team to better understand the structural controls on the distribution of gold and average gold grade before accelerating mine development.

During 2014 mine development on the 1100 level of the Alliance South Deposit has defined a 66 metre long zone of high-grade gold that is near-vertical, between 3.7 metres and 9.0 metres wide, and yet to be constrained by mine development to the south. The ore zone strikes north-south and consists of variably oriented and mineralised spurry veins that are bounded to the east and west by high-grade gold-bearing reefs (Eaglehawk Reef and Western Reef).

The length, width, and grade of the ore zone intersected on the 1100 level is of similar dimensions to the ore shoots previously mined in the Maldon Goldfield and suggests the potential for a similar sized ore shoot, however the assay results returned from face channel sampling and sludge hole drilling have been more consistent than expected for a typical nuggetty gold deposit.

These characteristics have led Octagonal to review its mine development options for the Alliance South Deposit with a view to bring the deposit into economically sustainable production sooner than previously anticipated.

To achieve this objective using existing cash reserves the Company has decided to divert short term capital expenditure committed to open pit mining of the lower-grade Pearl Croydon Deposit to focus on advancing mine development of the Alliance South Deposit. A staged approach to mine development is planned whereby labour and funding is incrementally increased as mine development hurdles are achieved.

A new mine design for the Alliance South Shoot has been created that incorporates the development and mining over 120 vertical metres of the deposit between the 1000 level and 1120 level (Figures 3 and 4). This mine design is currently being reviewed by an independent mining engineer and ventilation expert.

It should be noted that the mine design may vary as mining progresses because it is based on 40 metre by 50 metre spaced diamond drilling data and the deposit is not constrained by drilling up-dip, down-plunge, and to the south.

The new mine plan is summarised below to the 1030 level:

1. Increase mining team from 4 to 8 miners (remain on day shift only);
2. Complete development of 1100 level and commence 4 metre up hole lifts to stope the Western Reef;
3. Develop incline to 1120 level and develop level, continue stoping of the Western Reef on 1100 level;
4. Extend decline to 1080 level and develop level;
5. Increase mining team to 16 miners (commence night shift);
6. Extend decline to 1060 level and install vent shaft;
7. Commence long-hole open stoping of 1080 level and develop 1060 level;
8. If ore remains open above 1120 level extend incline to 1140 level and develop level, else extend decline to 1030 level and develop level. Waste rock to back fill 1080 level stope and commence stoping of 1100 level.

This mine plan uses a bottom up mining approach that initially delays revenue while multi-level development is completed, but significantly reduces mining costs once long-hole open stoping commences (as waste rock from decline development is used to back fill open stopes). It is also a favourable mining technique for this deposit as the up-plunge extent of the ore shoot is currently unknown.

Funding for this mine plan is derived from existing cash reserves, level development income, and early stoping of the Western Reef on the 1100 level that supports the development of the 1120 level incline, decline to the 1060 level, and installation of vent shaft. This work is expected to take 18 months to complete before long-hole open stoping can commence on the 1080 level.

During this period allocation of exploration expenditure will be tailored to cash flow and focussed towards defining a larger open pit mining operation with drilling at Pearl Croydon and better understanding the size and geometry of the Alliance South Shoot.

Table 2 contains a summary of all diamond drilling data upon which the mine design is based and Table 3 lists all drill hole collar locations.

It should be noted that for holes DDH089 onwards HQ size holes were drilled with the core cut in half and the south side of the core routinely analysed, unless visible gold was identified, in which case the half of the core without the visible gold was sent to the laboratory for analysis and the half of the core with visible gold retained as evidence of the intersection. This sampling was completed prior to Octagonal acquiring the deposit and has biased the drilling data by likely underestimating the grade of samples containing visible gold. These samples are identified in Table 2.

Octagonal has attempted to revisit this drill core to re-sample the retained half of core from across the ore zones to better estimate gold grades, however the deterioration of drill core, drill core trays, samples interval marks, and core blocks has made this process difficult and unreliable as original sample intervals cannot be accurately located.

*Table 1.
Maldon Goldfield: Major Gold Producing Reefs*

<i>Reef System</i>	<i>Gold Production</i>	<i>Deepest Workings</i>	<i>Period Mined</i>
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

Ore Processing

Processing of ore from the 1100 level of the Alliance South Deposit commenced this week from an accumulated stockpile of approximately 3,000 tonnes of ore. Mine scheduling has been designed so that ore processing will continue on a day shift only while the decline is developed to the 1060 level, with the ore processing schedule to be reviewed once long-hole open stoping of the 1080 level commences.



**Maldon gold processing plant
with Alliance South ore**

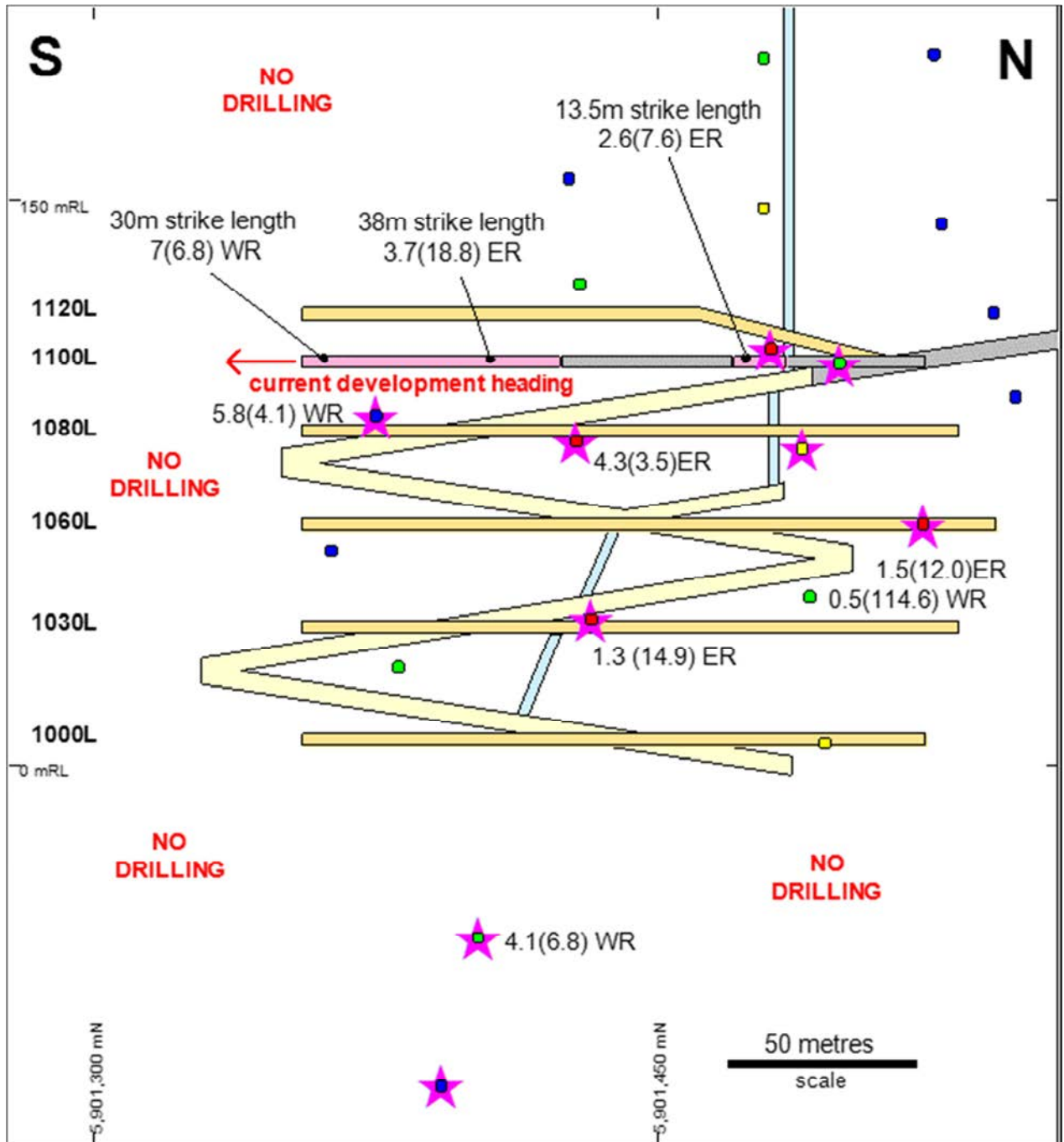


Figure 3. Eaglehawk Reef Long-Section with Alliance South mine design

Legend-

Drill holes

- Blue dots: no significant assay result
- Green dots: 1 – 5 g-m Au
- Yellow dots: 5 – 10 g-m Au
- Red dots: > 10 g-m Au

Purple stars indicate drill holes that contain visible gold intersections

Development

- Grey polygons: existing mine development (decline and low-grade 1100 level)
- Pink polygons: existing mine development (high-grade 1100 level)
- Yellow polygons: planned decline
- Orange polygons: planned level development
- Light blue polygons: planned vent shaft and return airway

1.3(14.9) denotes 1.3 metres (true width) grading 14.9 g/t Au
 ER denotes Eaglehawk Reef
 WR denotes Western Reef

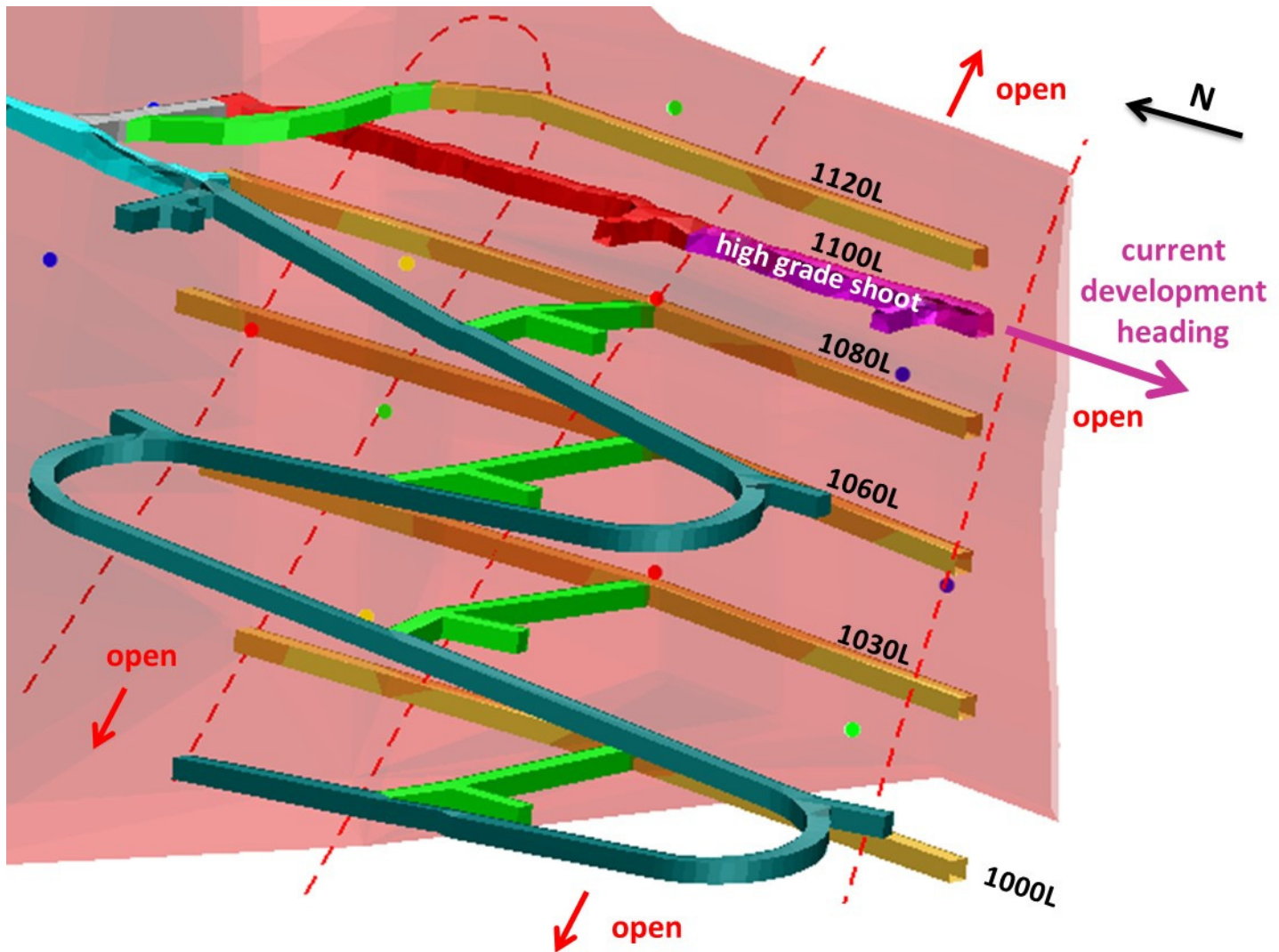


Figure 4. 3D Model of Eaglehawk Reef with existing development and Alliance South mine design (vent shaft and return airway excluded from diagram)

Legend-

Drill holes

Blue dots: no significant assay result

Green dots: 1 – 5 g-m Au

Yellow dots: 5 – 10 g-m Au

Red dots: > 10 g-m Au

Pink polygon: Eaglehawk Reef

Development

Light blue polygons: existing decline

Grey polygons: existing 1100 level cross-cut

Red polygons: low-grade existing 1100 level reef development

Purple polygons: high-grade existing 1100 level reef development

Teal blue polygons: planned decline

Green polygons: planned cross-cut

Orange polygons: planned level development

Pearl Croydon Deposit

The Pearl Croydon Gold Deposit is located on a granted mining licence 40 kilometres southwest of the Company's Porcupine Flat gold processing facility at Maldon and contains an Inferred Mineral Resource of 570,000 tonnes grading 2.9 g/t Au for 53,000 ounces of gold (refer to ASX Announcement dated 20 January 2014).

At present 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 opportunity.

On 6 February 2014 Octagonal announced to the ASX that all regulatory approvals had been received for open pit mining at the Pearl Croydon Deposit and that site works would commence site during February in preparation of mining.

Development of the Pearl Croydon Deposit was placed on hold during March and April while the Company completed a Rights Issue to raise \$3.18 million (refer to ASX Announcements dated 10 February 2014 and 14 March 2014) and while the Company commenced site works in mid-April they were almost immediately placed on hold following the discovery of a second high-grade gold-bearing reef at the Alliance South Deposit (refer to ASX Announcement dated 28 April 2014) while a detailed review of mining and exploration activities was completed.

The aim of this review was to prioritise the Company's mining and exploration projects and manage cash flow such that the best and most advanced projects are brought into production soonest using the Company's existing cash reserves.

The outcome of this review determined that the underground potential of the high-grade Alliance South Shoot presented the best opportunity for Octagonal to generate significant cash flow in the short to mid-term and that the Company was spreading its capital expenditure too thinly by developing two projects at once.

While Octagonal remains committed to bringing the Pearl Croydon Deposit into production, the deposit is lower-grade and located 40 kilometres further from the Maldon gold processing plant than the Alliance South Deposit.

The commencement of open pit mining at Pearl Croydon will be delayed for a period of 6 to 12 months, however during this time the Company intends to continue work on the site to better define resources within and outside of the initial mining area to eventually establish a larger open pit mining operation.



Surface grade control trenching with pit outline at the Pearl Croydon Deposit (April 2014)

Table 2.							
Summary of Historic Alliance South Diamond Drilling Results							
Hole ID	From (m)	To (m)	Interval (m)	True Width (m)	Au (g/t)	Visible Gold	Comments
DDH072					NSA		
DDH072A	300.9	301.95	1.05	0.74	24.7	Yes	Western Reef
	301.95	303	1.05	0.74	0.1		
	303	304	1.00	0.71	0.4		
	304	305	1.00	0.71	0.9		
	305	306.1	1.10	0.78	0.3		
	306.1	307.1	1.00	0.71	0.6		
	307.1	308.1	1.00	0.71	2.2		
	308.1	309.1	1.00	0.71	3.1		
TOTAL inc.				5.80 0.74	4.1 24.7		
DDH073	484.5	485.5	1.00	0.57	2.5	Yes	Western Reef
	485.5	486.5	1.00	0.57	0.4		
	486.5	487.5	1.00	0.57	0.1		
	487.5	488.5	1.00	0.57	14.6	Yes	Eaglehawk Reef
TOTAL				2.29	4.4		
DDH073B	441.7	442.7	1.00	0.68	26.0	Yes	Western Reef
	442.7	443.7	1.00	0.68	3.2		
	443.7	444.7	1.00	0.68	3.3		
	444.7	445.7	1.00	0.68	5.3		
	445.7	446.7	1.00	0.68	0.0		
	446.7	447.7	1.00	0.68	2.9		
TOTAL inc.				4.09 0.68	6.8 26.0		
DDH080					NSA		
DDH089	253.9	254.7	0.80	0.41	1.2		Western Reef
	254.7	255.1	0.40	0.21	7.8		
	255.1	256	0.90	0.46	0.2		
	256	257.25	1.25	0.64	0.3		
	257.25	258	0.75	0.39	8.0		
	258	258.9	0.90	0.46	0.2		
	258.9	259.8	0.90	0.46	12.9		
	259.8	260.7	0.90	0.46	0.1		
	260.7	261.1	0.40	0.21	1.6		
	261.1	261.55	0.45	0.23	0.1		
	261.55	261.85	0.30	0.15	2.7		
	261.85	262.55	0.70	0.36	2.6*	Yes	Eaglehawk Reef
	262.55	262.8	0.25	0.13	1.4		
	262.8	263.4	0.60	0.31	0.5		
	263.4	264	0.60	0.31	1.5		
TOTAL inc.				5.20 2.63	2.7 4.2		
DDH090	223.6	224.3	0.70	0.15	12.5		Western Reef
TOTAL				0.15	12.5		
DDH094					NSA		
DDH097					NSA		
DDH100	306.45	307.35	0.90	0.52	1.2*	Yes	Western Reef
	307.35	308.3	0.95	0.54	0.2		Western Reef
	308.3	309	0.70	0.40	9.2		Western Reef
	309	309.7	0.70	0.40	1.1		
	309.7	310.8	1.10	0.63	0.1		
	310.8	311.9	1.10	0.63	0.3		
	311.9	312.6	0.70	0.40	0.6		
	312.6	313.3	0.70	0.40	1.8		Eaglehawk Reef
	313.3	314.1	0.80	0.46	3.5		Eaglehawk Reef
TOTAL				4.39	1.8		

* Note: For holes DDH089 onwards analysis of samples containing visible gold is biased (half core sampled - any sample containing visible gold was retained and the half of core without visible gold was sent to the laboratory for analysis)

Table 2. cont...							
Summary of Historic Alliance South Diamond Drilling Results							
Hole ID	From (m)	To (m)	Interval (m)	True Width (m)	Au (g/t)	Visible Gold	Comments
DDH104	337.9	338.7	0.80	0.38	1.1		
	338.7	339.45	0.75	0.35	44.4*	Yes	Eaglehawk Reef
	339.45	339.95	0.50	0.23	10.8		Eaglehawk Reef
	339.95	340.7	0.75	0.35	2.8*	Yes	
TOTAL				1.31	14.9		
DDH107	288.15	289	0.85	0.45	11.4		Western Reef
	289	289.9	0.90	0.48	2.2		Western Reef
	289.9	290.8	0.90	0.48	7.3*	Yes	Western Reef
	290.8	291.2	0.40	0.21	5.1		
	291.2	292.1	0.90	0.48	1.0		
	292.1	292.7	0.60	0.32	0.2		
	292.7	293.3	0.60	0.32	0.6		
	293.3	294.3	1.00	0.53	1.0		
	294.3	295.3	1.00	0.53	4.4		
	295.3	296.2	0.90	0.48	1.3		
TOTAL				4.27	3.5		
DDH108	277.6	278.45	0.85	0.48	3.5*	Yes	Eaglehawk Reef
TOTAL				0.48	3.5		
DDH110	318	318.8	0.80	0.40	6.4		Eaglehawk Reef
	318.8	319.6	0.80	0.40	35.3*	Yes	Eaglehawk Reef
	319.6	320.3	0.70	0.35	2.5		
	320.3	321	0.70	0.35	1.1		
TOTAL				1.50	12.0		
DDH112	252.3	253.3	1.00	0.59	3.4		Eaglehawk Reef
TOTAL				0.59	3.4		
DDH114	361.2	362.2	1.00	0.44	6.5		Western Reef
	362.2	363.2	1.00	0.44	0.4		Western Reef
	363.2	363.5	0.30	0.13	7.1		Western Reef
TOTAL				1.01	4.0		
DDH114b	320.5	321.35	0.85	0.48	114.6		Western Reef
TOTAL				0.48	114.6		
DDH117					NSA		
DDH120	376	376.3	0.30	0.18	1.9		Eaglehawk Reef
	376.3	377.1	0.80	0.49	3.3		Eaglehawk Reef
TOTAL			1.10	0.68	2.9		
DDH122					NSA		
DDH174					NSA		

* Note: For holes DDH089 onwards analysis of samples containing visible gold is biased (half core sampled - any sample containing visible gold was retained and the half of core without visible gold was sent to the laboratory for analysis)



Table 3.

Alliance South Shoot: Diamond Drill Hole Collar Locations						
Hole ID	Easting (MGA)	Northing (MGA)	mRL	Depth	Azimuth	Dip
DDH072	239488.8	5901380.3	342.9	375.3	89.9	-58.0
DDH072A	239488.8	5901380.3	342.9	332.6	89.9	-58.0
DDH073	239427.9	5901377.0	347.3	530.5	89.9	-64.0
DDH073B	239427.9	5901377.0	347.3	482.5	89.9	-64.0
DDH080	239583.7	5901480.2	338.5	176.0	87.9	-65.0
DDH089	239539.9	5901446.6	341.8	290.4	72.9	-62.0
DDH090	239540.5	5901447.2	341.8	250.2	72.9	-58.0
DDH094	239547.4	5901436.2	341.4	255.2	89.4	-59.0
DDH097	239540.9	5901436.2	341.5	274.6	89.4	-62.0
DDH100	239484.5	5901475.0	344.0	328.4	84.4	-58.0
DDH104	239515.3	5901431.2	342.0	366.1	89.4	-60.0
DDH107	239513.5	5901431.1	342.1	321.6	89.4	-57.0
DDH108	239509.8	5901475.0	344.2	331.4	74.4	-57.0
DDH110	239509.1	5901478.4	344.3	354.0	71.4	-60.0
DDH112	239507.5	5901479.7	344.4	279.0	71.4	-52.0
DDH114	239508.7	5901480.5	344.4	409.0	84.4	-63.5
DDH114B	239508.7	5901480.5	344.4	365.6	84.4	-63.5
DDH117	239541.2	5901491.3	341.7	221.0	69.4	-54.0
DDH120	239463.8	5901394.3	344.3	404.5	89.4	-58.0
DDH122	239739.7	5901545.5	345.8	304.0	270.4	-70.0
DDH174	239634.0	5901567.6	120.0	51.8	140.0	0.0


Alliance South ore

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: Historic Alliance South Diamond Drilling Results

Section 1 Sampling Techniques and Data

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

Criteria	Commentary
<i>Sampling techniques</i>	Diamond drill core was cut in half perpendicular to the structural fabric and half core sampled over 0.25 to 1.25 metre intervals. The south side of the drill core was routinely collected for sample analysis unless visible gold was identified, in which case the half of the core without the visible gold was sent for analysis and the half of the core with visible gold retained as evidence of the visible gold intersection. This sampling technique has biased the drilling data with assay results for intervals intersecting visible gold likely to be lower than the true grade.
<i>Drilling techniques</i>	HQ sized diamond drilling with NQ2 sized diamond drilling for wedge holes.
<i>Drill sample recovery</i>	Drill core recovery is recorded on core blocks while drilling and noted on geological logging sheets. Drill core recovery noted on core blocks is checked against actual core intervals. Little core was lost during drilling, however recovery is poor across puggy (soft clay) zones that may preferentially contain gold and as a result negatively bias the assay data.
<i>Logging</i>	All drill holes are geologically logged in detail noting core recovery, lithology, alteration, quartz style and content, sulphide type and content, structure, structural orientation, and RQD. Quartz and sulphide content and alteration and structural intensity are visually estimated. All drill core is routinely photographed.
<i>Sub-sampling techniques and sample preparation</i>	HQ and NQ2 sized diamond core was cut in half for sampling. The Alliance South Deposit is considered to be a nuggetty gold deposit, meaning the style of mineralisation is inhomogeneous and a large sample is required for better estimation of grade. To achieve this objective the entire sample is pulverised before splitting to try to improve homogeneity and analysed for gold using a 400g BLEG analysis with Fire Assay of residue if samples return greater than 0.4 g/t Au.
<i>Quality of assay data and laboratory tests</i>	All samples routinely analysed for gold using a 400g BLEG analysis with AAS finish. The repeatability of assay results was checked with a 1kg BLEG analysis on selected of samples. The BLEG technique is a partial digest that determines cyanide leachable gold. The residue of samples returning greater than 0.4 g/t Au were analysed for gold using the 40 gram Fire Assay Digest technique with an AAS finish. The Fire Assay technique is considered to be a near total digest. By adding the BLEG and Fire Assay results together the total contained gold in a sample can be determined. Residual material for many samples was sent to an alternate laboratory for 400g BLEG quality control analysis. This testing returned variable results that after investigation was attributed to the nuggetty nature of the gold deposit.
<i>Verification of sampling and assaying</i>	The results have been reviewed by alternative company personnel and no errors identified. 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.
<i>Location of data points</i>	Drill hole collars are located using a qualified surveying contractor. Down hole surveys are measured using a single shot camera at approximately 30 metre intervals. The accuracy and quality of each survey shot is assessed against adjacent survey and drill hole collar data, with poor survey data omitted from the database. All drill hole collars are reported in GDA94, MGA Zone 55 coordinates.
<i>Data spacing and distribution</i>	Drill holes are spaced to intersect the Eaglehawk Reef using either a 40 metre by 50 metre or 20 metre by 25 metre spaced grid. No sample compositing has been applied between drill holes.

Criteria	Commentary
<i>Orientation of data in relation to geological structure</i>	The Eaglehawk Reef is near-vertical to steep west dipping. The holes were oriented perpendicular to the strike of the reef and angled between -52 and -70 degrees (DDH174 is an underground hole drilled perpendicular to the dip of the reef). Table 2 lists all sample results with sampled length and estimated true width. All results reported in the text of this report are estimated true width. There is no known bias in the orientation of this sampling.
<i>Sample security</i>	Retained half drill core for all holes is stored in a core yard at the Maldon Gold Operation.
<i>Audits or reviews</i>	Hackchester Pty Ltd completed a review of the drill hole sampling and analytical protocols for the Alliance South Deposit in 2005. This review recommended that the practice of consciously not sampling visible gold be discontinued, that whole core sampling should be adopted, that the Company actively monitor laboratory sampling protocols, and consider HQ triple tube drilling. Octagonal has adopted the first three recommendations.

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>	See Table 3 and Figure 3.
<i>Data aggregation methods</i>	All drill hole assay results have been length weighted. All samples from across the Eaglehawk Reef and Western Reef zone have been reported with samples returning greater than 1.0 g/t Au composited for reporting (internal dilution of samples containing less than 1.0 g/t Au are included within mineralised zones). High-grade intervals within mineralised zones are reported together with the broader intersection. Metal equivalents have not been used for reporting exploration results.
<i>Relationship between mineralisation widths and intercept lengths</i>	Table 2 lists all sample results with sampled length and estimated true width. All results reported in the text of this report are estimated true width.

Criteria	Commentary
<i>Diagrams</i>	Figure 3 illustrates a long-section of drilling results with drill hole pierce points into the Eaglehawk Reef. A plan view of drill hole collars and cross-sections are not provided because a long-section best illustrates the spatial relationship of drilling results in a narrow vein deposit. Drill hole collar co-ordinates are provided in Table 3.
<i>Balanced reporting</i>	Assay results are provided for all drill holes into the Alliance South Shoot area discussed in this report. Refer to Figure 3 and Table 2.
<i>Other substantive exploration data</i>	No other substantive data.
<i>Further work</i>	Mine development on the Eaglehawk and Western reef will continue to the south on the 1100 level until the reef becomes uneconomic to mine. Development will then commence on the 1120 and 1080 levels of the deposit.