



**OCTAGONAL RESOURCES LIMITED**  
**ACN 147 300 418**

---

**OFFER DOCUMENT**

---

For a non-renounceable Entitlement Issue of 3 New Shares for every 5 Shares held by Eligible Shareholders who hold Shares at 7:00pm (AEDT) on 18 February 2014 at an issue price of 5 cents per New Share to raise approximately \$3,181,440 before the costs of the Issue.

---

**IMPORTANT NOTICE**

---

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

**This Offer opens on 24 February 2014 and is scheduled to close at 5:00pm AEDT on 11 March 2014.**

Valid acceptances and applications for Shortfall Shares must be received before **5:00pm AEDT on 11 March 2014**.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

New Shares offered under this document should be considered as speculative.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

---

## **IMPORTANT NOTES**

---

The Offer is made in accordance with section 708AA of the Corporations Act. This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document. The information in this Offer Document does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Offer Document should be read in its entirety before you decide to participate in the Offer.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not so contained may not be relied on as having been authorised by the Company or any of its officers in connection with the Offer.

### **Eligibility**

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer. By returning an Entitlement and Acceptance Form or otherwise arranging for payment for your New Shares or through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Document and you have acted in accordance with and agree to the terms of the Offer detailed in this Offer Document.

### **Overseas shareholders**

This Offer Document and the accompanying Entitlement and Acceptance Form does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and New Shares will only be issued to Eligible Shareholders as set out below.

### **Eligibility Criteria**

Eligible Shareholders are Shareholders who:

- (a) have bought Shares on ASX before 11 February 2014; and
- (b) are registered as a holder of existing shares as at 7.00 pm AEDT on the Record Date; and
- (c) have an address on the share register in Australia or New Zealand; and
- (d) are not in the United States and are not "U.S. persons" (as defined under Regulation S under the United States Securities Act of 1933) (b) and are not acting for the account or benefit of U.S. Persons.

Shareholders who do not satisfy these criteria are Ineligible Shareholders.

This Offer Document is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

### **Privacy Act**

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate

communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

### **Definitions, currency and time**

Defined terms used in this Offer Document are contained in Section 6. All references to time are to AEDT, unless otherwise indicated.

### **Taxation**

There will be tax implications associated with participating in the Offer and receiving New Shares. The Directors consider that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Offer Document or the subsequent disposal of any New Shares. The Directors recommend that you consult your professional tax adviser in connection with the Offer.

### **Governing law**

This Offer Document, the Offer and the contracts formed on acceptance of applications under the Entitlement and Acceptance Form are governed by the laws of Victoria, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Victoria, Australia.

### **U.S. Disclaimer**

None of the information in this Offer Document, the accompanying ASX announcements nor the accompanying Entitlement and Acceptance Form constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to persons that are, or are acting for the account or benefit of, a "U.S. person" (as defined in Regulation S of the United States Securities Act of 1933, as amended) (U.S. Securities Act) (U.S. Person). None of this information, the accompanying ASX announcement nor the accompanying Entitlement and Acceptance Form may be sent, disseminated or distributed to, directly or indirectly, or relied upon by, persons in the United States or that are, or are acting on behalf of or for the account or benefit of, a U.S. Person, and it may not otherwise be distributed in the United States.

The Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a U.S. Person, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction in the United States. Accordingly, the New Shares may not be deposited in any unrestricted American Depositary Receipt facility with respect to the securities of Octagonal until 40 days following the completion of the offering.

## **Corporate Directory**

### **Octagonal Resources Limited (ACN 147 300 418)**

#### **Directors**

Mr Ian Gandel            Chairman  
Mr Anthony Gray        Managing Director  
Mr Bob Tolliday         Director, CFO

#### **Company Secretary**

Mr Bob Tolliday

#### **Registered Office**

Octagonal Resources Limited  
Suite 3, 51-55 City Road  
Southbank VIC 3006  
Phone: (03) 9697 9088  
Fax: (03) 9697 9089  
Email: [info@octagonalresources.com.au](mailto:info@octagonalresources.com.au)  
[www.octagonalresources.com.au](http://www.octagonalresources.com.au)

#### **Share Registry**

Computershare Investor Services Pty Limited  
GPO Box 505,  
Melbourne, VIC 3001  
Website: [www.computershare.com](http://www.computershare.com)  
Investor Centre [www.investorcentre.com](http://www.investorcentre.com)

#### **Lawyers for the Offer**

HWL Ebsworth Lawyers  
Level 26, 530 Collins Street,  
Melbourne, VIC 3000  
Australia

Phone: (03) 8644 3500  
[www.hwlebsworth.com.au](http://www.hwlebsworth.com.au)

#### **Lead Manager**

Patersons Securities Limited  
Level 23, Exchange Plaza,  
2 The Esplanade  
Perth, WA 6000  
Australia

Phone: (08) 9263 1111  
[www.psl.com.au](http://www.psl.com.au)

---

## TABLE OF CONTENTS

---

1.	CHAIRMAN'S LETTER.....	6
2.	DETAILS OF THE OFFER.....	8
3.	ACTION REQUIRED BY SHAREHOLDERS.....	15
4.	RISK FACTORS .....	18
5.	MATERIAL AGREEMENTS.....	21
6.	DEFINED TERMS .....	22

### INVESTMENT HIGHLIGHTS

- **Underground mine development at Alliance South intersects 18.5m @ 21.4g/t Au over 3.5m width**
- **Pearl Croydon open pit mining approved**
- **Specimen Reef mining licence granted**
- **Infill drilling to define open pit resources in Victoria**
- **Exploration drilling to test size of Burns copper-gold deposit in Western Australia**
- **Dedicated management**
- **Board to fully participate in Rights Issue**
- **Shareholders eligible to apply for additional shares in excess of their entitlement**

---

## 1. CHAIRMAN'S LETTER

On behalf of the Board of Octagonal Resources Limited (**Octagonal** or **Company**), I have pleasure in inviting you to participate in the Company's pro-rata Entitlement Issue.

The Company is offering to all Eligible Shareholders the right to subscribe for 3 New Shares for every 5 Shares held at 7.00pm AEDT on 18 February 2014 at an issue price of 5 cents per New Share to raise up to \$3,181,440 (before the costs of the offer). The Offer is not underwritten. Patersons Securities Limited has been appointed as Lead Manager to the Offer.

This is a:

- (a) 46% discount to Octagonal's closing price of 9.2 cents on 7 February 2014; and
- (b) 50% discount to Octagonal's share price of 10.1 cents calculated based on a 15-day volume weighted average price (VWAP) ending 7 February 2014,

being the last business day before this Offer Document was lodged with the ASX.

### **Purpose of the capital raising**

The Company intends to use the funds raised under this Offer for:

- Development and production mining at the Alliance South Decline Development
- Development and production mining at the Pearl Croydon Deposit
- Exploration of the Burns Prospect (WA)
- Repay the Loan outstanding to Gandel Metals
- Costs of the Offer
- Working Capital

Further information regarding the use of funds is set out at Section 2.1.

### **Actions required to take up your Entitlement**

The number of New Shares you are entitled to subscribe for is set out in your personalised Entitlement and Acceptance Form that is enclosed in this Offer Document. If you take up your Entitlement in full, you can also apply for additional New Shares under the Shortfall Facility.

If you decide to subscribe for New Shares or Shortfall Shares, please ensure that you provide your completed Entitlement and Acceptance Form and your Application Monies by the closing date of **5.00 pm AEDT on 11 March 2014**.

You can provide your Entitlement and Acceptance Form and your Application Monies to our registry, Computershare Investor Services Pty Limited, or you can pay your Application Monies via BPAY® pursuant to the instructions set out in the accompanying Entitlement and Acceptance Form.

If you do not wish to take up any of your Entitlement, you do not have to take any action. Please refer to Section 3 for further information.

### **Risks**

You should be aware that an investment in Octagonal, like an investment in any company involves certain risks which can affect the value of your investment. Further information regarding the risks specific to the

Offer are contained in Section 4. The Directors recommend that you read Section 4 in full before applying for your Entitlement in order to fully appreciate the risks associated with an investment in Octagonal.

**Further information**

Further details of the Offer are set out in this Offer Document which you should read carefully.

If you have any questions or queries regarding the details contained in this document, please contact your financial adviser or the Company Secretary, Mr Bob Tolliday on (03) 9697 9088.

The Directors appreciate our Shareholders' continued support of the Company and welcome your participation in this Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ian Gandel". The signature is written in a cursive, flowing style.

Ian Gandel  
Chairman

## 2. DETAILS OF THE OFFER

### 2.1 The Offer

The Company is making a non-renounceable pro rata Offer to Eligible Shareholders of 3 New Shares for every 5 Shares at an issue price of 5 cents per New Share.

The Company intends to apply the funds raised from the Offer, after any Offer costs (detailed in Section 2.17 of this Offer Document), as follows:

<b>Application</b>	<b>Amount (\$)</b>
Development and production mining at the Alliance South Decline Development	\$0.9m
Development and production mining at the Pearl Croydon Deposit	\$0.9m
Exploration of the Burns Prospect (WA)	\$150k
Repay Loan outstanding to Gandel Metals	\$1.1m
Costs of the Offer	\$75k
Working Capital	\$55k
<b>Total proceeds from Offer</b>	<b>\$3.18m</b>

The above use of funds is based on the Offer being fully subscribed. In the event that the Offer is not fully subscribed, the Board reserves the right to vary the priority of expenditures dependent on circumstances and other opportunities. In particular in relation to the repayment of the Loan to Gandel Metals, the Loan Agreement provides that the Loan is repayable where the Company completes a capital raising for an amount equal to or greater than \$1,500,000. Accordingly, where the amount raised is greater than \$1,500,000, the Loan will be repaid in full. If the amount received from the capital raising is less than \$1,500,000, the Company will repay a portion of the Loan. The portion of the Loan to be repaid will be determined by the Board with reference to its cash reserves and forecast cash flows. Further information regarding the repayment of the Loan is set out in Sections 2.6 and 5.2.

As at the date of this Offer Document, the Company has 106,048,002 Shares, no unquoted Options and 1,733,440 unquoted Performance Rights on issue. Accordingly, approximately 63,628,802 New Shares will be offered under the Entitlement Issue.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

### 2.2 Indicative Timetable

<b>Event</b>	<b>Date – 2014**</b>
<b>ASX announcement of Offer, lodge Appendix 3B and Entitlement Issue cleansing notice (section 708AA Corporations Act)</b>	10 February
<b>Notice sent to Shareholders</b>	11 February
<b>Ex date</b> (date from which securities commence trading without the entitlement to participate in the Offer)	12 February



<b>Event</b>	<b>Date – 2014**</b>
<b>Record Date 7:00pm (AEDT)</b> (date for determining entitlements of Eligible Shareholders to participate in the Offer)	18 February
<b>Offer Document dispatched to Eligible Shareholders and lodged with ASX</b>  (date of despatch of Offer Document, Entitlement and Acceptance Form)	24 February
<b>Offer opens</b>	24 February
<b>Closing Date* 5:00pm (AEDT)</b>	11 March
<b>Securities quoted and trading on a deferred settlement basis</b>	12 March
<b>Company to notify ASX of under subscriptions (if any) **</b>	14 March
<b>Issue of New Shares and despatch of written confirmation of the issue of New Shares and updating details in Investor Centre</b>	19 March
<b>Trading in the New Shares commences on a T+3 basis**</b>	20 March

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

\*\* These dates are indicative only.

The Directors also reserve the right not to proceed with the whole or part of the Offer any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be refunded in full to Applicants.

### **2.3 Entitlements and acceptance**

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

Eligible Shareholders who take up their full Entitlement may also subscribe for additional Shortfall Shares under the Shortfall Facility. There is no guarantee that such Shareholders will receive the number of New Shares applied for under the Shortfall Facility, or any. There is no cap on the number of additional New Shares that Eligible Shareholders may apply for under the Shortfall Facility, although the number of New Shares available under the Shortfall Facility will not exceed the shortfall from the Entitlements Issue.

The directors reserve the right to allot and issue New Shares under the Shortfall Facility at their discretion. In the event of a scale-back, the difference between the Application Monies received, and the number of New Shares issued to you multiplied by the offer price of \$0.05, will be refunded following allotment. No interest will be paid to Applicants on any application monies received and refunded.

### **2.4 No rights trading**

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, your Entitlement will lapse.

## 2.5 Capital Structure

The following sets out Octagonal's capital structure both pre and post the successful completion of the Entitlement Issue (assuming the Entitlement Issue is fully subscribed):

Shares on issue as at the date of the Entitlement Issue	106,048,002
New Shares to be issued under the Entitlement Issue (approximate)	63,628,802
Total Shares on issue after the Entitlement Issue (approximate)	169,676,804
Options on issue as at the date of the Entitlement Issue	0
Performance Rights on issue as at the date of the Entitlement Issue	1,733,440

## 2.6 Shortfall

A shortfall will arise if applications received for New Shares under the Entitlement Issue (including after the issue of New Shares under the Shortfall Facility (if any) and the Entitlements of persons who are not Eligible Shareholders) are less than the number of New Shares offered under this Offer (**Shortfall**).

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place the Shortfall within 3 months after the Closing Date to either existing or new Shareholders at their discretion. New Shares issued under the Shortfall will be issued at a price not less than \$0.05 (being the issue price for New Shares under the Entitlements Issue). Shareholders will not receive any payment or value for the Entitlements not taken up under the Entitlement Offer that are subsequently issued under the Shortfall Facility or the Shortfall.

If any New Shares under the Shortfall are issued to the Lead Manager or clients of the Lead Manager, the Lead Manager will be paid a fee for such issue as set out in the Lead Manager Mandate. Further information regarding the Lead Manager Mandate is set out at Section 5.1.

## 2.7 Loan Agreement with Gandel Metals

On 1 October 2013 the Company entered into a Loan Agreement with Gandel Metals, a company related with the Company's Chairman Mr Ian Gandel, to secure access to a bank standby credit facility for up to \$1.1 million.

The credit facility is unsecured and has been drawn down in multiple tranches. It is now fully drawn-down to \$1.1 million. The funds under the Loan have been primarily used to assist development of the Pearl Croydon and Alliance South Projects, exploration funding in Victoria and Western Australia, and for working capital purposes.

No fees are payable to Gandel Metals under the Loan and interest on the facility, levied by the Bank, is paid to Gandel Metals at the same rate as Gandel Metals has borrowed the loan funds from the Bank. Monthly interest on the facility is currently being met by the Company.

The Loan is fully repayable no later than 1 July 2014 or earlier in the event of a capital raising in excess of \$1,500,000. Further information regarding the repayment of the Loan is set out at Sections 2.1 and 5.2.

## 2.8 Opening and Closing Dates

The Offer opens on the Opening Date, 24 February 2014. The Company is scheduled to accept Entitlement and Acceptance Forms until 5:00 pm AEDT on the Closing Date, being 11 March

2014 or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

**Please note that payment made via BPAY® must be received by no later than 5.00pm AEDT on the Closing Date**, or such earlier cut off time that your own financial institution may implement with regard to electronic payments.

## **2.9 Issue and despatch**

The expected date for issue of New Shares offered by this Offer Document and dispatch of written confirmation of issue is expected to occur on the dates specified in the Indicative Timetable set out in Section 2.2.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk. Computershare Investor Services Pty Limited will post details of the issue of New Shares on its secure [www.investorcentre.com](http://www.investorcentre.com) website on the day new shares are issue.

## **2.10 Ranking of New Shares**

The New Shares will be fully paid and rank equally with existing ordinary shares in Octagonal.

## **2.11 ASX listing**

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document has been made.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription.

## **2.12 Allotment**

It is expected that allotment of the New Shares under the Offer will take place no more than 6 Business Days after the close of the Offer. Application Monies will be held by Octagonal on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

Trading of New Shares will, subject to ASX approval, occur on or about the date specified in the Timetable.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

## **2.13 CHESS and issuer sponsored holding**

Octagonal operates uncertificated issuer sponsored and CHESS subregisters.

Electronic subregisters mean that the Company will not be issuing certificates to investors. Instead, sponsored investors in CHESS and issuer sponsored holders will be posted a holding statement that sets out the number of New Shares issued to them under this Offer Document. The notice will carry your Holder Identification Number (**HIN**) or Securityholder Reference Number (**SRN**).

Further monthly holding statements will be posted to holders if there have been any changes in their security holding in the Company during the preceding month.

## 2.14 Overseas Shareholders

Eligible Shareholders are shareholders who:

- (a) buy shares on ASX before 11 February 2014 and
- (b) are registered as a holder of Existing Shares as at 7.00 pm AEDT on the Record Date; and
- (c) have an address on the share register in Australia or New Zealand; and
- (d) are not in the United States and are not "US persons" (as defined under Regulation S under the United States Securities Act of 1933) (U.S. Persons) and are not acting for the account or benefit of U.S. Persons.

Shareholders who do not satisfy these criteria will be Ineligible Shareholders. The Offer will not be made to Ineligible Shareholders.

New Shares to which any Ineligible Shareholders would otherwise be entitled will form part of the Shortfall and will be dealt with in accordance with Section 2.6.

**This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.**

## 2.15 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

## 2.16 Directors' intentions

The Directors' direct and indirect interests in the Company are as follows:

Director	Shares held	Options held	Performance Rights held	Entitlements
Ian Gandel*	19,986,000	Nil	Nil	11,991,600
Anthony Gray	559,622	Nil	335,710	335,774
Bob Tolliday	100,000	Nil	131,060	60,000

\*Ian Gandel is a director and shareholder of Abbotsleigh Proprietary Limited

Each of the Directors have indicated that they intend to take up all of their Entitlements under the Offer, however will not subscribe for any Shortfall Shares as such issue would require shareholder approval under the Listing Rules.

## 2.17 Offer Costs

The costs of the Offer are estimated to be as follows:

Cost	Amount (\$)
Legal and Corporate Advisory fees*	40,000
ASX Listing fees	15,000
Registry, postage and printing fees	20,000
<b>Total estimated costs of capital raising</b>	<b>75,000</b>

\* Under the terms of the Lead Manager Mandate, Patersons will be paid a fee of 6% on the Shortfall placed by the Lead Manager to its clients. Accordingly the exact fee that will be paid to Patersons will not be known until following completion of the Issue.

## 2.18 Additional relevant considerations by Shareholders

In submitting applications, Shareholders must satisfy themselves that applying for Entitlements under the Offer will not involve a breach by them of section 606(1) of the Corporations Act 2001, which prohibits a person from increasing their voting power in the Company from:

- (a) 20% or below to more than 20%; or
- (a) from a starting point that is above 20% and below 90%,

unless certain exceptions apply.

## 2.19 Risk factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in quoted securities, there are specific risks associated with an investment in the Company which are described in Section 4.

## 2.20 Continuous disclosure

Octagonal is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations including an obligation under the ASX Listing Rules (subject to certain exceptions) to disclose to ASX any information of which it is or becomes aware concerning Octagonal and which a reasonable person would expect to have a material effect on the price or the value of shares. All such disclosures are available at [www.asx.com.au](http://www.asx.com.au). You have the opportunity to access any information about Octagonal which has previously been disclosed to ASX. In particular, please refer to Octagonal's Annual Report for the year ended 30 June 2013 that was released to ASX on 30 September 2013. You should also have regard to any further announcements which may be made by Octagonal to ASX after the date of this Offer Document.

## 2.21 Past performance

The past share performance of Octagonal Shares provides no guidance as to future price performance.

## **2.22 Future performance and forward looking statements**

This Offer Document may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause the actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserves and resources estimates, loss of market, industry competition, environmental risks, physical risks, legislative changes, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

## **2.23 Enquiries concerning Offer Document**

Enquiries concerning the Entitlement and Acceptance Form and how your entitlement has been derived can be obtained from the Company on (03) 9697 9088.



- you need to be aware that the financial institution you use to make payment may implement earlier cut off times for electronic payment and it is solely your responsibility to ensure that funds are submitted through BPAY® by the date and time mentioned above.

If you apply for additional Shortfall Shares under the Shortfall Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Entitlements Issue. There is no guarantee you will receive any New Shares under the Shortfall Facility. The Directors reserve their right to allot and issue New Shares under the Shortfall Facility at their discretion.

### **3.3 Option B: take up part of their Entitlement and allow the balance to lapse**

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required in accordance with Section 3.2.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

All New Shares not subscribed for will form part of the Shortfall and may be issued under the Shortfall Facility.

### **3.4 Option C: If you wish to allow all of your Entitlement to lapse**

Do not take any further action and your Entitlement will lapse. You cannot sell or transfer your Entitlement to another person. Your holding of existing Shares will be diluted because the issue of New Shares will increase the total number of Shares on issue. You will receive no benefit for your lapsed Entitlement. It is therefore important that, if you wish to receive a benefit, you take action to take apply for New Shares in accordance with the instructions above.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

All New Shares not subscribed for will form part of the Shortfall and may be issued under the Shortfall Facility.

### **3.5 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY® constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

(a) you are an Eligible Shareholder;;

(b) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in



accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States; and

(c) you have not and will not send any materials relating to the Offer to any person in the United States or that is, or is acting for the account or benefit of a U.S. Person.

### **3.6 Brokerage and stamp duty**

No brokerage fee is payable by Eligible Shareholders on the issue of the New Shares issued by Octagonal. No stamp duty is payable for subscribing for New Shares under the Offer.

---

## **4. RISK FACTORS**

Applicants should consider the risk factors described below, together with information contained elsewhere in this Offer Document, before deciding whether to take up their entitlement or apply for Shortfall Shares. Applicants should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **4.1 Industry Downturn**

The Company's financial performance is sensitive to the level of demand within the mining industry. The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of the Company. In addition, the Company may not be able to predict the timing, extent or duration of the activity cycles in the industry.

### **4.2 Exploration risk**

There can be no guarantee that planned exploration programs will lead to positive exploration results and the discovery of a commercial deposit or further, a commercial mining operation. By its nature the business of mineral exploration, which the Company will be undertaking, contains risks. The Company's exploration activities may not result in the discovery of any sufficient level of mineralization which is commercially viable or recoverable.

For its part, exploration is a speculative endeavor and can be hindered by the unpredictable nature of mineral deposits, particular with respect to predicated extrapolations to depth from known mineralization, poor drilling techniques, incorrect grade estimates, unforeseen and adverse ground conditions, flooding, inclement weather, poor equipment availability, force majeure circumstances and costs overruns from unforeseen events. Resource estimates themselves are necessarily imprecise and depend on interpretations that can prove to be inaccurate. Any future successful mining operation will depend on exploration success, mineral resource calculations, appropriate economic circumstances, ore reserve calculations, successful statutory planning approvals, mine design and the construction of efficient processing facilities, competent operation and management and efficient financial management.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its exploration licences, and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a decrease in the value of the tenements, a reduction in the cash reserves of the Company and possible loss of tenements.

### **4.3 Environment risks**

The Company's operations are subject to laws and regulations regarding environmental matters, including the discharge of any hazardous wastes or materials. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company or any of its subsidiaries for damages, clean-up costs, or penalties in the event of certain discharges into the environment, or non-compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally

responsible manner, in accordance with applicable laws and regulations and accepted industrial practices.

#### **4.4 Changes in commodity price**

The Company's possible future revenues will likely be derived mainly from the sale of resources or commodities and products derived from tenements. Consequently, the Company's potential future earnings could be closely related to the price of these commodities. Mineral prices fluctuate and are affected by numerous industry factors including demand for forward selling producers, production cost levels in major producing regions and macroeconomic factors, eg, inflation, interest rates and currency exchange rates. If the market price of derivatives sold by the Company were to fall below the costs of production and remain at such a level for any sustained period, the Company would experience losses and could have to limit or suspend some or all of its proposed mining activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

#### **4.5 Unforeseen Expenditure Risk**

There is a risk that there may be an unforeseen increase in costs for the items of the use of funds as set out in this offer document. Any increase in the actual costs may impact the Company's ability to fully undertake the work that it proposes to undertake as set out in this offer document.

#### **4.6 Insurance**

The Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining activities is not always available and where available the costs can be prohibitive.

#### **4.7 Economic**

The financial performance and value of the Company may be influenced by various economic factors such as commodity prices, inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, political stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations and acts of terrorism.

#### **4.8 Market**

The market price of the Company's securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, mining and mining services stocks, which may be unrelated to the operating performances of such companies. Applicants should be aware that there are risks associated with any securities investment. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### **4.9 Future Capital Requirements**

While the Directors believe that the Company will have sufficient funds to fund its activities in the short term, the Company is operating in a dynamic and complex industry. There can be no assurance that the Company will not seek to exploit business opportunities of a kind which will require it to raise additional funding from equity or debt sources. There can be no assurance that the Company will be able to raise such funding on favourable terms or at all.

Any additional equity raising may dilute the interest of Shareholders and any debt financing may involve financial covenants which limit the Company's operations. If the Company is unable to obtain such additional funding, the Company may be required to reduce the scope of any expansion, which could adversely affect its financial performance.

#### **4.10 Reliance on Key Personnel and Employees**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

To manage its operations and future growth, the Company needs to retain its existing key personnel and may need to attract and retain additional highly qualified management, corporate and operational personnel. The loss of key personnel, or the failure to recruit high caliber additional personnel, could have a materially adverse effect on the Company.

#### **4.11 Liquidity and Realisation**

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be a relatively limited number of buyers, or a relatively large number of sellers, on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

#### **4.12 Changes in Government Policies and Legislation**

Any material adverse changes in government policies or legislation of Australia or any other country where the Company may acquire economic interests may affect the viability and profitability of the Company.

The above list of risk factors is not an exhaustive list of the risks relevant to Octagonal. These risks (and others not specifically referred to above) may materially affect the financial performance of Octagonal and the value of its Shares.

---

## **5. MATERIAL AGREEMENTS**

### **5.1 Lead Manager Mandate with Patersons Securities Limited**

By a mandate letter between the Company and Patersons Securities Limited (as Lead Manager) dated 4 February 2014 (**Lead Manager Mandate**), Patersons has agreed to act as corporate adviser and lead manager to the Offer.

Under the Lead Manager Mandate, Patersons will be entitled to be paid a lead manager fee of \$20,000 payable upon announcement of the Entitlements Issue and 6% of the Shortfall placed by the Lead Manager to its clients. The Lead Manager Mandate otherwise contains terms and conditions considered customary and usual for an agreement of its type. The Lead Manager Mandate also contains a number of indemnities, representations and warranties from the Company to the Lead Manager that are considered customary and usual for an agreement of its type.

### **5.2 Loan Agreement with Gandel Metals Pty Limited**

By a loan letter dated 1 October 2013 between the Company and Gandel Metals, Gandel Metals provided the Company with a loan of up to \$1,100,000 (**Loan Agreement**). Gandel Metals is a company related with the Company's Chairman, Mr Ian Gandel. The loan is unsecured.

As at the date of this Offer Document, the Company owes Gandel Metals \$1,100,000 under the Loan Agreement. The loan funds were used to assist development of the Pearl Croydon and Alliance South Projects, exploration funding in Victoria and Western Australia, and for working capital purposes.

The Loan Agreement provides that the loan is repayable on the earlier of:

- (a) 1 July 2014;
- (b) the date that is 5 business days after completion of a capital raising by the Company for an amount equal to or greater than \$1,500,000. If the amount received from the capital raising is less than \$1,500,000, the Company will repay a portion of the loan. The portion of the loan to be repaid will be determined by the Board with reference to its cash reserves and forecast cash flows; or
- (c) as soon as a cash flow forecast for the Company indicates, in the reasonable opinion of the Board, that the Company has surplus cash reserves to repay the loan in full without affecting the Company's continuing operations.

The Loan Agreement also contains a number of provisions that are considered customary and usual for an agreement of its type such as the interest rate and terms of default.

---

## 6. DEFINED TERMS

**AEDT** means Australian Eastern Daylight Savings Time.

**Applicant** refers to a person who submits an Entitlement and Acceptance Form or arranges for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

**Application Monies** means the aggregate amount payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY®.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors.

**Closing Date** means 11 March 2014.

**Company** or **Octagonal** means Octagonal Resources Limited (ACN 147 300 418).

**Directors** mean the directors of the Company.

**Eligible Shareholder** means any Shareholder who:

- (a) have bought existing shares on ASX before 11 February 2014; and
- (b) is registered as a holder of existing shares as at 7.00 pm AEDT on the Record Date; and
- (c) have an address on the share register in Australia or New Zealand; and
- (d) is not in the United States and are not "U.S. persons" (as defined under Regulation S under the United States Securities Act of 1933) and are not acting for the account or benefit of U.S. Persons.

**Entitlement** means the entitlement to subscribe for 3 New Shares for every 5 Ordinary Shares held by an Eligible Shareholder on the Record Date and **Entitlements** has a corresponding meaning.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Gandel Metals** means Gandel Metals Pty Limited (ACN 102 347 955) as trustee for The Gandel Metals Trust.

**Ineligible Shareholder** means any Shareholder (or beneficial holder of Shares) on the Record Date who is not an Eligible Shareholder.

**Lead Manager** or **Patersons** means Patersons Securities Limited (ACN 008 896 311).

**Lead Manager Mandate** means the lead manager mandate dated 4 February 2014 between the Company and the Lead Manager, as described in Section 5.1.

**Listing Rules** means the Listing Rules of the ASX.

**Loan** means the loan owing to Gandel Metals under the Loan Agreement.

**Loan Agreement** means the loan agreement dated 1 October 2013 between the Company and Gandel Metals, as described in Section 5.2.

**New Share** means a new Share proposed to be issued pursuant to this Offer.

**Offer** or **Entitlement Issue** means the non-renounceable pro rata offer of New Shares at an issue price of 5 cents per New Share on the basis of for 3 New Shares for every for 5 Shares held on the Record Date pursuant to this Offer Document.

**Offer Document** means this Offer Document.

**Opening Date** means 24 February 2014.

**Option** means an option to acquire a Share.

**Performance Rights** means the 1,733,440 rights granted on 18 December 2013 pursuant to the terms of the Company's Performance Rights Plan.

**Record Date** means 7.00pm AEDT on 18 February 2014.

**Section** means a section of this Offer Document.

**Securities Act** means the U.S. Securities Act of 1933, as amended.

**Share** means an ordinary fully paid share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Shortfall** means those New Shares not applied for by Shareholders under their Entitlement.

**Shortfall Facility** means the facility described in Section 2.3 under which certain Eligible Shareholders may apply for New Shares in excess of their Entitlements.

**Shortfall Shares** means extra Shares a Shareholder may apply for in excess of their Entitlements.

**US** means United States of America.

**U.S. Person** has the meaning given to that term in Regulation S under the Securities Act.