

**13 March 2014**

No. of Pages: 8

**ASX CODE: ORS**

Market Cap.: \$5.7 m (\$0.054 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 – 6.2%  
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](mailto:info@octagonalresources.com.au)

**W** [www.octagonalresources.com.au](http://www.octagonalresources.com.au)

## **Sludge Hole Drilling extends Alliance South Shoot to 66 metres Length, Maldon, Central Victoria**

- **Sludge hole drilling into the West wall of the 1100 level at the Alliance South Deposit reveals that the high-grade Alliance South Shoot continues to the south and is now 66 metres long**
- **Seven sludge holes covering 30 metres strike length of reef return an average grade of 6.8 g/t Au over 7 metres width**
- **High-grade ore zone has stepped across into the West wall of the 1100 level mine development**
- **Mining to continue on the 1100 level to strip ore from the West wall and test for the southern extent of the ore shoot**

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.

Assay results received on 12 March 2014 from underground sludge hole sampling completed on the 1100 level at the Alliance South Deposit on 6 and 10 March 2014 has revealed that the Alliance South high-grade zone has stepped across into the West wall of mine development with 7 seven metre long sludge holes averaging 6.8 g/t Au over 30 metres strike length of reef.

These results demonstrate that the Alliance South Shoot extends to the south beyond the previously announced high-grade shoot of 38 metres of development returning an average grade of 18.8 g/t Au over 3.7 metres width (refer to ASX Announcements dated 17 February 2014 and 6 March 2014).

The Alliance South Shoot is now interpreted to be over 66 metres long and still open to the south. Mining will continue on the 1100 level to strip the west wall and extend development to the south to confirm the total strike length of the ore shoot.

Octagonal’s Managing Director, Anthony Gray, commented “the ASX Announcement released to the market on 6 March 2014 to provide an update on mine development at the Alliance South Deposit was made mindful of the ASX’s continuous disclosure obligations and because the Company had a Non-Renounceable Rights Issue open, that subsequently closed on 11 March 2014” (refer to ASX Announcement dated 10 February 2014).

“At that time we believed the mine development on the 1100 level had passed through the high-grade ore zone associated with the Alliance South Shoot, but did state that we would complete sludge hole drilling to test if there was additional gold in the West wall.”

“We are pleased to see that this is the case and the Alliance South Shoot continues on the 1100 level.”

“What’s more exciting is the broad width of gold intersected. If you take into account the existing mine development this ore zone is 11 metres wide and averaging better than 5 g/t Au. This presents us with a bulk tonnage mining opportunity that compliments the higher-grade ore zone to the North.”

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

**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).

### ***Sludge Hole Drilling***

Between 6 and 10 March 2014 15 seven metre long sludge holes were drilled into the west wall of the 1100 level of the Alliance South Deposit to test for gold adjacent to the existing mine development. The sludge holes were designed to test 80 metres strike length of reef with approximately 5 metre spaced holes drilled horizontally to the west. Drill chip samples were collected from the holes over 1.75 metre intervals and analysed for gold using the Fire Assay technique to determine the estimated grade of each sample interval. Figure 2 illustrates the location of sludge holes and assay results with respect to previously reported mine development face channel sample assay results.

The results received from this drilling have revealed that the Alliance South high-grade ore zone has stepped across into the west wall of the mine development with seven of the 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.

All sludge hole sample assay results are presented in Table 1 and drill hole collar locations presented in Table 2.

These results join up with the previously announced high-grade shoot intersected in mine development of 38 metres grading 18.8 g/t Au over 3.7 metres width and reveals that the Alliance South Shoot is now 66 metres long and unconstrained by mine development and drilling to the south.

It is uncertain at this stage if the high-grade results intersected in the sludge holes is related to a near-vertical gold-bearing quartz reef or flatter-dipping spurry veins, however if these results are added to the existing mine development the ore zone is 11 metres wide grading better than 5 g/t Au.

Mining at the Alliance South Shoot will continue on the 1100 level to strip ore from the west wall and extend development to the south to confirm the total strike length of the ore shoot.

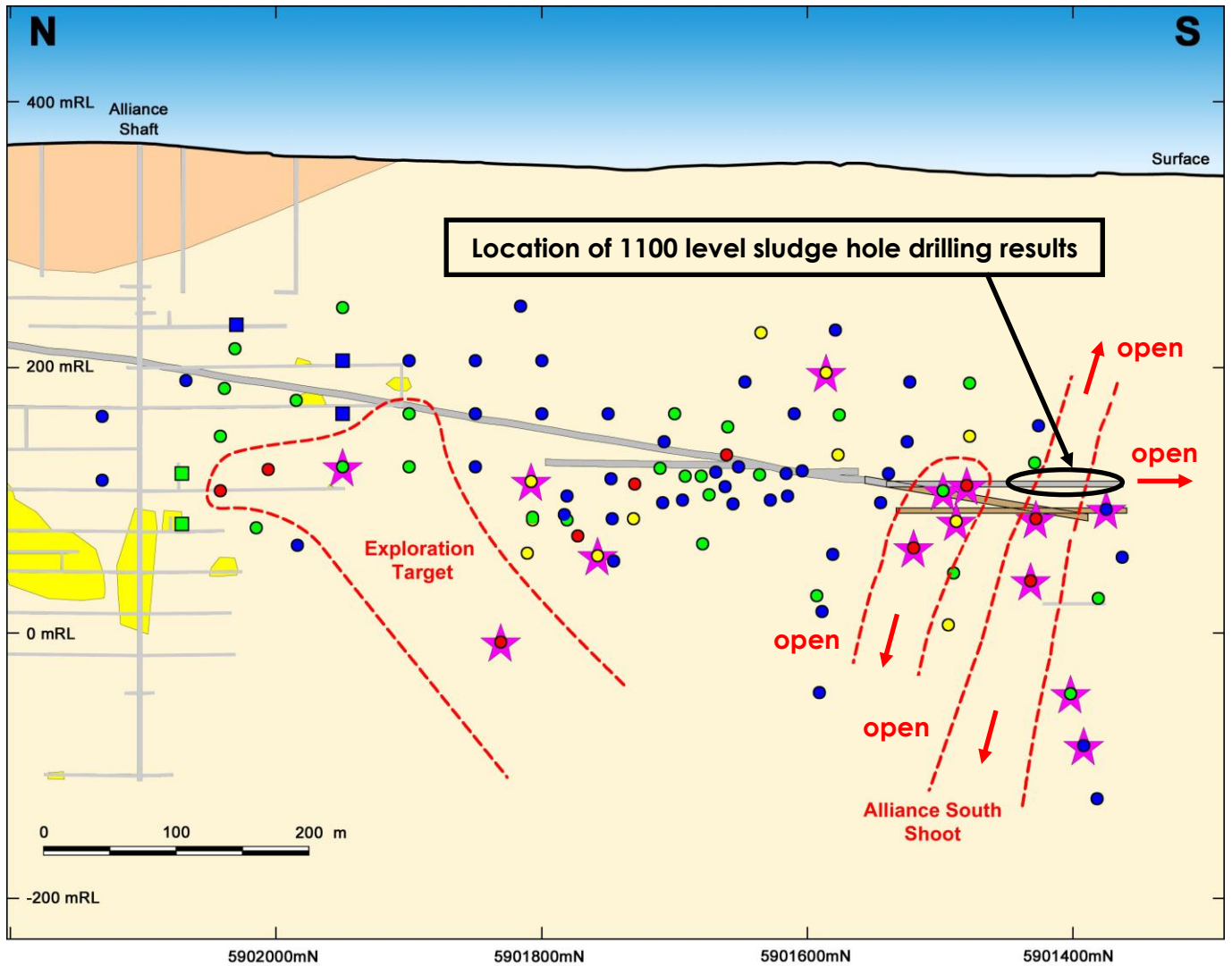
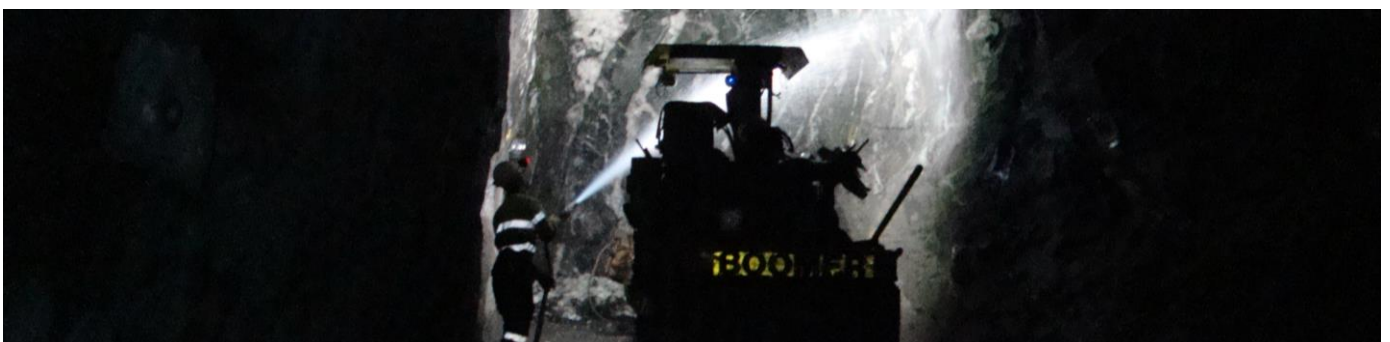


Figure 1: Eaglehawk Reef: Longsection showing position of Union Hill Decline relative to the Alliance South Shoot, planned mine development, and the location of recent sludge hole drilling results



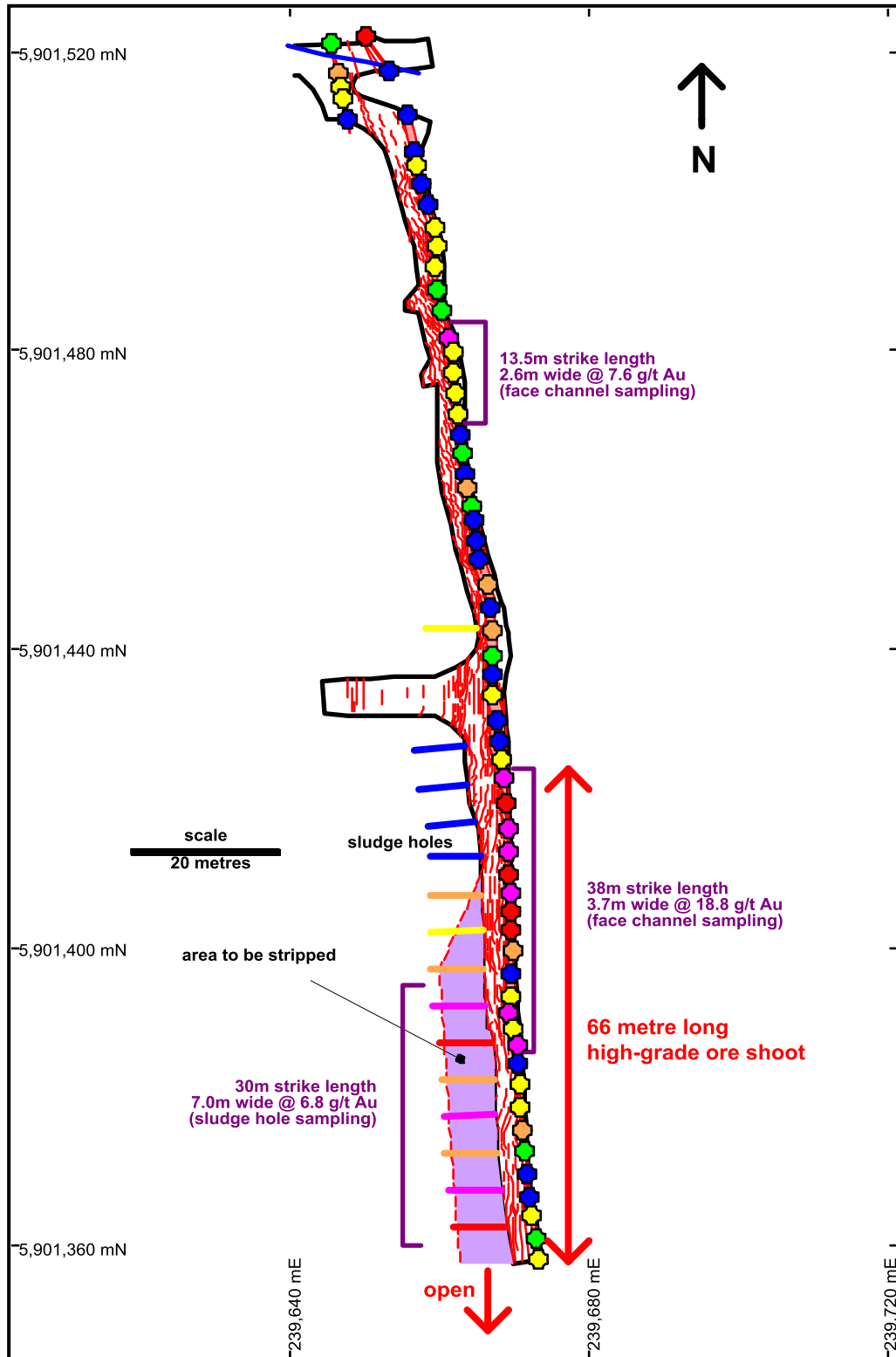


Figure 2: Plan of 1100 level cross-cut and reef development with diluted sludge hole sample assay results, undiluted face channel sample assay results, and area planned to be stripped

- 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

Table 1.						
Alliance South Deposit: 1100 Level Sludge Hole Drilling Sample Assay Results						
Hole_ID	From (m)	To (m)	Interval (m)	Au (g/t) original	Au (g/t) Lab. Dup.	Au (g/t) Average
1100S_SH 5901362.5N	0.00	1.75	1.75	1.0		1.0
	1.75	3.50	1.75	21.7	24.0	22.9
	3.50	5.25	1.75	0.7		0.7
	5.25	7.00	1.75	2.0		2.0
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>			
1100S_SH 5901367.5N	0.00	1.75	1.75	0.7		0.7
	1.75	3.50	1.75	0.1		0.1
	3.50	5.25	1.75	10.4	8.7	9.5
	5.25	7.00	1.75	47.1	43.3	45.2
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901372.5N	0.00	1.75	1.75	1.0		1.0
	1.75	3.50	1.75	0.6	0.7	0.7
	3.50	5.25	1.75	1.4	1.2	1.3
	5.25	7.00	1.75	3.8	2.9	3.3
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901377.5N	0.00	1.75	1.75	38.3	46.1	42.2
	1.75	3.50	1.75	1.6		1.6
	3.50	5.25	1.75	0.7		0.7
	5.25	7.00	1.75	2.6		2.6
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901382.5N	0.00	1.75	1.75	1.1		1.1
	1.75	3.50	1.75	3.3	4.5	3.9
	3.50	5.25	1.75	0.7		0.7
	5.25	7.00	1.75	1.2		1.2
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901387.5N	0.00	1.75	1.75	1.1		1.1
	1.75	3.50	1.75	1.9		1.9
	3.50	5.25	1.75	10.7	9.4	10.0
	5.25	7.00	1.75	0.2		0.2
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901392N	0.00	1.75	1.75	0.6		0.6
	1.75	3.50	1.75	2.3		2.3
	3.50	5.25	1.75	36.3	27.3	31.8
	5.25	7.00	1.75	0.7		0.7
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901397N	0.00	1.75	1.75	4.5	4.4	4.4
	1.75	3.50	1.75	0.4		0.4
	3.50	5.25	1.75	2.2		2.2
	5.25	7.00	1.75	0.7		0.7
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901443N	0.00	1.75	1.75	2.9		2.9
	1.75	3.50	1.75	0.1		0.1
	3.50	5.25	1.75	0.0		0.0
	5.25	7.00	1.75	0.0		0.0
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901427N	0.00	1.75	1.75	0.0		0.0
	1.75	3.50	1.75	0.0		0.0
	3.50	5.25	1.75	0.1		0.1
	5.25	7.00	1.75	0.6		0.6
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		
1100S_SH 5901422N	0.00	1.75	1.75	0.5		0.5
	1.75	3.50	1.75	0.9		0.9
	3.50	5.25	1.75	0.0		0.0
	5.25	7.00	1.75	0.1		0.1
	<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>		

Table 1 cont.						
Alliance South Deposit: 1100 Level Sludge Hole Drilling Sample Assay Results						
Hole_ID	From (m)	To (m)	Interval (m)	Au (g/t) original	Au (g/t) Lab. Dup.	Au (g/t) Average
1100S_SH 5901417N	0.00	1.75	1.75	0.9		0.9
	1.75	3.50	1.75	0.1		0.1
	3.50	5.25	1.75	0.0		0.0
	5.25	7.00	1.75	1.8		1.8
<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>			<b>0.7</b>
1100S_SH 5901412N	0.00	1.75	1.75	0.2	0.2	0.2
	1.75	3.50	1.75	0.1		0.1
	3.50	5.25	1.75	1.2		1.2
	5.25	7.00	1.75	1.5		1.5
<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>			<b>0.7</b>
1100S_SH 5901407N	0.00	1.75	1.75	2.7	3.6	3.2
	1.75	3.50	1.75	0.6		0.6
	3.50	5.25	1.75	2.0		2.0
	5.25	7.00	1.75	2.5	3.0	2.7
<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>			<b>2.1</b>
1100S_SH 5901402N	0.00	1.75	1.75	0.4		0.4
	1.75	3.50	1.75	1.3		1.3
	3.50	5.25	1.75	1.4		1.4
	5.25	7.00	1.75	0.7		0.7
<b>Result</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>			<b>1.0</b>

Table 2.						
Alliance South Deposit: 1100 Level Sludge Hole Drilling Collar Location						
Hole_ID	Northing_MGA	Easting_MGA	RL	Azimuth	Dip	Length (m)
1100S_SH 5901362.5N	5901362.5	239668.9	111.5	270	0	7.0
1100S_SH 5901367.5N	5901367.5	239668.2	111.5	270	0	7.0
1100S_SH 5901372.5N	5901372.5	239667.7	111.5	270	0	7.0
1100S_SH 5901377.5N	5901377.5	239667.5	111.5	270	0	7.0
1100S_SH 5901382.5N	5901382.5	239667.3	111.5	270	0	7.0
1100S_SH 5901387.5N	5901387.5	239666.9	111.5	270	0	7.0
1100S_SH 5901392N	5901392.0	239666.0	111.5	270	0	7.0
1100S_SH 5901397N	5901397.0	239665.7	111.5	270	0	7.0
1100S_SH 5901443N	5901443.0	239665.0	111.5	270	0	7.0
1100S_SH 5901427N	5901427.0	239663.3	111.5	270	0	7.0
1100S_SH 5901422N	5901422.0	239663.7	111.5	270	0	7.0
1100S_SH 5901417N	5901417.0	239664.7	111.5	270	0	7.0
1100S_SH 5901412N	5901412.0	239665.4	111.5	270	0	7.0
1100S_SH 5901407N	5901407.0	239665.5	111.5	270	0	7.0
1100S_SH 5901402N	5901402.0	239665.8	111.5	270	0	7.0

### 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>	Drill chip samples collected from sludge hole drilling. Samples collected over 1.75 metre down hole intervals. Sludge hole drilling is an open-hole drilling technique and consequently down hole contamination or smearing of grade may occur. Samples routinely analysed for gold using the 40 gram Fire Assay Digest technique with an AAS finish.
<i>Drilling techniques</i>	Open-hole hammer.
<i>Drill sample recovery</i>	Drill chips exiting hole are captured in a bucket and transferred into a calico sample bag as per standard industry practice for this style of drilling. Hole is flushed between samples to minimise contamination. There is no known relationship between sample recovery and grade.
<i>Logging</i>	Quartz content (visual estimate) recorded for all samples on a sample logging sheet.
<i>Sub-sampling techniques and sample preparation</i>	Approximately 3 kilogram samples collected in calico bags and sent to assay laboratory for analysis. Whole sample pulverised at laboratory to produce a 40 gram charge for Fire Assay. No routine duplicate sampling other than that completed at the laboratory.
<i>Quality of assay data and laboratory tests</i>	Samples routinely analysed for gold using the 40 gram Fire Assay Digest technique with an AAS finish. Fire Assay technique is considered to be a near total digest.
<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>	Mine development is surveyed monthly by a qualified surveying contractor. The location of drill hole collars are measured from a known survey point with a tape measure. Adjustments are made to the drill hole collar location following the completion of the monthly survey. All drill hole collar locations are reported in GDA94, MGA Zone 55 coordinates. Holes 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 hole length is 7 meters this is not considered to be significant.
<i>Data spacing and distribution</i>	Holes are drilled at approximately 5 metre intervals. Drill hole sample results are composited to report the estimated grade over the strike length of reef tested.
<i>Orientation of data in relation to geological structure</i>	It is uncertain at this stage if the drilling has intersected a near-vertical gold-bearing quartz reef or flatter-dipping spurry veins. If the reef is near-vertical the horizontal samples collected would be considered perpendicular to the reef and close to true width. There is no known bias in the orientation of this sampling.
<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>	There have been no audits of the sludge hole drilling sampling program. The sampling data has been reviewed by Anthony Gray who is the Competent Person that compiled the information for this report.

## 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>	Refer to Table 2.
<i>Data aggregation methods</i>	All drill sample grades have been length weighted over the entire hole length. All drill sample assay results are provided. Metal equivalents have not been used for reporting exploration results.
<i>Relationship between mineralisation widths and intercept lengths</i>	It is uncertain at this stage if the drilling has intersected a near-vertical gold-bearing quartz reef or flatter-dipping spurry veins. If the reef is near-vertical the horizontal samples collected would be considered perpendicular to the reef and close to true width.
<i>Diagrams</i>	Refer to Figures 1 and 2.
<i>Balanced reporting</i>	All drill hole sample assay results are presented in Table 1. A summary of all weighted average assay results from drill holes is illustrated together with previously reported weighted average assay results from mine development face channel samples collected on the 1100 level in Figure 2.
<i>Other substantive exploration data</i>	No other substantive exploration data.
<i>Further work</i>	Strip ore from west wall of 1100 level. Extend mine development to the south on the 1100 level to test for the southern extent of the ore shoot. Develop the 1080 level to better define the plunge of the ore shoot before targeted underground diamond drilling to test its up and down plunge extent.