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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

Abbotsleigh – 19.5%

Alliance Resources – 13.5%

Karl Sabljak – 5.5%

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Second High-Grade Gold Reef Identified **at Alliance South,** **Maldon in Central Victoria**

- **New high-grade Western Reef returns gold grades up to 110 g/t Au in mine development on the 1100 level**
- **Gold intersected in cross-cut exceeds previously announced sludge hole results with 7.85 metres (true width) grading 29.4 g/t Au in north wall and 7.95 metres (true width) grading 19.0 g/t Au in south wall**
- **Spurry veins between reefs return high-grade gold results up to 153 g/t Au**
- **Potential to bulk mine 9 metre wide ore body**
- **Mine development remains open to the south on the 1100 level**
- **Company currently reviewing mine development options to expedite production**

The Directors of Octagonal Resources Limited (ASX: ORS) (“**Octagonal**” or “**Company**”) are pleased to announce that underground mine development on the 1100 level of the Alliance South Deposit has identified a second high-grade gold-bearing reef positioned nine metres to the west of the Eaglehawk Reef at the Alliance South Shoot.

An 8 metre long cross-cut developed to the west of the Eaglehawk to test a sludge hole drill result of 7 metre grading 13.9 g/t Au (refer to ASX Announcement dated 13 March 2014) has exceeded expectations by returning 7.85 metres (true width) grading 29.4 g/t Au from the north wall and 7.95 metres (true width) grading 19.0 g/t Au from the south wall. These intersections include a newly identified high-grade gold reef that has returned initial assay results of 2.95 metres grading 40.3 g/t Au and 2.1 metres grading 30.4 g/t Au.

The new high-grade gold reef is near-vertical and positioned 9 metres to the west and sub-parallel to the Eaglehawk Reef.

Octagonal’s Managing Director, Anthony Gray, commented “it appears that this new high-grade reef may be a splay off the Eaglehawk Reef. We don’t know its extent at this stage, but with a 9 metre wide ore zone that also includes high-grade spurry veins it lends itself to extraction using bulk mining techniques”.

“Realising that we still don’t know the strike extent of the ore zone to the south on the 1100 level, seeing the high-grades that we continue to intersect in reef and spurry veins, and now finding a second high-grade gold-bearing reef this could be a real game changer for Octagonal”.

“With all this gold we need to review our development strategy for the Alliance South Shoot. We need to bank gold and find out how large this deposit is. To this end Octagonal has commenced a detailed review of all of its mining and exploration activities to prioritise projects and cash flow.

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). 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).

Western Cross-Cut Development

During April a cross-cut was developed 8 metres to the west off the 1100 level drive to test the source of high-grade gold intersected in a sludge hole that returned 7 metres grading 13.9 g/t Au.

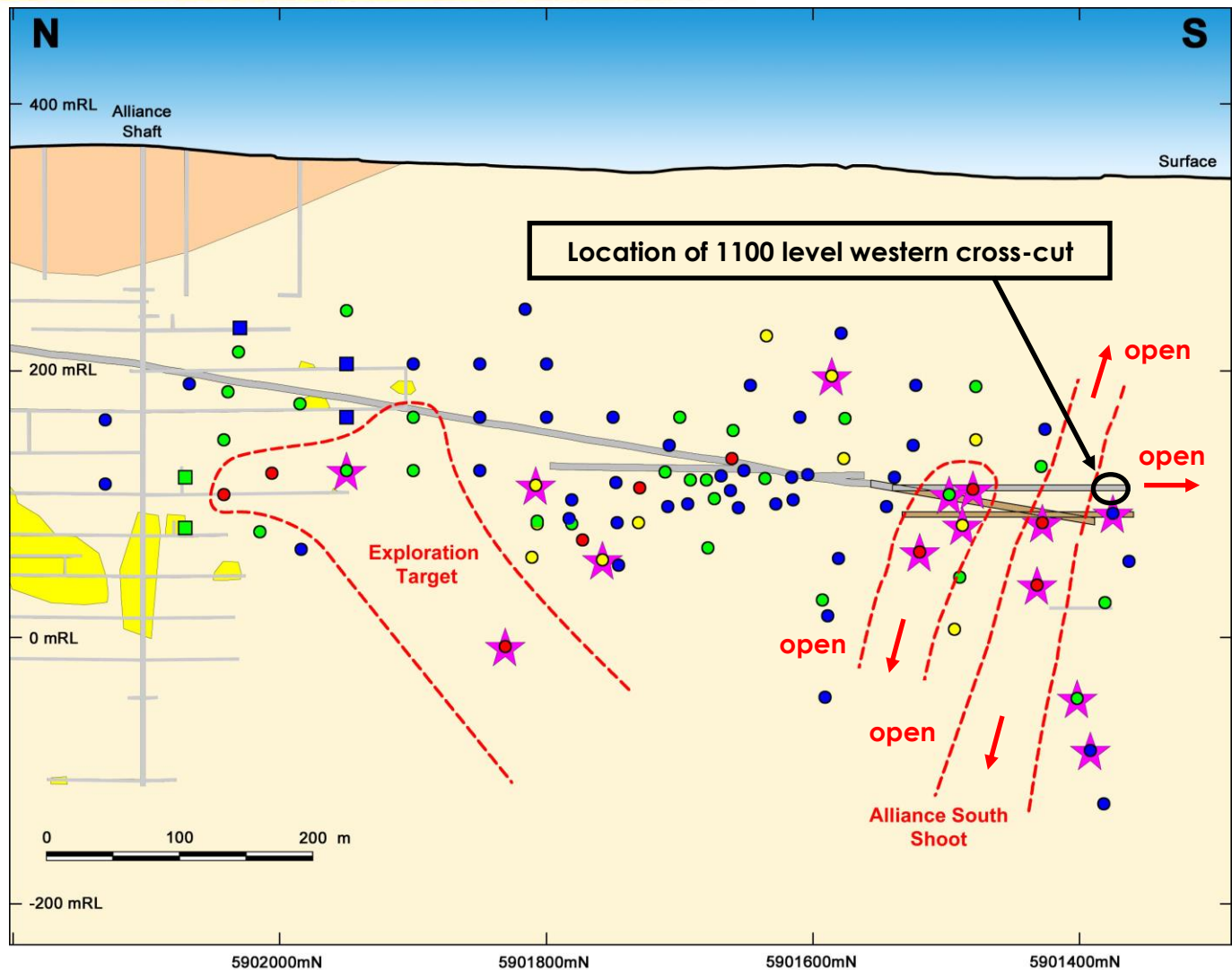
As the cross-cut was developed channel samples were routinely collected from every mine development face. Horizontal channel samples were collected from across the western face and northern and southern walls. Samples were collected to geological boundaries and ranged in length between 0.6 to 1.4 metres. Approximately 3 kilogram samples were collected and analysed for gold using the Fire Assay technique to determine the estimated grade of each ore block. Figure 2 illustrates the estimated grade of the reef along the 1100 level to 17 April 2014 (most recent assay result).

Face channel sample assay results from the northern and southern walls of the cross-cut are presented in Table 1, whereas all face channel sample assay results are listed in Table 2. The location of all face channel samples is illustrated in Figure 3.

Development of the western cross-cut has identified a high-grade gold-bearing reef positioned nine metres to the west of the Eaglehawk Reef with initial assay results returning 2.95 metres grading 40.3 g/t Au from the north wall and 2.1 metres grading 30.4 g/t Au from the south wall. This reef is near-vertical, sub-parallel to the Eaglehawk Reef, and is the first area where coarse visible gold has been observed since mining commenced on the Alliance South Shoot in July 2013 (see Photo 1).

The cross-cut has also intersected variably mineralised spurry veins with individual assay results up to 152.9 g/t Au. In total, the northern wall of the cross cut has averaged 7.85 metres (true width) grading 29.4 g/t Au, while the southern wall has returned 7.95 metres (true width) grading 19.0 g/t Au.

These results exceed the original sludge hole assay results and support the potential for extraction using bulk mining techniques.



LEGEND

- | | |
|---|--|
| ● Drill holes with no significant assay results | - - - Exploration target areas |
| ● Drill holes containing 1 – 5 g-m Au | — Union Hill Decline |
| ● Drill holes containing 5 – 10 g-m Au | — Planned mining development |
| ● Drill holes containing > 10 g-m Au | — Historic mine workings on the Eaglehawk Reef |
| ★ Drill holes containing visible gold intersections | ■ 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, planned mine development, and the location of 1100 level western cross-cut results

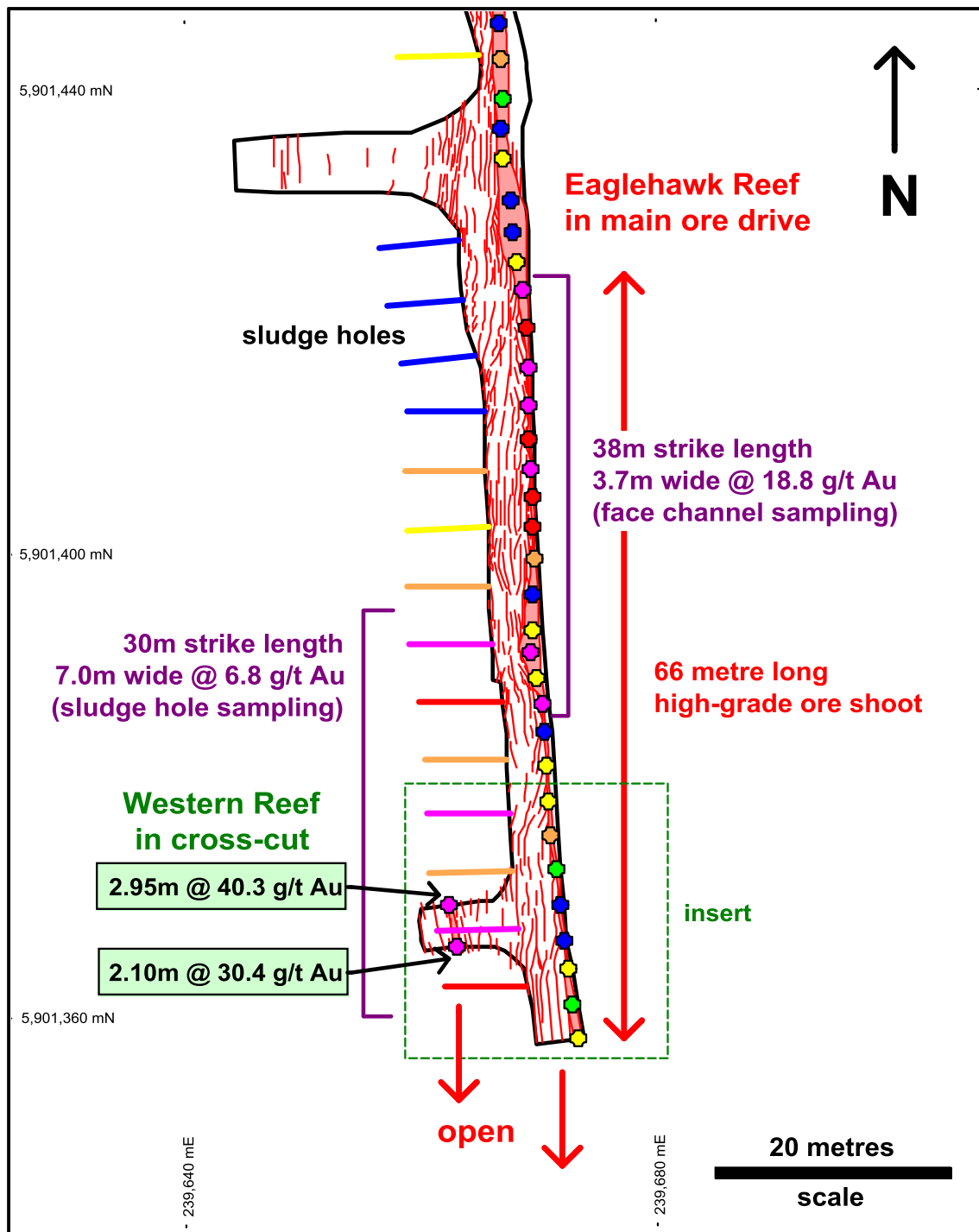


Figure 2: Plan of 1100 level cross-cut and reef development with diluted sludge hole sample assay results, undiluted face channel sample assay results, and western cross cut with western reef

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

See Figure 3 for insert

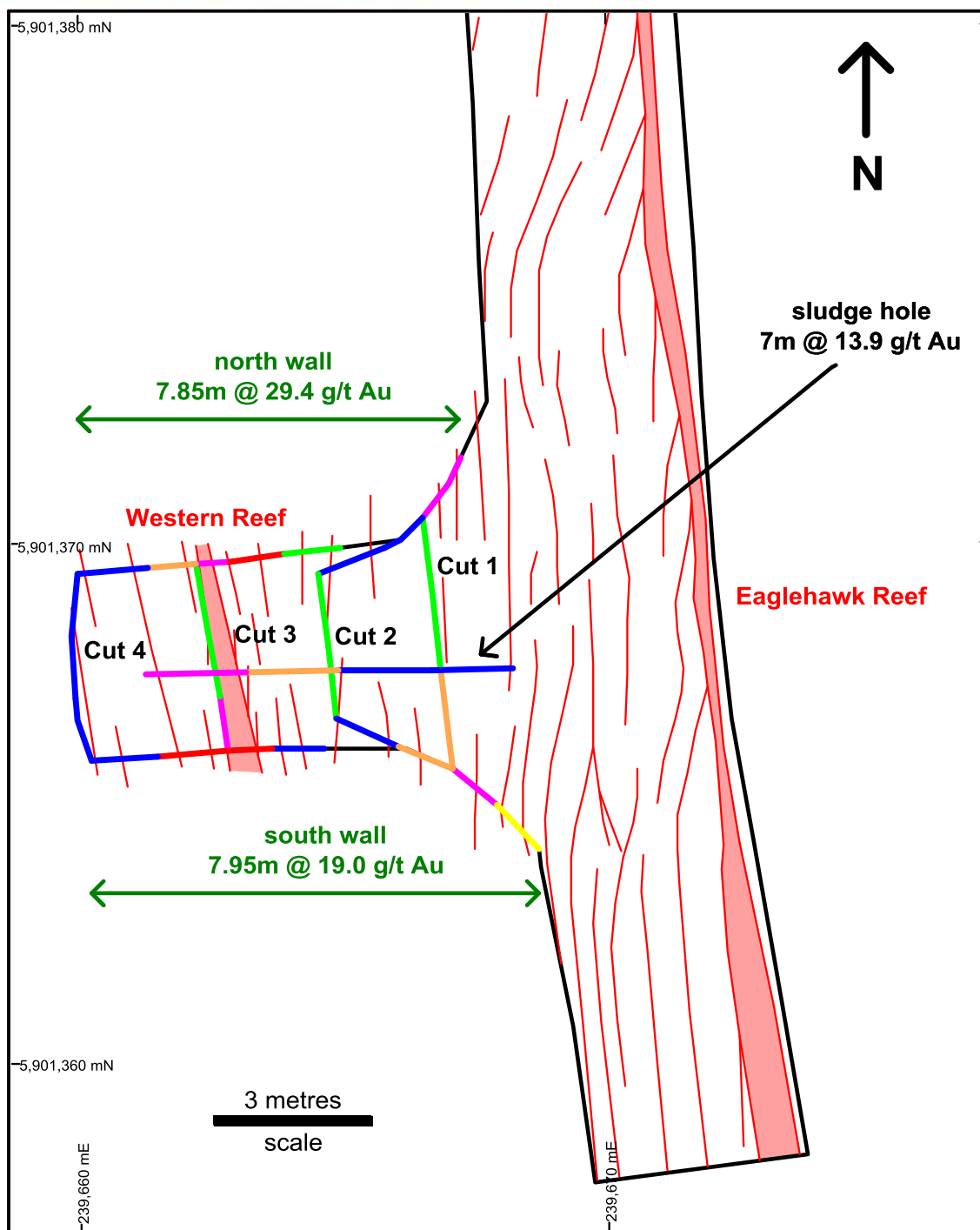


Figure 3. Insert to Figure 2 - Plan of 1100 level western cross-cut with individual face channel sample assay results and previously drilled sludge hole

Legend-

Coloured lines: face channel samples

Blue: no significant assay result

Green: 1 – 5 g/t Au

Yellow: 5 – 10 g/t Au

Orange: 10 – 20 g/t Au

Red: 20 – 50 g/t Au

Purple: > 50 g/t Au

Thin red lines with pink shade: quartz reef and spurry veins

See Figure 2 for location of insert

Discussion

During March underground mine development at the Alliance South Deposit focussed on moving services, and extending the Union Hill Decline 20 metres past the 1100 level cross-cut to install a dewatering sump and then reconnect mine services to the 1100 level.

Upon completion of this work mining has re-focussed on the 1100 level in the area where sludge hole drilling returned significant assay results in the west wall of the mine development (refer to ASX Announcement dated 13 March 2014).

The initial cross-cut developed to determine the source of high-grade gold in sludge hole drilling has identified a narrow high-grade gold-bearing reef located nine metres to the west of the Eaglehawk Reef, with the zone in between containing variably mineralised spurry veins that bulk out to average moderate to high gold grades.

These results present two development opportunities for exploitation of the Alliance South Deposit; the reef could be mined using narrow vein mining techniques to focus on the high-grade reef only, or mining could be expanded to extract a broader zone and higher tonnage of moderate grade ore.

Development on the 1100 level of the Alliance South Deposit has been ongoing for nine months to date. Mining has progressed at a slow and steady rate to understand the structural controls on the distribution of gold and gold grade distribution in a narrow vein nuggetty gold environment.

Between January and April 2014 a 66 metre long zone of high-grade gold has been defined, hosted in two sub-parallel quartz reefs with adjacent spurry veins, that is still open to the south.

The high-grade gold intersected in the main reefs has been relatively consistent and not typical of a very nuggetty gold deposit. This characteristic, combined with the availability of multiple mine development headings along the two gold-bearing reefs has compelled 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.

The Company is currently completing a detailed review of all its mining and exploration activities to prioritise projects and cash flow and will announce the outcome of this review to the market in early May.

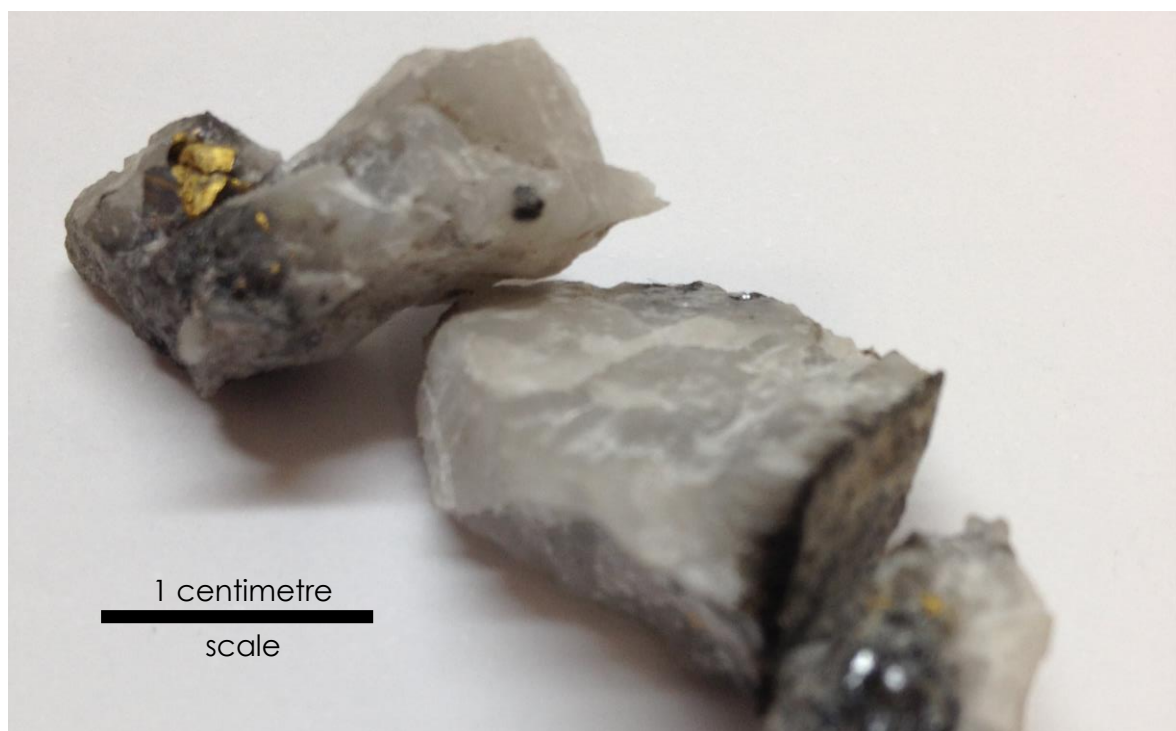


Photo 1. Visible gold in Western Reef quartz rock chips

Table 1.						
Alliance South Deposit 1100 level W1 Cross-Cut: North and South Wall Channel Sampling Assay Results						
Wall	From (m)	To (m)	Interval (m)	True Width (m)	Cut	Au (g/t)
North Wall	7.00	8.40	1.40	0.70	Cut 1	152.9
	1.25	2.50	1.25	0.85	Cut 2	0.2
	0.00	1.25	1.25	1.10	Cut 2	0.1
	1.70	2.70	1.00	1.00	Cut 3	4.3
	0.60	1.70	1.10	1.10	Cut 3	31.6
	0.00	0.60	0.60	0.60	Cut 3	109.8
	0.00	1.25	1.25	1.25	Cut 4	14.5
	1.25	2.50	1.25	1.25	Cut 4	0.2
TOTAL including including				7.85		29.4
				6.60		34.9
				2.95		40.3
South Wall	0.00	1.40	1.40	0.80	Cut 1	3.9
	1.40	2.80	1.40	0.80	Cut 1	84.0
	0.00	1.15	1.15	1.00	Cut 2	15.9
	1.15	2.30	1.15	1.00	Cut 2	0.3
	7.70	8.70	1.00	1.00	Cut 3	0.3
	8.70	9.65	0.95	0.95	Cut 3	44.6
	9.85	11.00	1.15	1.15	Cut 4	18.6
	11.00	12.25	1.25	1.25	Cut 4	0.2
TOTAL including including and				7.95		19.0
				5.90		25.0
				1.80		46.2
				2.10		30.4

Table 2.						
Alliance South Deposit 1100 level W1 Cross-Cut: All Channel Sampling Assay Results						
Cut	From (m)	To (m)	Interval (m)	True Width (m)	Wall	Au (g/t)
Cut 1	0.00	1.40	1.40	0.80	south	3.9
	1.40	2.80	1.40	0.80	south	84.0
	2.80	4.20	1.40	parallel to strike	west	14.2
	4.20	5.60	1.40	parallel to strike	west	2.4
	5.60	7.00	1.40	parallel to strike	west	0.7
	7.00	8.40	1.40	0.70	north	152.9
Cut 2	0.00	1.15	1.15	1.00	south	15.9
	1.15	2.30	1.15	1.00	south	0.3
	0.00	1.35	1.35	parallel to strike	west	2.3
	1.35	2.70	1.35	parallel to strike	west	2.3
	0.00	1.25	1.25	1.10	north	0.1
	1.25	2.50	1.25	0.85	north	0.2
Cut 3	7.70	8.70	1.00	1.00	south	0.3
	8.70	9.65	0.95	0.95	south	44.6
	0.00	1.15	1.15	parallel to strike	west	47.1
	1.15	2.30	1.15	parallel to strike	west	2.7
	2.30	3.50	1.20	parallel to strike	west	2.5
	0.00	0.60	0.60	0.60	north	109.8
	0.60	1.70	1.10	1.10	north	31.6
Cut 4	1.70	2.70	1.00	1.00	north	4.3
	9.85	11.00	1.15	1.15	south	18.6
	11.00	12.25	1.25	1.25	south	0.2
	0.00	1.20	1.20	parallel to strike	west	0.4
	1.20	2.40	1.20	parallel to strike	west	0.2
	2.40	3.60	1.20	parallel to strike	west	0.4
	0.00	1.25	1.25	1.25	north	0.2
	1.25	2.50	1.25	1.25	north	14.5



Photo 2. Western cross-cut with western reef in south wall (view west-southwest)

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>	Rock chip channel samples collected from the mine development face. Approximately 3 kilogram samples collected from chest height over channel intervals ranging between 0.6 – 1.4 metres length. Samples routinely analysed for gold using the 40 gram Fire Assay Digest technique with an AAS finish.
<i>Drilling techniques</i>	Not applicable – drilling results not reported.
<i>Drill sample recovery</i>	Not applicable – drilling results not reported
<i>Logging</i>	All mine development faces routinely photographed. Quartz content (visual estimate) and style recorded for all samples on a sample logging sheet.
<i>Sub-sampling techniques and sample preparation</i>	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.
<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 channel sample start points are measured from a known survey point with a tape measure. Adjustments are made to the channel sample start points following the completion of the monthly survey. All channel sample start points are reported in GDA94, MGA Zone 55 coordinates. Channel samples are assumed to be horizontal.
<i>Data spacing and distribution</i>	Channel samples collected from mine development faces that are between 2.5 to 3.4 m apart. Face channel sample results are composited to report the estimated grade over the strike length of development on the reef.
<i>Orientation of data in relation to geological structure</i>	In the area of mine development that is being sampled the Eaglehawk Reef is near-vertical. The horizontal samples collected vary in orientation relative to the strike 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>	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 mine development face channel 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>	Not applicable – drilling results not reported. The relative location of all samples is illustrated in Figure 3.
<i>Data aggregation methods</i>	All channel sample grades have been length weighted. All assay results from channel sampling are provided. Samples returning greater than 1.0 g/t Au have been composited for reporting (internal dilution of samples containing less than 1.0 g/t Au are included within mineralised zones). Metal equivalents have not been used for reporting exploration results.
<i>Relationship between mineralisation widths and intercept lengths</i>	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.
<i>Diagrams</i>	See Figures 1, 2 and 3.
<i>Balanced reporting</i>	Assay results are provided for all recent mine development face channel samples discussed in this report. Refer to Figure 3 and Table 2.
<i>Other substantive exploration data</i>	No other substantive exploration 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. The best course for mine development will be determine based on the strike length and width of ore zone defined.