



# **Octagonal Resources Limited**

**ABN 38 147 300 418**

**Interim Report - 31 December 2013**

**Octagonal Resources Limited**  
**Corporate directory**  
**31 December 2013**

Directors	Ian J Gandel (Chairman) Anthony R Gray (Managing Director) Robert P Tolliday (Non Executive Director)
Company secretary	Robert P Tolliday
Registered office	Suite 3 51-55 City Road Southbank Victoria 3006
Principal place of business	Suite 3 51-55 City Road Southbank Victoria 3006 Telephone +61 3 9697 9088 Fax +61 3 9697 9089
Share register	Computershare Investor Services GPO Box 2975 Melbourne Victoria 3001
Auditor	BDO East Coast Partnership Level 14 140 William Street Melbourne Victoria 3000
Stock exchange listing	Octagonal Resources Limited shares are listed on the Australian Securities Exchange (ASX code: ORS)
Website	<a href="http://www.octagonalresources.com.au">www.octagonalresources.com.au</a> <a href="mailto:info@octagonalresources.com.au">info@octagonalresources.com.au</a>

**Octagonal Resources Limited**  
**Directors' report**  
**31 December 2013**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Octagonal Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2013.

**Directors**

The following persons were directors of Octagonal Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ian J Gandel  
Anthony R Gray  
Robert P Tolliday

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of gold exploration, gold processing, development and mining activities within, Victoria and Western Australia.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$246,946 (31 December 2012: \$606,900).

During the period, Octagonal Resources Limited released its Annual Report for the year ended 30 June 2013. It also released Quarterly Activities Reports to 30 September 2013 and 31 December 2013, with significant events as follows:

*Corporate*

During October 2013 the Company entered into an agreement to secure access to a Bank standby credit facility for up to \$1.1 million. The loan is repayable by 1 July 2014;

On 18 December 2013 1,733,440 unlisted performance rights were issued to employees under the Company's Performance Rights Plan; and

On 19 December 2013 817,190 unlisted performance rights issued to employees during 2012 under the Company's Performance Rights Plan expired.

*Maldon Gold Operation (Octagonal 100%)*

The Maldon Gold Operation is located 140 kilometers northwest of Melbourne in Victoria and is centered around the Company's Porcupine Flat CIL gold processing facility at Maldon.

Octagonal's corporate strategy in Central Victoria is to develop a profitable and sustainable gold mining operation by mining both underground and open pit ore sources and processing them at the Company's Porcupine Flat gold processing facility.

During the period, Octagonal announced the following significant matters:

- The Alliance South Shoot was intersected by underground mining at Maldon and development commenced on the Eaglehawk Reef.
- A Work Plan to commence open pit mining activity at the Pearl Croydon Deposit, near Amherst, was approved by the State Government and a Planning Permit Application lodged with the local Shire.
- Mining of the Black Reef Stage 1 open pit was completed to 15 meters depth.
- An exploration licence application was lodged over the Clunes Goldfield. The State Government is yet to determine the priority of this application, which is competing with two other applications.
- A Native Title Agreement was executed to provide for the grant of a mining licence overlying the Specimen Reef Deposit.

**Octagonal Resources Limited**  
**Directors' report**  
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*Hogan's Project (Octagonal 100%)*

The Hogan's Project is located 70 kilometres southeast of Kalgoorlie in Western Australia. No new work was completed on this Project during the reporting period.

**Events after the reporting period**

Events after the reporting period of the consolidated entity include:

- (i) High-grade gold was intersected in January 2014 by underground mining at the Alliance South Shoot in Maldon.
- (ii) A Planning Permit was approved on 21 January 2014 for open pit mining at the Pearl Croydon Deposit.
- (iii) On 24 January 2014 mining licence MIN5563, overlying the Speciman Reef Deposit, was granted.
- (iv) On 10 February 2014 the company announced a non-renounceable rights issue to raise up to \$3.18M. The closing date for acceptances is 11 March 2014 with the expected date for quotation of new shares being 20 March 2014.

No other matter or circumstance has arisen since 31 December 2013 that has significantly altered, or may significantly affect the consolidated entities operations, the results of those operations, or the consolidated entity's state of affairs in the future financial years.

**Significant changes in the state of affairs**

Significant changes in the state of affairs are noted above in the review of operations.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Ian J Gandel  
Director

13 March 2014  
Melbourne, Victoria

## DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF OCTAGONAL RESOURCES LIMITED

As lead auditor for the review of Octagonal Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Octagonal Resources Limited and the entities it controlled during the period.



**James Mooney**  
Partner

**BDO East Coast Partnership**

Melbourne, 13 March 2014

**Octagonal Resources Limited**  
**Financial report**  
**31 December 2013**

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**General information**

The financial report covers Octagonal Resources Limited as a consolidated entity consisting of Octagonal Resources Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Octagonal Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Octagonal Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3  
51-55 City Road  
Southbank Victoria 3006

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 12 March 2014. The directors have the power to amend and reissue the financial report.

**Octagonal Resources Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2013**

		<b>Consolidated</b>	
		<b>31</b>	<b>31</b>
	<b>Note</b>	<b>December</b>	<b>December</b>
		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3	1,879,730	1,309,976
Other income	4	7,314	4,305
<b>Expenses</b>			
Corporate administration expense		(225,797)	(200,373)
Employee benefits expense		(374,679)	(277,401)
Depreciation and amortisation expense		(144,923)	(153,391)
Loss on sale of assets		-	(163,033)
Operating and plant recommissioning expense		(961,179)	(724,468)
Tenement Costs		(26,073)	-
Administration expenses		(220,825)	(229,548)
Refining & assay expense		(21,848)	(2,233)
Rehabilitation		-	(2,527)
Marketing		(28,714)	(50,209)
Occupancy		(20,471)	(28,964)
Company secretarial expense		(31,241)	(30,184)
Other expenses		(78,240)	(58,827)
		<u>(246,946)</u>	<u>(606,877)</u>
<b>Loss before income tax expense</b>		(246,946)	(606,877)
Income tax expense		-	(23)
		<u>-</u>	<u>(23)</u>
<b>Loss after income tax expense for the half-year attributable to the owners of Octagonal Resources Limited</b>		(246,946)	(606,900)
Other comprehensive income for the half-year, net of tax		-	-
		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year attributable to the owners of Octagonal Resources Limited</b>		<u>(246,946)</u>	<u>(606,900)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	(0.23)	(0.57)
Diluted earnings per share	8	(0.23)	(0.57)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Octagonal Resources Limited**  
**Statement of financial position**  
**As at 31 December 2013**

	<b>Consolidated</b>	
	<b>31</b>	<b>30</b>
	<b>December</b>	<b>June</b>
	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	346,512	1,241,507
Trade and other receivables	86,426	176,716
Inventories	78,122	114,370
Other	47,815	111,448
Total current assets	<u>558,875</u>	<u>1,644,041</u>
<b>Non-current assets</b>		
Receivables	932,500	992,500
Property, plant and equipment	1,502,204	1,473,794
Exploration and evaluation	21,229,799	19,989,692
Total non-current assets	<u>23,664,503</u>	<u>22,455,986</u>
<b>Total assets</b>	<u>24,223,378</u>	<u>24,100,027</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	460,519	1,111,013
Borrowings	1,000,000	-
Employee benefits	145,303	196,424
Total current liabilities	<u>1,605,822</u>	<u>1,307,437</u>
<b>Non-current liabilities</b>		
Provisions	1,345,663	1,273,751
Total non-current liabilities	<u>1,345,663</u>	<u>1,273,751</u>
<b>Total liabilities</b>	<u>2,951,485</u>	<u>2,581,188</u>
<b>Net assets</b>	<u>21,271,893</u>	<u>21,518,839</u>
<b>Equity</b>		
Contributed Equity	19,772,476	19,772,476
Reserves	33,178	33,178
Retained profits	1,466,239	1,713,185
<b>Total equity</b>	<u>21,271,893</u>	<u>21,518,839</u>

**Octagonal Resources Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2013**

<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Retained profits \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2012	18,697,126	2,754,596	-	21,451,722
Loss after income tax expense for the half-year	-	(606,900)	-	(606,900)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(606,900)	-	(606,900)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of Shares on acquisition of tenements, net of transaction costs	1,075,350	-	-	1,075,350
Balance at 31 December 2012	<u>19,772,476</u>	<u>2,147,696</u>	<u>-</u>	<u>21,920,172</u>
<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Retained profits \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2013	19,772,476	1,713,185	33,178	21,518,839
Loss after income tax expense for the half-year	-	(246,946)	-	(246,946)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(246,946)	-	(246,946)
Balance at 31 December 2013	<u>19,772,476</u>	<u>1,466,239</u>	<u>33,178</u>	<u>21,271,893</u>

**Octagonal Resources Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2013**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	1,699,144	1,456,393
Payments to suppliers and employees (inclusive of GST)	<u>(2,269,724)</u>	<u>(1,305,739)</u>
	(570,580)	150,654
Interest received	26,177	35,049
Sale of Arches	35,230	-
Fuel Tax Rebate	7,314	4,305
Refund of Rehabilitation Bond	10,000	10,000
Compensation for termination of A1 contract	<u>50,000</u>	<u>-</u>
Net cash from/(used in) operating activities	<u>(441,859)</u>	<u>200,008</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(171,846)	(145,323)
Payments for exploration and evaluation	(1,291,290)	(1,260,338)
Withdrawals from term deposits	10,000	50,000
Loans from/(to) related and other parties	<u>1,000,000</u>	<u>-</u>
Net cash used in investing activities	<u>(453,136)</u>	<u>(1,355,661)</u>
<b>Cash flows from financing activities</b>		
Share issue transaction costs	-	(4,650)
Net cash used in financing activities	<u>-</u>	<u>(4,650)</u>
Net decrease in cash and cash equivalents	(894,995)	(1,160,303)
Cash and cash equivalents at the beginning of the financial half-year	<u>1,241,507</u>	<u>2,172,930</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>346,512</u></u>	<u><u>1,012,627</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Going concern** □

The financial report has been prepared on a going concern basis which assumes the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- \$3,181,440 capital raising to be completed by 31 March 2014.
- The budgets and forecasts reviewed by the directors for the next eighteen month period ending 30 June 2015 anticipate the business will continue to hold cash and cash equivalents to fund its operations and exploration commitments. The budgets and forecasts have been prepared using the main budget assumption of the viable development and mining of Alliance South, Pearl Croydon and Specimen Reef gold deposits and successful capital raising (as described above).
- Management of the consolidated entity will actively manage the current level of discretionary expenditures in line with the funds available to the consolidated entity.
- Expenditures on the current exploration program and working capital requirements will also be actively managed.

**Note 2. Operating segments**

The consolidated entity has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach'. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity operates predominately in one geographical location. The consolidated entity does not have any operating segments with discrete financial information. The consolidated entity's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decisions including assessing performance and in determining the allocation of resources.

**Octagonal Resources Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<i>Sales revenue</i>		
Gold & silver sales	1,758,323	-
Ore processing Income	-	309,425
Agency Income	-	961,979
	<u>1,758,323</u>	<u>1,271,404</u>
<i>Other revenue</i>		
Interest	26,177	35,250
Other revenue	95,230	3,322
	<u>121,407</u>	<u>38,572</u>
Revenue	<u><u>1,879,730</u></u>	<u><u>1,309,976</u></u>

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Fuel tax credits	<u>7,314</u>	<u>4,305</u>

**Note 5. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 6. Related party transactions**

*Parent entity*

Octagonal Resources Limited is the parent entity.

*Transactions with related parties*

Other related party - Gandel Metals Pty Ltd as Trustee for The Gandel Metals Trust (GMT)

The Company entered into an agreement to secure access to a Bank standby credit facility of up to \$1.1 million from GMT.

The loan is repayable by 1 July 2014.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

**Octagonal Resources Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 6. Related party transactions (continued)**

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>31</b>	<b>30</b>
	<b>December</b>	<b>June</b>
	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan from other related party	1,000,000	-

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 7. Events after the reporting period**

Events after the reporting period of the consolidated entity include:

- (i) High-grade gold was intersected in January 2014 by underground mining at the Alliance South Shoot in Maldon.
- (ii) A Planning Permit was approved on 21 January 2014 for open pit mining at the Pearl Croydon Deposit.
- (iii) On 24 January 2014 mining licence MIN5563, overlying the Specimen Reef Deposit, was granted.
- (iv) On 10 February 2014 the company announced a non-renounceable rights issue to raise up to \$3.18M. The closing date for acceptances is 11 March 2014 with the expected date for quotation of new shares being 20 March 2014.

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 8. Earnings per share**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Octagonal Resources Limited	<u>(246,946)</u>	<u>(606,900)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>106,048,002</u>	<u>106,048,002</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>106,048,002</u>	<u>106,048,002</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.23)	(0.57)
Diluted earnings per share	(0.23)	(0.57)

**Octagonal Resources Limited**  
**Directors' declaration**  
**31 December 2013**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Ian J Gandel  
Director

13 March 2014  
Melbourne, Victoria

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Octagonal Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Octagonal Resources Limited, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Octagonal Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Octagonal Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Octagonal Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### BDO East Coast Partnership

A stylized, handwritten-style logo of the letters 'BDO' in black ink.A handwritten signature in black ink that reads 'James Mooney'.

**James Mooney**  
Partner

Melbourne, 13 March 2014