

31 JANUARY 2011

No. of Pages: 23

ASX CODE: ORS

Market Cap.: \$13.0 m (\$0.13 p/s)
Shares on issue: 100,048,002
Cash: \$6.01 m (31 December 2011)

BOARD & MANAGEMENT

Ian Gandel, Chairman
Anthony Gray, Managing Director
Ian Pamensky, Director

MAJOR SHAREHOLDERS

Alliance Resources – 22.0%
Abbotsleigh – 15.2%
Newmont – 8.0%

PRINCIPAL OFFICE

Octagonal Resources Limited
ABN 38 147 300 418
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QUARTERLY REPORT - FOR THE PERIOD ENDED **31 DECEMBER 2011**

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ending 31 December 2011 (17 pages)
- Appendix 5B for the period ending 31 December 2011 (5 pages)

For and on behalf of the Board.

Ian Pamensky

Company Secretary
OCTAGONAL RESOURCES LIMITED

Additional information relating to Octagonal and its various exploration projects can be found on the Company's website:

www.octagonalresources.com.au

31 January 2012

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Quarterly Report for the period ended 31 December 2011

Highlights

- ▶ **Underground mine development commenced at Alliance South (Maldon) in Victoria**
- ▶ **Underground mining equipment purchased to facilitate an owner - operator mining operation**
- ▶ **38 hole RC drilling program commenced at Specimen Reef Reef (Dunolly East) in Victoria to assess the extent of near-surface gold mineralisation and provided data to support a mining licence application**
- ▶ **Two new exploration licence applications acquired in Central Victoria securing land tenure around the Pearl Croydon Deposit and gaining exploration access to most of the historic Amherst and Maryborough goldfields**
- ▶ **70% equity earned in the Lucky Bay South Joint Venture tenements that overlie the Burns Prospect (Hogan's Project) in Western Australia**
- ▶ **7,574 metre infill aircore drilling program completed at the Burns Prospect defining gold anomalism over a one square kilometre area. This gold anomalism is not constrained by drilling where it trends under salt lake cover**
- ▶ **Gold in regolith anomalism at Burns Prospect adequately defined for targeted bedrock RC drill testing in early 2012**
- ▶ **Lake aircore drill rig booked to define gold in regolith anomalism extending under salt lake cover at Burns Prospect**
- ▶ **Two new exploration licence applications lodged to secure tenure at the Hogan's Project adjacent to the east of the +12 million ounce St Ives Goldfield**

Summary

During the December Quarter Octagonal recommenced development of the Union Hill Decline at Maldon in Victoria to access the Alliance South Shoot. Contract mining equipment was mobilised to site and the surface of the decline re-sheeted to allow mining equipment to access the end of the decline. The Company has purchased a jumbo drilling rig, loader and dump truck and will commence mining as an owner - operator at the start of 2012.

At Wehla, the Company is continuing to advance its application to mine the Black Reef open pit and will commence mining as soon as all approvals are received.

Exploration undertaken in Victoria consisted of commencing a 38 hole RC drilling program at the Specimen Reef near Dunolly to assess the extent of near-surface gold mineralisation and provided data to support a mining licence application. By the end of the Quarter 24 holes, for 1,502 metres, had been completed.

Two new exploration licence applications were acquired in Central Victoria to secure land tenure around the Company's Pearl Croydon Deposit (Inferred Mineral Resource: 570,000 tonnes grading 2.9 g/t gold for 53,000 ounces of gold¹) and gain exploration access to most of the historic Amherst and Maryborough goldfields.

At the Hogan's Project in Western Australia Octagonal earned 70% interest in the Lucky Bay South Joint Venture tenements that overlie the Company's high priority Burns Prospect exploration target area.

Exploration work undertaken at the Hogan's Project consisted of infill aircore drilling at the Burns Prospect to define gold in regolith (weathered Archaean rock) anomalism for targeted bedrock drill testing.

Assay results from the Burns Prospect returned significant intersections including; 11 metres @ 0.3 g/t Au from 20 metres, 5 metres @ 1.3 g/t Au from 33 metres, 9 metres @ 1.0 g/t Au from 74 metres to the end of hole, 3 metres @ 2.7 g/t Au from 28 metres, and 2 metres @ 5.7 g/t Au from 77 metres. These results are distributed over a 1 square kilometre area and are not constrained by drilling where they trend under salt lake cover.

Bedrock reverse circulation (RC) drill testing will commence in early 2012 and a lake aircore rig has been booked to test for gold in regolith anomalism extending under the salt lake. This drilling program will commence as soon as an appropriate drill rig becomes available.

Two new exploration licence applications were lodged to secure tenure at the Hogan's Project adjacent to the east of the +12 million ounce St Ives Goldfield.

Work planned for the March 2012 Quarter includes:

- ▶ Continued development of the Union Hill Decline to access the Alliance South Shoot (Maldon) in Victoria;
- ▶ Open pit mining of the Black Reef (Wehla) in Victoria;
- ▶ Commence gold production at the Porcupine Flat gold processing plant (Maldon) in Victoria;
- ▶ Complete infill and extensional RC drilling at the Specimen Reef (Dunolly East) in Victoria;
- ▶ Commence RC drilling at the Burn's Prospect (Hogan's Project) in Western Australia; and
- ▶ Continue regional and infill land aircore drilling and commence regional lake aircore drilling at the Hogan's Project.

1. Refer to Octagonal Resources Limited 2011 Annual Report for Pearl Croydon Deposit Resource Statement

Safety & Environment

Maldon Gold Operation - Victoria (100% Octagonal)

No medically treated injuries (MTIs) or lost time injuries (LTIs) were recorded during the reporting period. There were no reportable environmental incidents during the December quarter.

Hogan's Project – Western Australia (Octagonal earning up to 80%)

No MTIs or LTIs were recorded during the reporting period. There were no reportable environmental incidents during the Quarter.

Maldon Gold Operation - Victoria (100% Octagonal)

Background

The Company's Victorian operations are centred at Maldon, the third largest historic primary gold producer in Central Victoria after Bendigo and Ballarat. It is here that Octagonal owns a recently refurbished and operation ready 150,000 tonne per annum CIL gold processing plant, 235,000 ounces of inferred open pit and underground gold resources and a decline that extends to the undeveloped underground resources. Octagonal commenced underground gold mining operations at Maldon during 2011 and is awaiting approval to mine an open pit near Wehla.

Operations

Maldon

Underground development commenced at the Union Hill Mine in November to access the Alliance South Deposit.

The Alliance South Deposit is hosted by the Eaglehawk Reef at the southern end of the Central Maldon Shear Zone. The deposit contains an Inferred Mineral Resources of 473,000 tonnes grading 12 g/t gold for 182,000 ounces of gold (Figure 1 and Table 1).

The Company will extend the Union Hill Decline 180 metres to the south and develop two levels in the upper area of the Alliance South Shoot to determine the reef grade, assess ground conditions, and determine the most appropriate mining technique for an ongoing operation.

During the Quarter contract mining equipment was mobilised to site and the surface of the 1.9 kilometre long Union Hill decline was re-sheeted to allow mining equipment to access the end of the decline for drilling and blasting. The Company has also purchased a jumbo drilling rig, loader and dump truck and will commence mining as an owner - operator at the start of 2012. The loader and dump truck arrived onsite during December and the jumbo will be delivered in January 2012.

Deposit	Location	Estimated Gold Resource and Category								
		Measured			Indicated			Inferred		
		'000t	Au g/t	'000oz	'000t	Au g/t	'000oz	'000t	Au g/t	'000oz
Alliance South	West Zone							287	12	110
	East Zone							186	12	72
Total								473	12	182

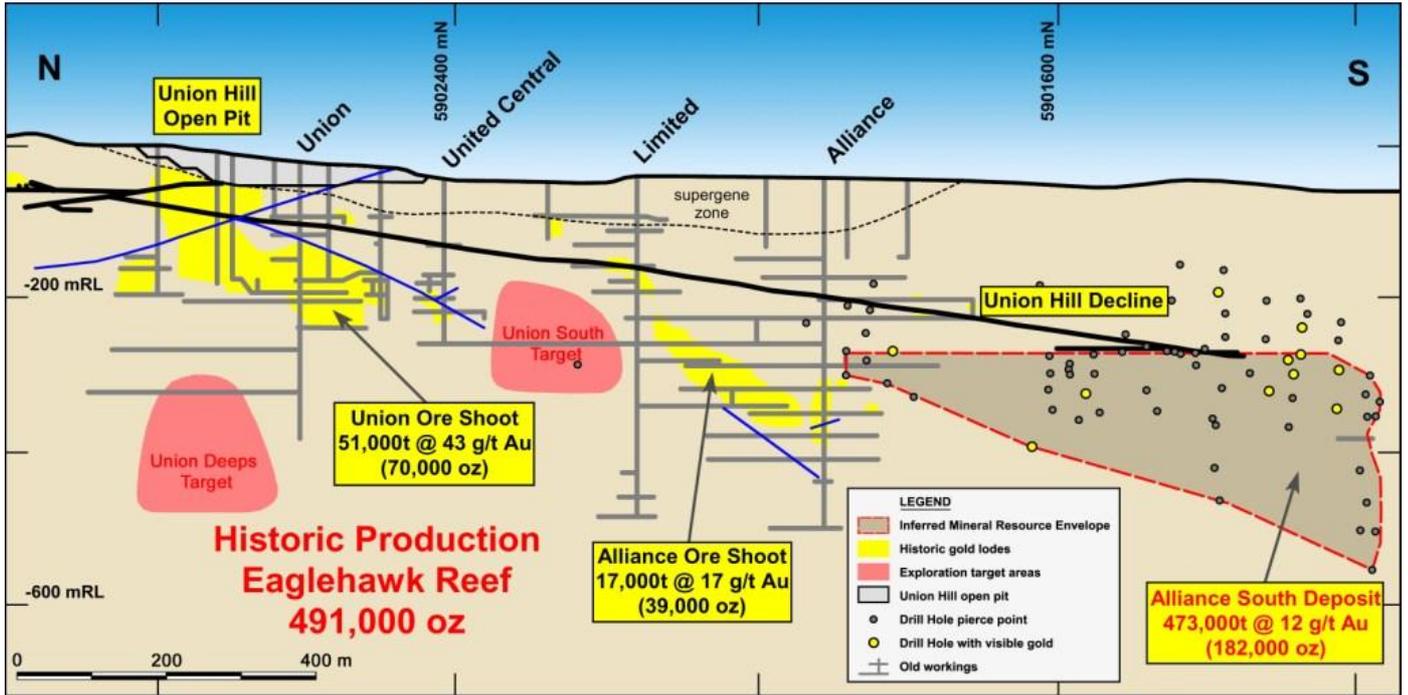


Figure 1: Eaglehawk Reef with the Union and Alliance shoots and the Alliance South Deposit

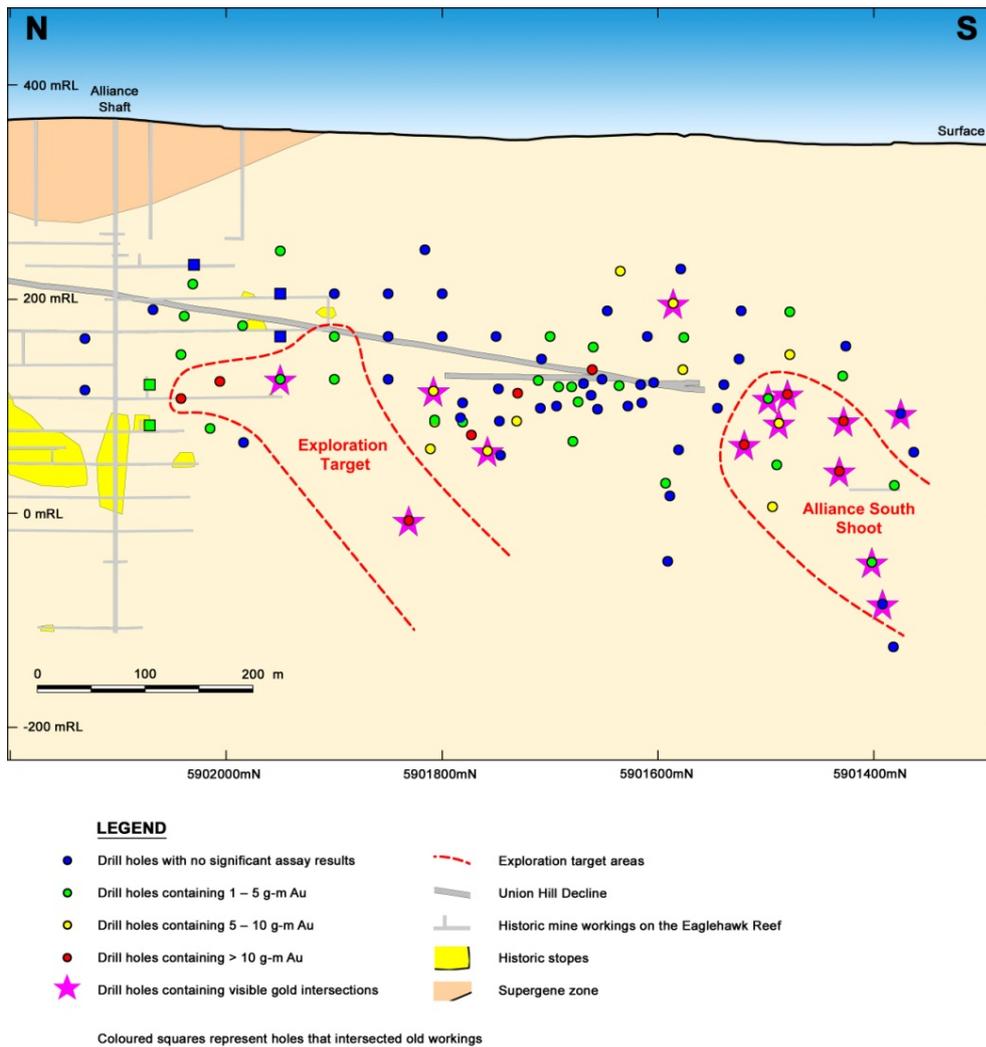


Figure 2: Eaglehawk Reef: Longsection showing position of Union Hill decline relative to the Alliance South Shoot

Wehla

The Wehla Goldfield is located 60 kilometres from the Company's Porcupine Flat gold processing plant at Maldon and historically produced around 100,000 ounces of gold. Previous drilling in the goldfield has intersected high-grade gold mineralisation however the structural controls are not well understood.

Octagonal will gain a better understanding of the structure by mining a 200,000 tonne open pit at Black Reef in an area where a costean returned 14 metres @ 4.6 g/t Au and drilling intersected 5 metres @ 35.4 g/t Au, 5 metres @ 14.9 g/t Au, 4 metres @ 3.7 g/t Au, 1 metre @ 4.0 g/t Au, and 6 metres @ 1.4 g/t Au.

The Company is well advanced in the regulatory approvals process to undertake mining at Black Reef and will commence mining as soon as all approvals are received.

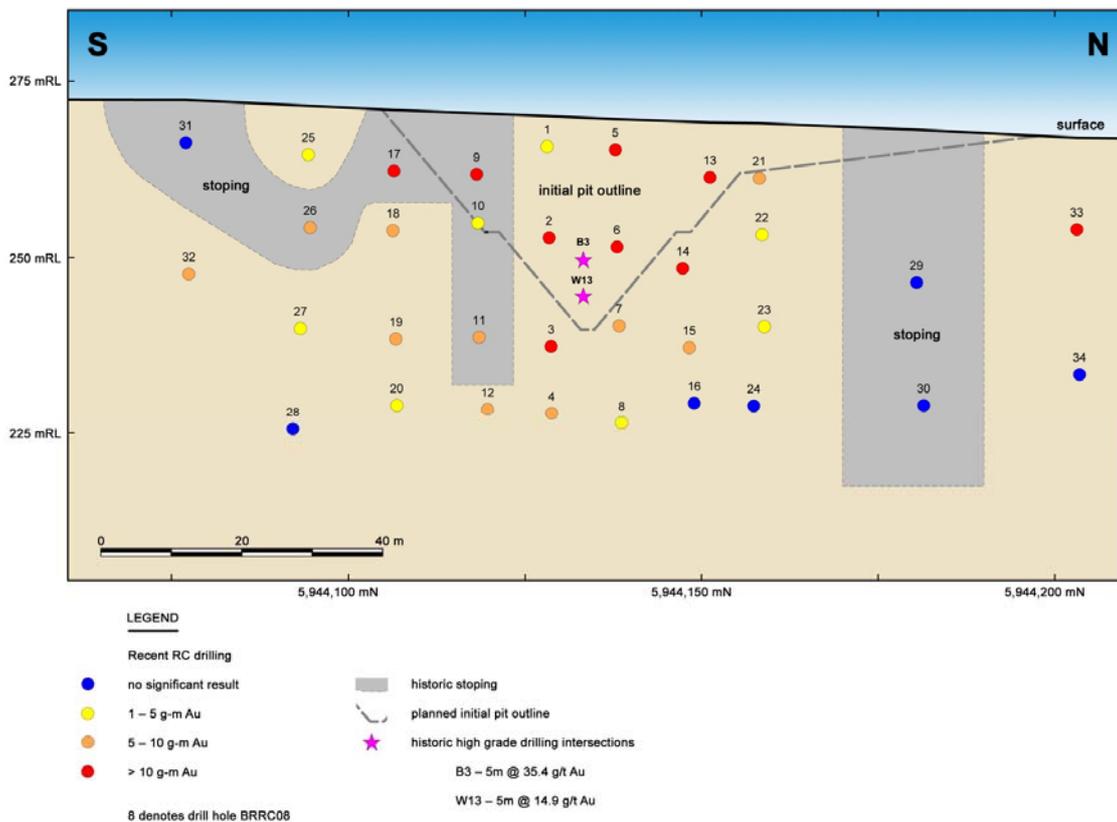


Figure 3. Black Reef: Long-section of 2011 RC drilling results with planned open pit and historic high grade drilling

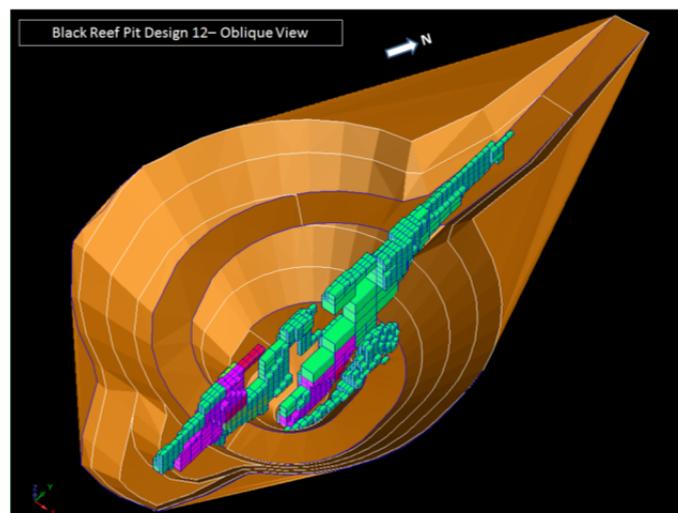


Figure 4. 3D model of Black Reef open pit design

Exploration

Dunolly East

The Dunolly East Project is located 30 kilometres to the west of the Porcupine Flat gold processing plant at Maldon. The Specimen Reef is the most advanced exploration target in the Dunolly East area. It overlies two parallel quartz reefs (Specimen Reef and Doctor's Reef) that can be traced over greater than 1,000 metres strike length. Both reefs strike north-south and occur as discrete medium to wide quartz veins with associated stock work stringer vein zone envelopes. The Specimen Reef dips steeply both to the east and west. The reef is characterised by a strongly developed stringer zone up to 7 metres wide with massive veins greater than 0.5 metres wide.

Between 1994 and 1996 Goldsbrough NL drilled seventeen RC holes at the Specimen Reef. This drilling returned significant results including 2 metre @ 4.6 g/t Au from 6 metres in SP3, 4 metres @ 7.8 g/t Au from 13 metres in SP4, and 1 metre @ 8.3 g/t Au from 24 metres in SP61.

In July 2011 Octagonal completed a 14 hole RC drilling program, totalling 573 metres, in the area of holes SP3, SP61, and SP4 to test for near surface gold mineralisation that could potentially provide short term feed to the Porcupine Flat gold processing plant.

This drilling program intersected wide zones of quartz reef with significant assay results extending over 240 metres strike length and to 30 vertical metres depth including; 3 metres grading 22.8 g/t Au from 41 metres in SRRC02, 4 metres grading 2.9 g/t Au from 46 metres in SRRC04, 7 metres grading 4.8 g/t Au from 24 metres in SRRC05, 5 metres grading 2.3 g/t Au from 23 metres in SRRC07, and 9 metres grading 2.1 g/t Au from 6 metres in SRRC11.

Figure 5 illustrates a long-section displaying the distribution of drilling results intersected during July with respect to historic drilling. Significantly, all of the gold mineralisation intersected in this drilling program is unconstrained by drilling to the north, south, and down dip.

During December 2011 Octagonal commenced a 38 hole RC drilling program, totalling 2,200 metres, at the Specimen Reef to assess the extent of near-surface gold mineralisation and provide sufficient drilling data to support a mining licence application. This drilling program will infill and extend the previous RC drilling over 460 metres strike length and to a depth of 60 vertical metres using a 20 metre by 20 metre spaced grid (Figure 6).

By the end of the Quarter 24 holes, for 1,502 metres, had been completed.

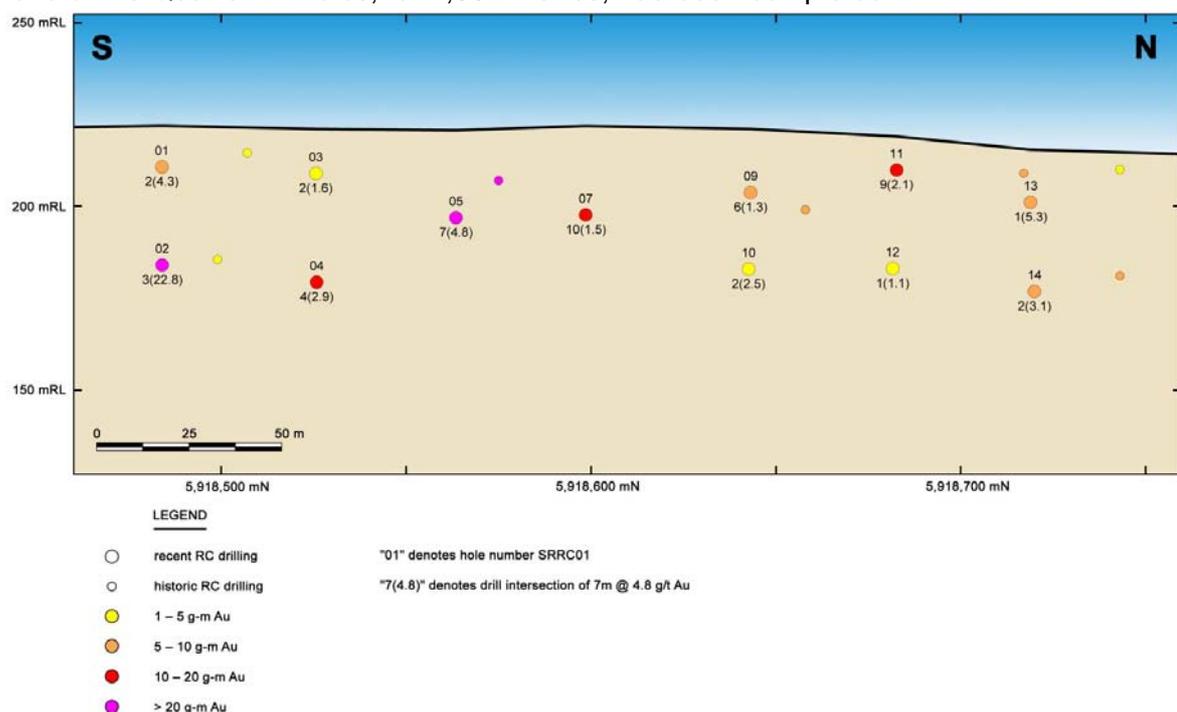


Figure 5. Specimen Reef: Long-section of July 2011 RC drilling results with historic drilling

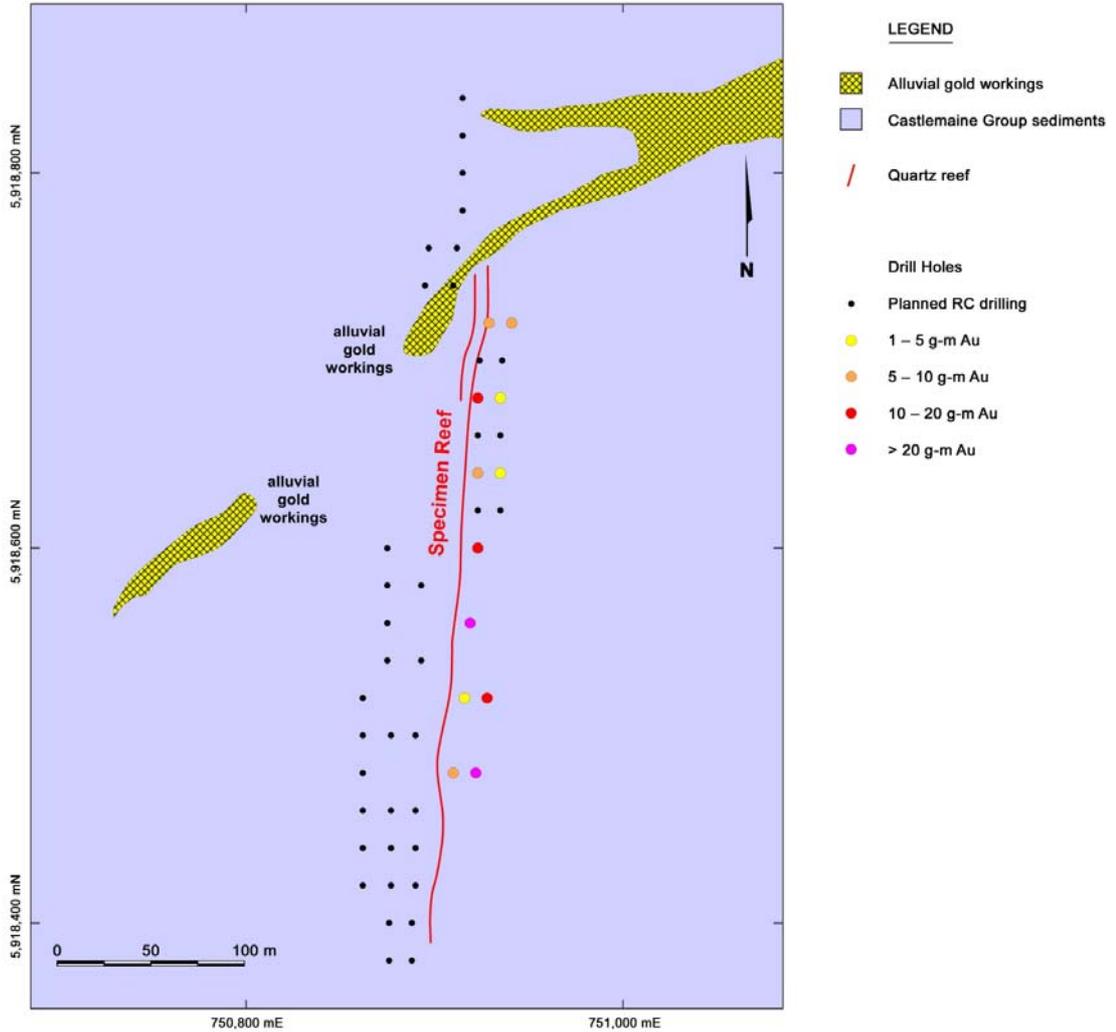


Figure 6. Specimen Reef: Planned RC drill hole location plan with July 2011 drilling



Reverse circulation drilling at Specimen Reef (December 2011)

Acquisitions

During the Quarter Octagonal entered into a Sale and Purchase Agreement with Fiddlers Creek Gold Mining Company Pty Ltd to acquire 100% equity in exploration licence applications ELA 5146 (Amherst) and ELA 5147 (Leviathan) in Central Victoria for \$15,000 in cash. Payment is not due until the exploration licence applications have been granted by the Department of Primary Industries.

These exploration licence applications are both located within 50 kilometres, and viable cartage distance of the Maldon Gold Processing Plant (Figure 7), and supplement Octagonal's Corporate Strategy of developing an ongoing and sustainable gold producing operation in Central Victoria by securing the land tenure around the Company's Pearl Croydon deposit and gaining exploration access to most of the historic Amherst and Maryborough goldfields.

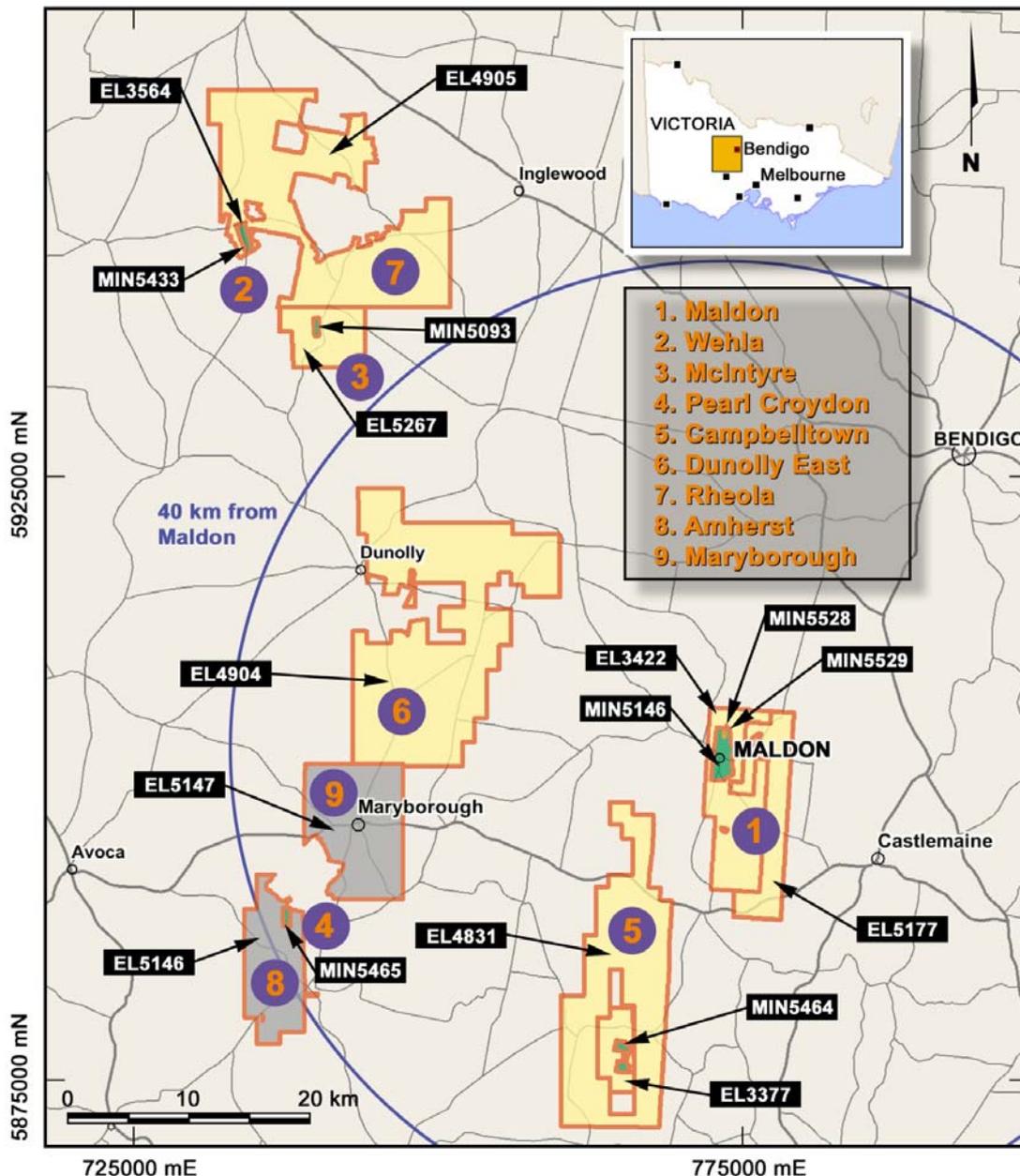


Figure 7. Central Victorian Tenement Location Plan
 (EL 5146 and EL 5147 highlighted in grey)

Amherst (ELA 5146)

Exploration licence application ELA 5146 covers 5,487 hectares and overlies most of the historic Amherst Goldfield. The tenement also surrounds the Company's Pearl Croydon deposit (Inferred Resource: 570,000 tonnes grading 2.9 g/t Au for 53,000 ounces of gold¹) (Figure 8). Available production figures for reef gold mine production within EL 5146, although incomplete, totals 20,990 tonnes grading 23.8 g/t Au for 16,070 ounces of gold and illustrates the high grade nature of the gold mineralisation hosted within the exploration licence area.

The main historic producers within ELA 5146 were the Whitehorse Reef, Church Hill Reef, and the All Nations Reef.

Previous exploration at the Whitehorse Reef, consisting of trenching over a 450 metre strike length, returned a 25 metre zone that averaged of 3.1 g/t gold (including 2.5 metres grading 12.2 g/t Au). This prospect is a priority exploration target for the Company as it displays the potential to provide short term open pit ore for the Maldon Gold Processing Plant.

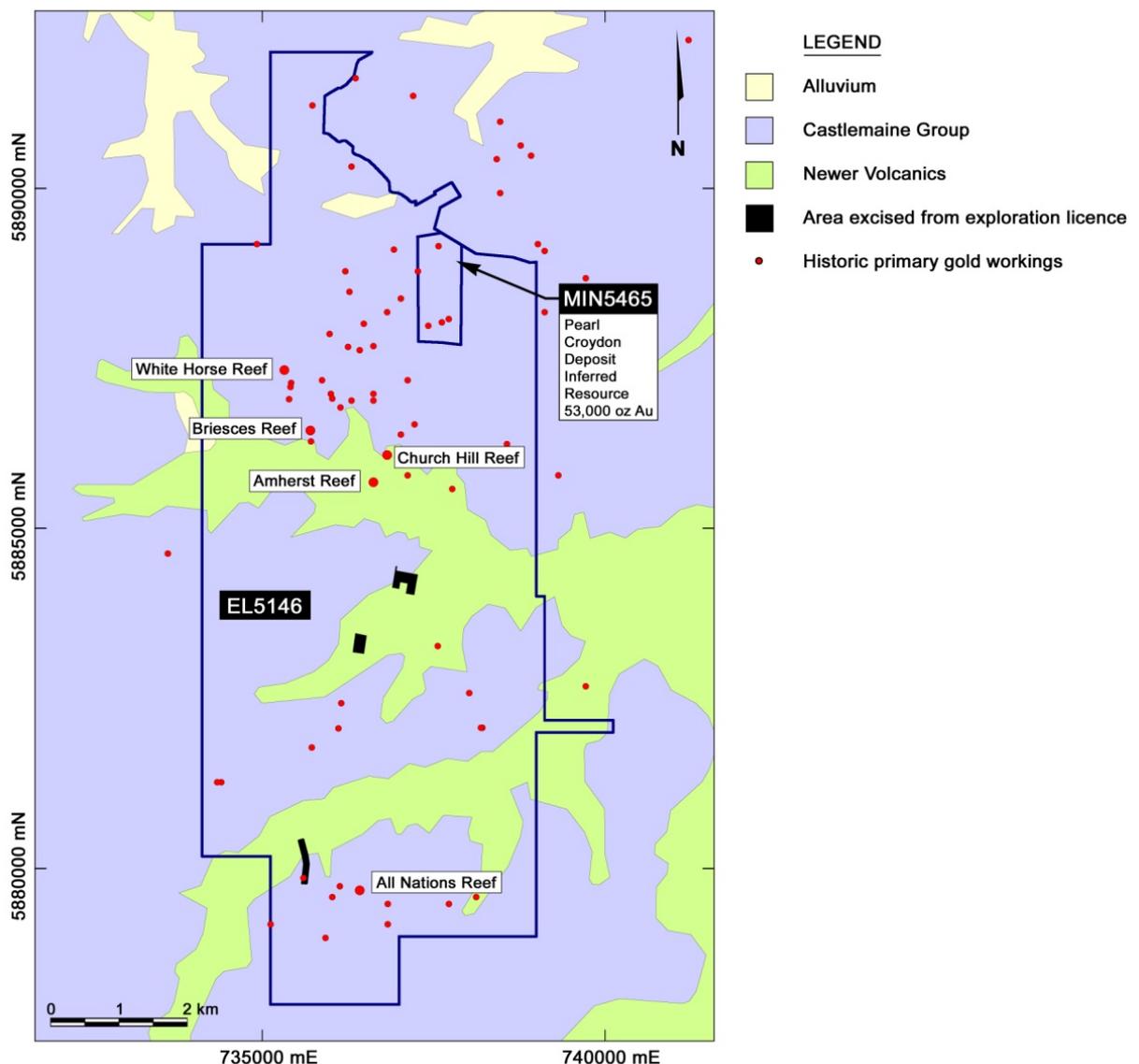


Figure 8. Amherst: Tenement and Prospect Location Plan

1. Refer to Octagonal Resources Limited 2011 Annual Report for Pearl Croydon Deposit Resource Statement

Leviathan (ELA 5147)

Exploration licence application ELA 5147 covers 7,894 hectares and overlies most of the historic Maryborough Goldfield (Figure 9). The Maryborough Goldfield has produced approximately 1 million ounces of gold with the majority sourced from alluvial and deep lead deposits. Only 180,000 ounces of gold has been produced from quartz reefs at an average grade of 13.1 g/t Au. The main historic reef hosted gold producers were the New Leviathan Mine, Judd and Barries Mine, Mariners Reef, Princess Royal Reef, Bluchers Reef, and Old Leviathan Mine.

The disproportionate amount of gold produced from quartz reefs at Maryborough compared to alluvial and deep lead deposits suggests the potential for significant additional quartz reef hosted gold mineralisation in the Maryborough Goldfield. Modern exploration targeting reef hosted gold mineralisation in the Maryborough Goldfield is limited and Octagonal has identified the Leviathan Mine, Mariners Reef and Bluchers Reef as priority exploration target areas for drill testing.

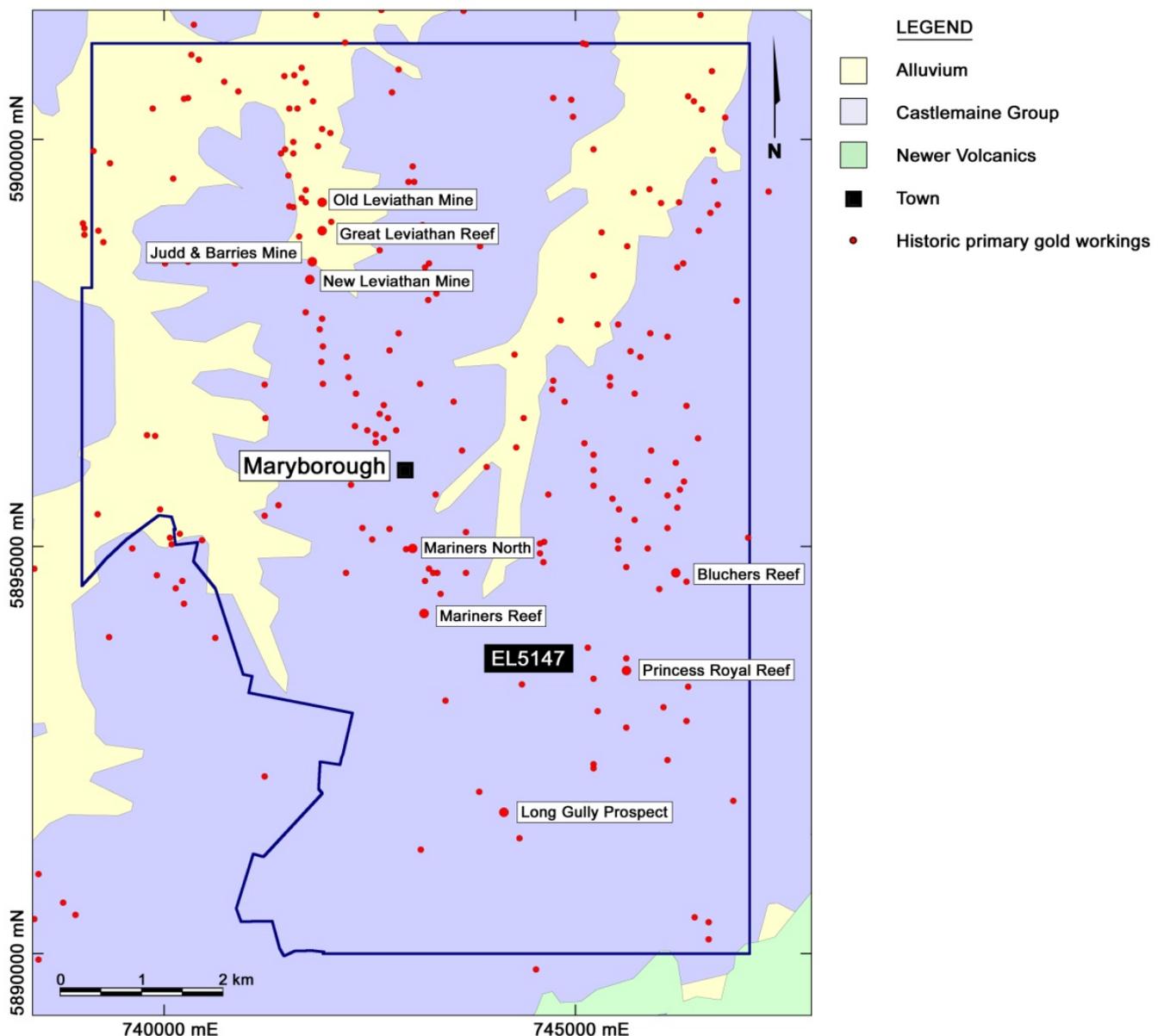


Figure 9. Leviathan: Tenement and Prospect Location Plan

Hogan's Project - Western Australia (Octagonal earning up to 80%)

Background

In Western Australia Octagonal is earning up to 80% interest in the Hogan's Project by exploring for gold deposits in a highly prospective but underexplored area only 70 kilometres from Kalgoorlie. The gold potential of this emerging gold producing district is demonstrated by the recent exploration and mining success achieved by Silver Lake Resources Limited at the Daisy Milano Mine and Integra Mining Limited at the Salt Creek Mine and Lucky Bay Prospect.

During the Quarter the Company earned 70% equity in the tenements that comprise the Lucky Bay South Joint Venture.

The Lucky Bay South Joint Venture comprises two exploration licences (E15/1097 and E15/1125) that cover 38 square kilometres and are located adjacent to the south of the Salt Creek Mine and Lucky Bay Prospect (Figure 10).

The Joint Venture tenements overlies the high priority Burns Prospect exploration target area where the Company has completed infill aircore drilling to refine gold in regolith (weathered Archaean rock) anomalism for targeted bedrock drill testing in early 2012.

Octagonal may earn an additional 10% equity in the tenements (increasing its total equity to 80%) by spending an additional \$150,000 on exploration of the Joint Venture. The Company's Joint Venture partner, Gold Attire Pty Ltd, will be Free Carried until a Decision to Mine is made after the completion of a Feasibility Study.

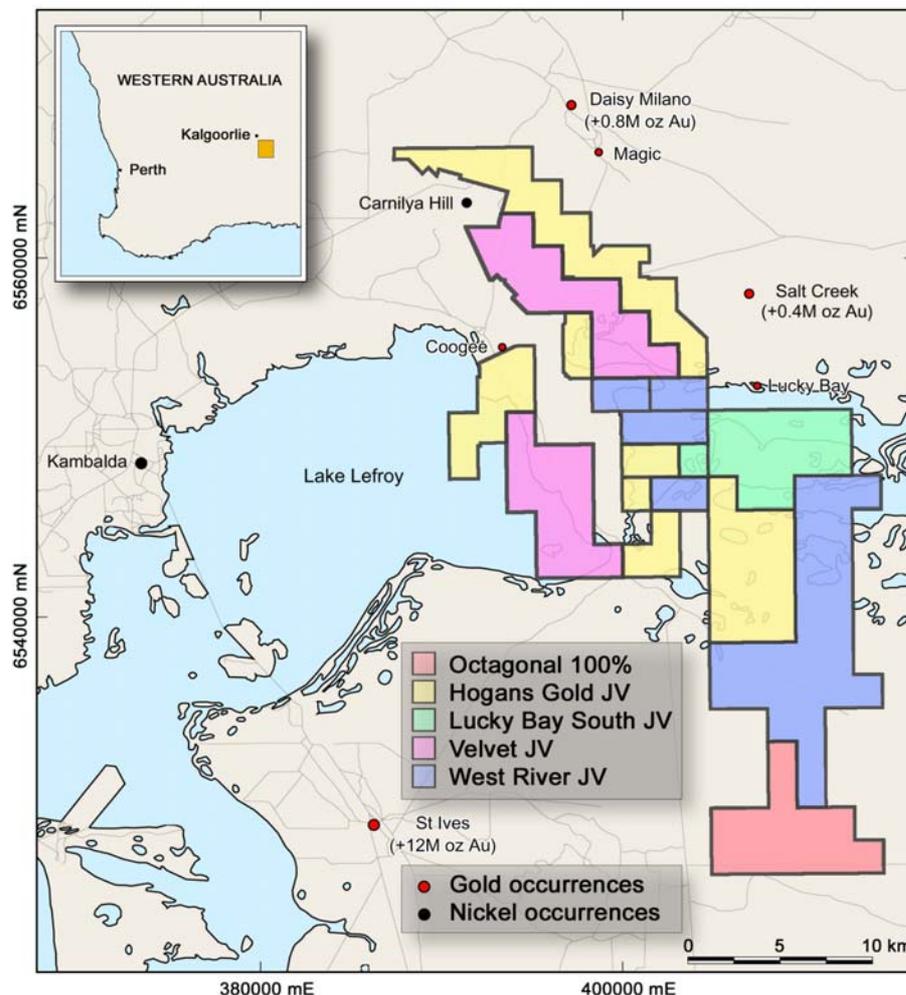


Figure 10. Location of Lucky Bay South Joint Venture tenements within the Hogan's Project

Exploration

Aircore Drilling

Octagonal drilled 121 aircore holes, totalling 7,574 metres, during the Quarter at the Burns Prospect to better define the distribution of gold in regolith (weathered Archaean bedrock) anomalism using a 40 metre by 160 metre spaced grid to allow for targeted bedrock drilling.

The Burn's Prospect is characterised by a discrete granite intrusive with associated low magnetic and gravity signatures that intrudes a thrust package of mafic, intermediate and metasedimentary rocks. The granite has caused doming of the greenstone sequence, creation of dilational jogs associated with northwest trending structures, and localised lithological and structural complexity that forms ideal sites for the deposition of gold. Evidence of intense fluid flow is further supported by a high-magnetic alteration halo that surrounds the granite.

In May 2011 Octagonal intersected significant zones of gold anomalism hosted within weathered mafic rocks while completing regional aircore drilling using a 160 metre by 640 metre spaced grid including:

- ▶ 23 metres @ 0.5 g/t Au from 18 metres to the end of hole in OBU022
- ▶ 12 metres @ 0.3 g/t Au from 68 metres to the end of hole in OBU011
- ▶ 3 metres @ 0.9 g/t Au from 44 metres in OBU013
- ▶ 2 metres @ 0.6 g/t Au from 63 metres to the end of hole in OBU019

These drill results were followed up in July and August 2011 when the Company completed infill aircore drilling using an 80 metre by 320 metre spaced grid to better define this gold in regolith anomalism and intersected:

- ▶ 4 metres @ 0.6 g/t Au from 71 metres in OBU091
- ▶ 7 metres @ 0.7 g/t Au from 82 metres in OBU092
- ▶ 6 metres @ 0.2 g/t Au from 20 metres in OBU105
- ▶ 4 metres @ 0.4 g/t Au from 42 metres to the end of hole in OBU106
- ▶ 8 metres @ 0.3 g/t Au from 20 metres in OBU150

During the Quarter a second phase of infill aircore drilling was completed to further refine the distribution of gold in regolith anomalism for bedrock drill testing. Significant assay results returned from this drilling program are listed in Table 2 and include:

- ▶ **11 metres @ 0.3 g/t Au from 20 metres in OBU171**
- ▶ **3 metres @ 0.5 g/t Au from 73 metres in OBU178**
- ▶ **2 metres @ 0.7 g/t Au from 85 metres to the end of hole in OBU199**
- ▶ **5 metres @ 1.3 g/t Au from 33 metres in OBU207**
- ▶ **9 metres @ 1.0 g/t Au from 74 metres to the end of hole in OBU219**
- ▶ **7 metres @ 0.2 g/t Au from 49 metres to the end of hole in OBU230**
- ▶ **3 metres @ 2.7 g/t Au from 28 metres in OBU254**
- ▶ **2 metres @ 5.7 g/t Au from 77 metres in OBU274**

The gold mineralisation intersected in holes OBU171, OBU178, OBU199, and OBU230 is derived from weathered Archaean rocks, whereas the gold mineralisation in holes OBU207, OBU219, OBU254, and OBU274 is located at the Tertiary - Archaean boundary and consists of a combination of gold hosted in transported Tertiary sand and clay and gold hosted in weathered Archaean rock.

The gold in weathered Archaean rock anomalism is distributed over a one square kilometre area and is not constrained by drilling where the anomalism trends under salt lake cover (Figure 11). This gold anomalism is hosted in both weathered high-magnesian basalt and intermediate intrusive rocks that both display variable epidote and biotite alteration.

Interpretation of assay results when using broad spaced drilling requires a comprehensive understanding of gold mobility within the weathering profile. Even though the mineralisation style and host rocks targeted at the Burns Prospect differ from the nearby + 400,000 ounce Salt Creek Deposit, the significance of the Burns Prospect drilling results are best placed into context by comparing them to the discovery history of the Salt Creek Deposit since gold dispersion within the regolith is likely to be similar.

Infill drilling at the **Burns Prospect** has utilised a **40 metre by 160 metre spaced grid**. Regolith drilling at the **Salt Creek Deposit** which eventually led to its discovery used a **50 metre by 200 metre spaced grid** and intersected 3m @ 0.4 g/t Au, 5m @ 0.2 g/t Au, 4m @ 0.1 g/t Au, and 8m @ 0.5 g/t Au. This drilling defined a 600 metre long greater than 0.1 g/t gold in regolith anomaly.

The gold results intersected at Burns Prospect are wider, higher grade, and more broadly distributed than those that led to the discovery of the Salt Creek Deposit. These observations further support the potential of the Burns Prospect to host a significant gold deposit.

The Company is extremely encouraged by these drill results and will commence bedrock drilling in early 2012 to test for primary gold mineralisation located beneath the gold in regolith anomalies defined by aircore drilling. A land reverse circulation drilling rig has been booked to commence bedrock drilling at the Burns Prospect and a lake aircore rig will be used to test for gold in regolith anomalies extending under the salt lake as soon as an appropriate drill rig becomes available.

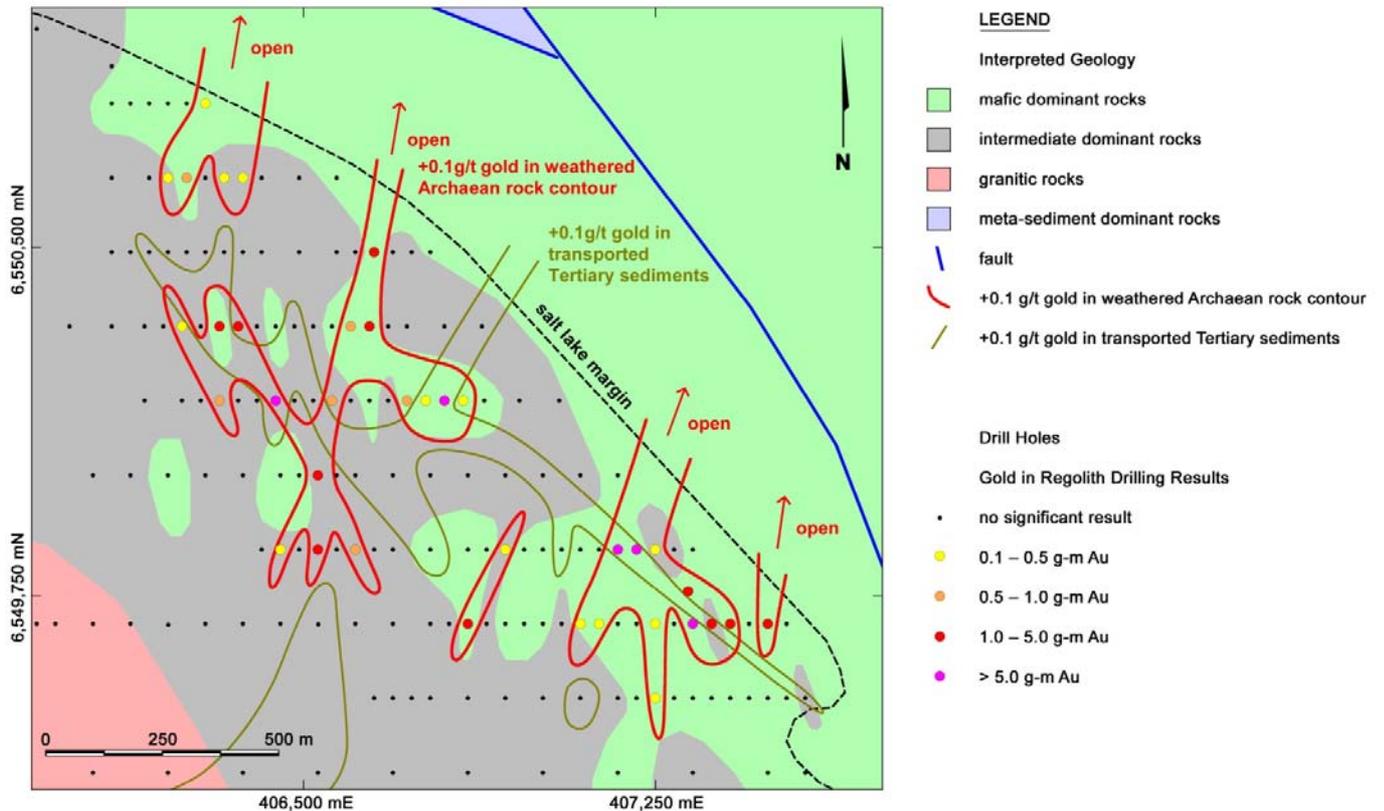


Figure 11. Burns Prospect: Drill hole location plan with significant assay results and interpreted geology



View from Burns Prospect across Lake Randall

Table 2.					
Burns Prospect: Significant Assay Results					
Hole ID	From (m)	To (m)	Interval (m)	Au (ppm)	Comments
OBU168	28	30	2	0.22	weathered high-magnesian basalt
OBU171	20	31	11	0.27	weathered intermediate intrusive
inc.	20	21	1	1.06	weathered intermediate intrusive
OBU177	74	75	1	0.27	Tertiary clay
OBU178	73	76	3	0.47	weathered intermediate intrusive
OBU181	44	48	4	0.16	weathered high-magnesian basalt
OBU183	54	56	2	0.15	weathered intermediate intrusive
OBU185	47	49	2	0.16	weathered intermediate intrusive
OBU191	17	18	1	0.10	Tertiary clay
OBU193	32	33	1	0.36	weathered intermediate intrusive
OBU197	17	18	1	0.34	Tertiary - Archaean boundary
OBU198	64	67	3	0.11	weathered high-magnesian basalt
OBU199	85	87	2	0.70	weathered intermediate intrusive to EOH
OBU200	84	85	1	0.52	weathered intermediate intrusive to EOH
OBU202	76	80	4	0.11	Tertiary sand
OBU204	83	84	1	0.12	weathered intermediate intrusive
OBU207	33	38	5	1.29	Tertiary - Archaean boundary
inc.	33	36	3	2.12	Tertiary - Archaean boundary
OBU208	29	30	1	0.16	weathered intermediate intrusive
OBU213	76	80	4	0.13	weathered high-magnesian basalt
OBU216	69	71	2	0.29	weathered intermediate intrusive
OBU218	78	81	3	0.18	weathered high-magnesian basalt to EOH
OBU219	74	83	9	1.00	Tertiary sand and weathered high-magnesian basalt to EOH
inc.	75	78	3	2.43	
OBU224	33	34	1	0.17	Tertiary clay and sand
OBU226	50	51	1	0.12	Tertiary clay
OBU230	49	56	7	0.20	weathered high-magnesian basalt to EOH
OBU236	25	26	1	0.22	weathered high-magnesian basalt to EOH
OBU252	22	23	1	0.38	Tertiary clay
OBU254	28	31	3	2.73	Tertiary - Archaean boundary
inc.	28	29	1	8.08	Tertiary - Archaean boundary
OBU274	77	79	2	5.72	Tertiary - Archaean boundary
OBU275	57	60	3	0.12	Tertiary sand
OBU278	76	80	4	0.11	Tertiary - Archaean boundary
OBU279	82	83	1	0.28	weathered high-magnesian basalt

Notes:

1. All aircore holes drilled vertically to blade refusal.
2. Four metre composite samples routinely collected.
3. Composite samples containing greater than 0.1 g/t gold re-sampled and analysed over 1 metre intervals.
4. Analysis conducted by Inspectorate KalAssay (Kalgoorlie Laboratory) using a 40 gram Fire Assay Digest with AAS Finish.
5. Where Archaean rocks are potentially contaminated by gold in Tertiary sediments Archaean rock chips are hand sorted, washed and sent for separate analysis.
6. "EOH" denotes "end of hole".

Acquisitions

During the Quarter Octagonal applied for two new exploration licences located near the Hogan's Project (Figure 12).

Exploration licence applications E15/1314 and E15/1315 are located 7 kilometres southwest of the Hogan's Project and are positioned directly east of the plus 12 million ounce St Ives Goldfield.

Once granted the Company will hold 100% equity in two tenements that cover over 110 square kilometres of highly prospective greenstone partially overlying and adjacent to the Boulder - Lefroy Shear Zone.

The Boulder - Lefroy Shear Zone is a regionally significant structural zone that hosts over 100 million ounces of gold, including the St Ives, Hampton - Boulder - Jubilee, Golden Mile, and Paddington - Broad Arrow gold districts.

Octagonal will commence exploration on these exploration licences as soon as they are granted.

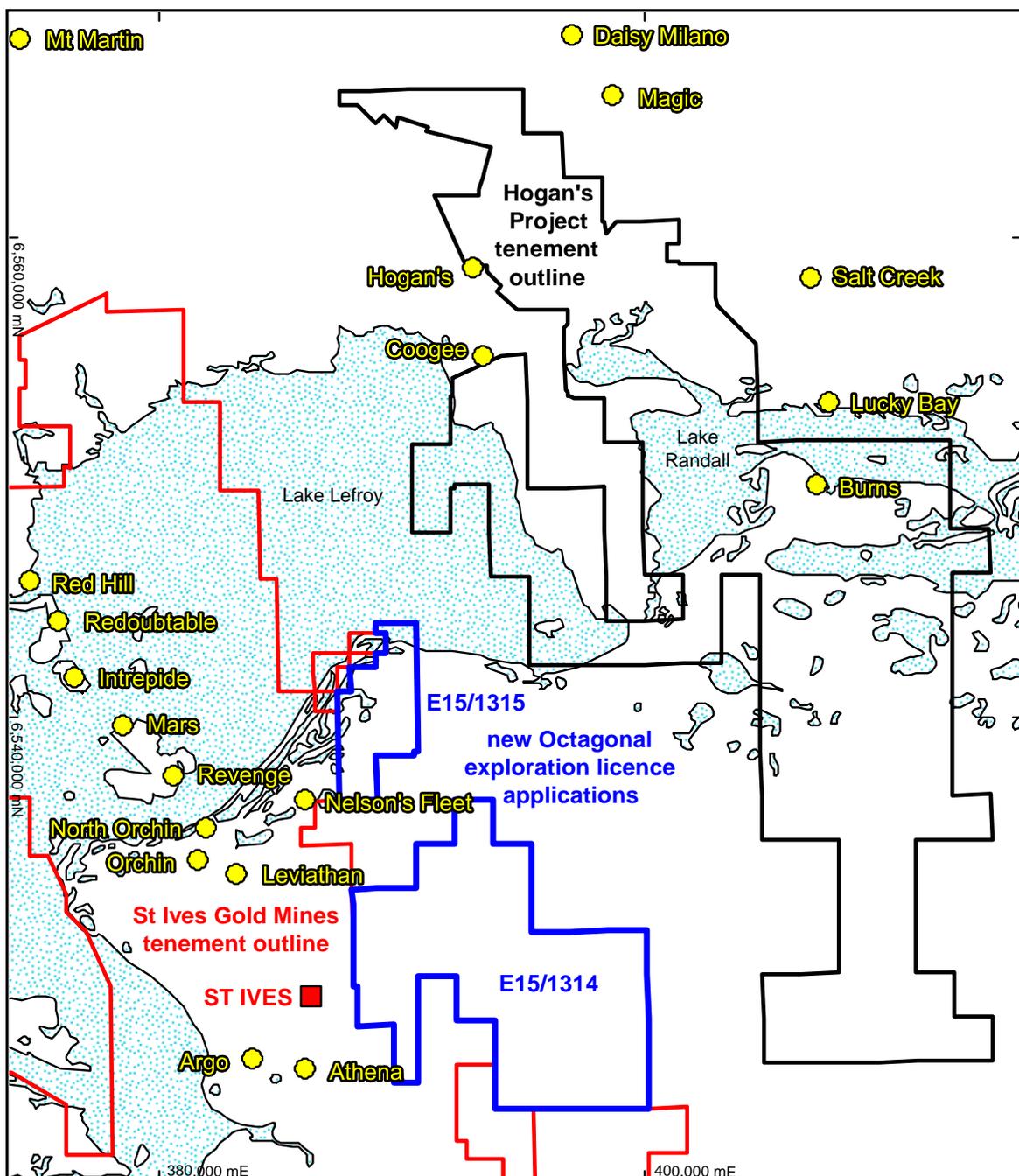


Figure 12. Hogan's Project: Location of new exploration licence applications

Corporate

Octagonal has cash reserves of \$6.01 million (unaudited) at 31 December 2011 and has 100,048,002 ordinary shares on issue. On 21 December 2011 14,500,000 shares were released from escrow increasing the total number of tradable shares to 64,300,002.

Additional information relating to Octagonal and its various 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

The information in this report relating to Mineral Resources for the Alliance South Deposit are based on information evaluated by Mr TG Summons who is a Member of The Australian Institute of Geoscientists (MAIG) and Mr MV McKeown who is a Fellow the Australasian Institute of Mining and Metallurgy (FAusIMM). These people have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and are each qualified to act as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Summons is an associate of Mining One Pty Ltd, and Mr Mc Keown is an employee of Mining One Pty Ltd and they consent to the inclusion in the report of the Mineral Resource in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Anthony Gray. Anthony Gray is a full-time employee of the Company and is a Member of the Australian Institute of Geoscientists (MAIG). Anthony Gray has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the "JORC Code") and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Newly acquired Atlas Copco R1500 loader in Union Hill Decline (Maldon)

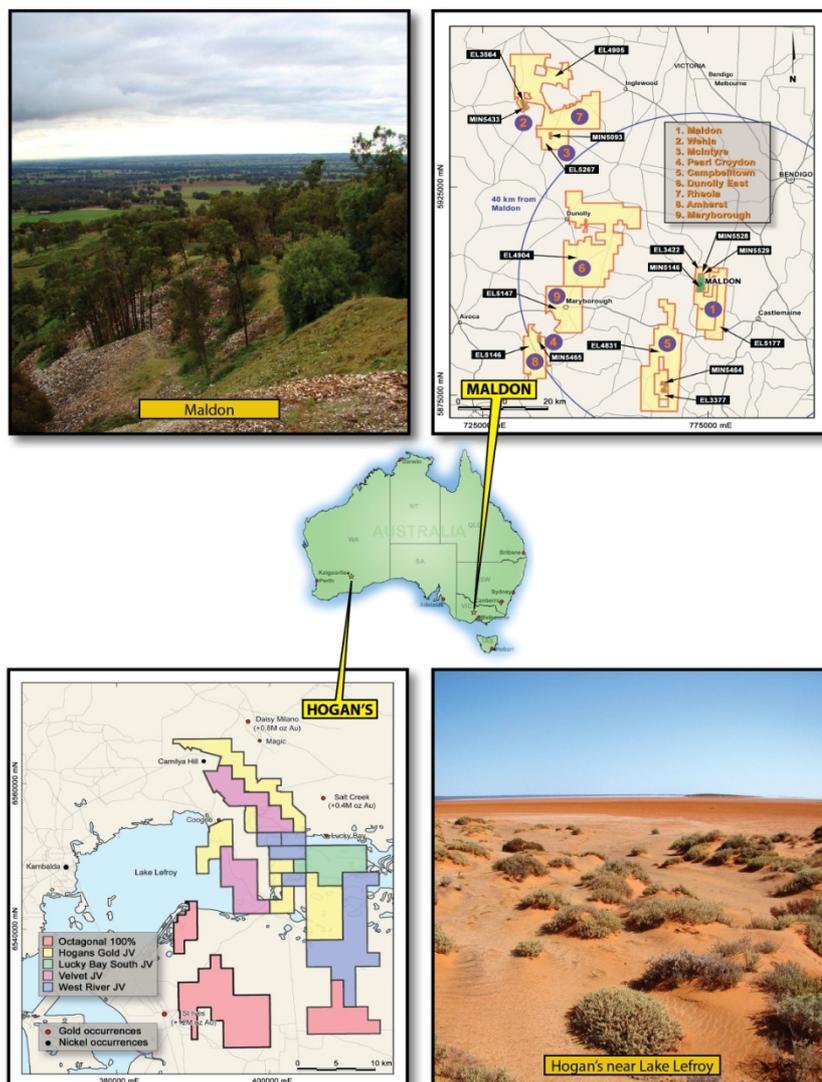
About Octagonal Resources

Octagonal Resources is a gold focused exploration and mining company with projects located in underexplored areas of two of Australia's most significant gold producing regions; the Central Victorian Goldfields and the Eastern Goldfields of Western Australia.

The Company's Victorian operations are centred at Maldon, the third largest historic primary gold producer in Central Victoria after Bendigo and Ballarat. It is here that Octagonal owns a recently refurbished and operation ready CIL gold processing plant, 235,000 ounces of inferred gold resources and a decline that extends to the undeveloped underground resources. Octagonal commenced underground gold mining operations at Maldon during the final Quarter of 2011.

In Western Australia Octagonal is earning an 80% interest in the Hogan's Project by exploring for gold deposits in a highly prospective but underexplored area only 70 kilometres from Kalgoorlie. The gold potential of this emerging gold producing district is demonstrated by the recent exploration and mining success achieved by Silver Lake Resources at the Daisy Milano Mine and Integra Mining at the Salt Creek Mine and Lucky Bay Prospect. Octagonal has identified four high priority exploration target areas with the potential to host a major gold deposit.

Octagonal's corporate strategy is to develop a long term sustainable mining operation in Central Victoria to fund the Company's growth through the discovery and development of major gold deposits.



Octagonal Resources Project Locations

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97,1/7/98,30/9/2001.

Name of entity

OCTAGONAL RESOURCES LIMITED

ABN

38 147 300 418

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

	Current quarter	Year to date
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	65
1.2 Payments for (a) exploration and evaluation	(556)	(1,148)
(b) development ⁽ⁱ⁾	(110)	(391)
(c) production ⁽ⁱⁱ⁾	(229)	(352)
(d) administration ⁽ⁱⁱⁱ⁾	(505)	(939)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	63	145
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST paid/recouped)	52	226
Net Operating Cash Flows	(1,285)	(2,394)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(266)	(311)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(20)
1.11 Loans repaid by other entities	-	-
1.12 Other (Transfer to deposit)	-	-
Net investing cash flows	(266)	(331)
1.13 Total operating and investing cash flows (carried forward)	(1,551)	(2,725)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,551)	(2,725)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Cost of Capital Raising/Prospectus)	-	-
	Net financing cash flows	-	-
	Net (decrease) increase in cash held	(1,551)	(2,725)
1.20	Cash at beginning of quarter/year to date	7,559	8,733
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,008	6,008

Notes:

- i. Includes payments for maintaining the underground decline in Maldon while on care and maintenance.
- ii. Includes payments for the Maldon Processing Plant while on care and maintenance, re-commissioning and general site expenditure.
- iii. Includes payments for annual insurance premiums (2nd November 2011 – 2nd November 2012) for Octagonal Resources head office and Maldon Processing Plant site.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	125
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imbursments of expenses and payments in terms of a management service agreement with a Director related entity.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,027
4.2 Development	497
4.3 Production	246
4.4 Administration	201
Total	1,971

Notes:

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,161	6,712
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Term Deposit	847	847
Total: cash at end of quarter (item 1.22)	6,008	7,559

Notes:

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (Note 2 - Below)	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Notes:

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A		
7.2				
7.3	+Ordinary securities Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	100,048,002	100,048,002	Fully paid
7.4				
7.5	+Convertible debt securities <i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A		
7.6				
7.7	Options <i>(description and conversion factor)</i>	<i>(Unlisted Options)</i>	Exercise price A\$	Expiry date

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter	N/A			
7.9	Exercised during quarter	N/A			
7.10	Expired during quarter	N/A			
7.11	Debentures (totals only)	N/A			
7.12	Unsecured notes (totals only)	N/A			

Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here: 
Company Secretary

Date: 31 January 2012

Print name: **IAN PAMENSKY**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedents, which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.