

26 November 2015

No. of Pages: 23

ASX CODE: ORS

Market Cap.: \$2.23m (\$0.009 p/s)
Shares on issue: 248,331,672

Cash: \$0.05 m (30 September 2015)
Debt: \$1.1 m (30 September 2015)

ASX Investments
169,672,726 AYC shares
56,557,576 AYCO options

BOARD & MANAGEMENT

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

MAJOR SHAREHOLDERS

Abbotsleigh – 41.1%
Alliance Resources – 8.9%

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COMPANY PRESENTATION

Please find attached a copy of a Company presentation to be made by the MD, Mr Anthony Gray at the AGM held in VIC today.

For and on behalf of the Board.

Bob Tolliday

Company Secretary
OCTAGONAL RESOURCES LIMITED

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

www.octagonalresources.com.au

Annual General Meeting
Melbourne
26 November 2015

Managing Director's
Presentation



Photo: Aircore drilling at the Burns Prospect (WA)

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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 styles of mineralisation and types of deposit under consideration and to the activities 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.

The information in this presentation that relates to exploration, mining, and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

November 2014

- ▶ \$2.2 million rights issue closes with only 46% uptake, raising \$1.0 million
- ▶ Heads of Agreement to sell Maldon Gold Operation to A1 Gold for \$5.1 million

December 2014

- ▶ Formal Share Sale Agreement Executed

February 2015

- ▶ A1 Gold take management control of Maldon Gold Operation
- ▶ \$1.18 million Shortfall from November 2014 Rights Issue not able to be placed

March 2015

- ▶ Gandel Metals provides \$1.0 million stand by credit facility
- ▶ Reinterpretation of drilling at Burns Prospect identifies priority exploration target

June 2015

- ▶ \$70,000 WA Govt. drilling grant awarded to complete 2 diamond holes at the Burns Prospect
- ▶ Sale of Maldon Gold Operation completed

July 2015

- ▶ All Company cost saving initiatives RE sale of Maldon Gold Operation implemented
- ▶ 18 month corporate and exploration budget prepared to December 2016

August 2015

- ▶ Strategic review and appointment of corporate advisers
- ▶ Gandel Metals loan facility increased from \$1.0 million to \$1.3 million

October 2015

- ▶ Gandel Metals proposal to privatise Octagonal

Company Overview

ASX Code: ORS

Ordinary Shares	248.3 million
Options (2c, exp. Dec. 2015)	78.7 million
Market Cap. (\$0.009)	\$2.23 million
Cash	\$0.05 million (30 Sept. 2015)
Debt	\$1.1 million (30 Sept. 2015)
12 Month Range	\$0.008 - \$0.019
Average Daily Volume	470,000 shares

Directors

Ian Gandel	Chairman
Anthony Gray	Managing Director
Bob Tolliday	Non-Executive Director

Major Shareholders

Major Shareholders	Shares	%
Abbotsleigh (Ian Gandel)	102.1 million	41.1
Alliance Resources Limited	22.0 million	8.9



Sale of Maldon Gold Operation to A1 Consolidated Gold (ASX: AYC) ¹

- ▶ Octagonal determined that the Union Hill Mine does not contain sufficient gold to support a public listed company
- ▶ Merging the Victorian assets of Octagonal and A1 Gold creates a significant junior Australian gold producer
- ▶ Permitted and operational 150,000 tpa CIL gold processing facility
- ▶ Two underground mines & open pit resources
- ▶ Combined gold resources in excess of 330,000 ounces
 - A1 Gold Mine: Indicated Resource 200,000t @ 5.1 g/t Au for 41,200 oz Au
 - A1 Gold Mine: Inferred Resource 1,170,000t @ 6.4 g/t Au for 240,000 oz Au
 - Pearl Croydon Deposit: Inferred Resource 571,000t @ 2.9 g/t Au for 53,000 oz Au
- ▶ Walhalla acquisition adds 172,100 ounce resource ²
 - Tubal Cain: Inferred Resource 932,000t @ 4.1 g/t Au for 122,900 oz Au
 - Eureka: Inferred Resource 153,000t @ 9.9 g/t Au for 49,200 oz Au

1. Refer to ASX Announcements dated 2 November 2014, 29 December 2014, and 25 June 2015

2. Refer to AYC ASX Announcement dated 11 August 2015



Sale of Victorian Operations

Consideration¹

- ▶ On 25 June 2015 Octagonal received:
 - \$5.1 million in A1 Gold shares @ 3 cents per share
 - 1 option for every 3 shares received exercisable at 3 cents (5 year term)
 - A position on the A1 Gold board
- ▶ Octagonal is the largest shareholder of A1 Gold (~38% of shares)



A1 Consolidated Gold
Mining & Development



Maldon
Resources Pty Ltd



1. Refer to ASX Announcements dated 2 November 2014, 29 December 2014, and 25 June 2015

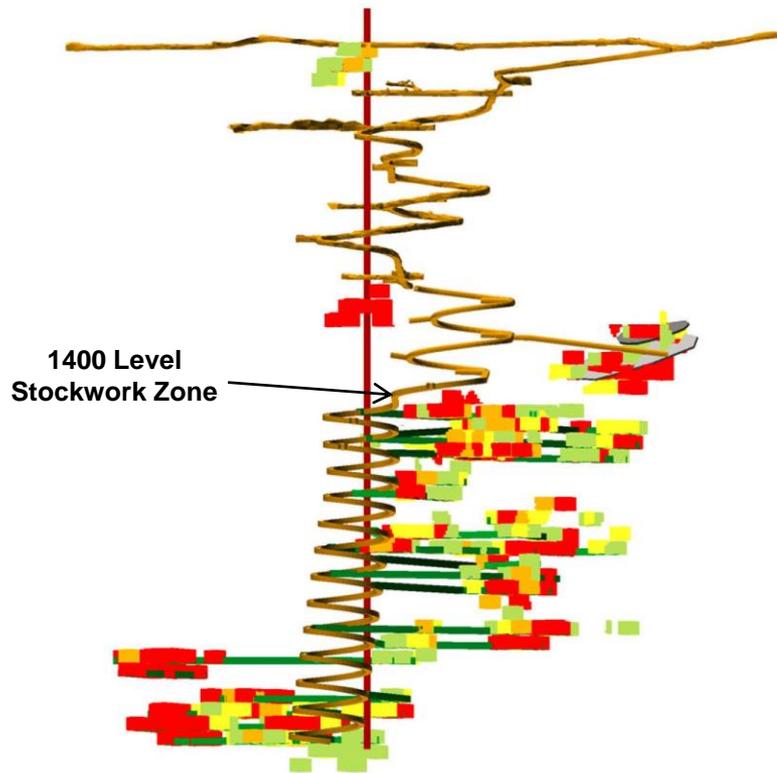
Funding of the Company during the sale process

- ▶ In November 2014 Octagonal completed a Rights Issue to Raise \$2.2 million at 2 cents per share. The rights Issue was poorly supported and only raised \$1.0 million (46% uptake)
- ▶ The Company retained the ability to place the Shortfall shares from the Rights Issue by 13 February 2015 to raise a further \$1.18 million
- ▶ Despite the sale of the Maldon Gold Operation being at a 15% premium to the fully diluted market capitalisation of Octagonal post-placement of Shortfall shares (not accounting for value of Hogan's Project tenements) the Shortfall was unable to be placed, leaving the Company with insufficient funds to complete the sale
- ▶ Octagonal consequently entered into a \$1.0 million loan agreement with Gandel Metals (secured against A1 Gold Shares owned by Octagonal) to fund the Company during the settlement process
- ▶ Funds borrowed were provided by a bank standby credit facility, with a competitive interest rate of initially 4.58%
- ▶ Gandel Metals received no facilitation fee for providing access to the loan funds



A1 Consolidated Gold Ltd

A1 Mine: Resource Definition and Distribution



JORC (2012) Resource estimated by CSA Global ¹

Indicated Resource: 250,000 tonnes @ 5.1 g/t Au for 41,200 oz Au

Inferred Resources: 1,170,000 tonnes @ 6.4 g/t Au for 240,000 oz Au

TOTAL RESOURCE: 1,420,000 tonnes @ 6.2 g/t Au for 281,200 oz Au

Grade Distribution

- ◆ 7 - 15 g/t Gold
- ◆ 6 - 7 g/t Gold
- ◆ 5 - 6 g/t Gold
- ◆ 4 - 5 g/t Gold

What an Independent Expert thought of the Transaction? ¹

- ▶ A1 Gold engaged an Independent Expert to prepare a report to express an opinion as to whether or not the acquisition of the Maldon Gold Operation was fair and reasonable to the non associated shareholders of A1 Gold
- ▶ The report was prepared pursuant to item 7 section 611 of the Corporations Act to be included in the Notice of Meeting for A1 Gold in order to assist shareholders in their decision whether to approve the transaction

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety.

An Independent Expert's Report is attached to this Notice, in Annexure C, as required by ASIC Regulatory Guide 74. The Independent Expert concludes that the Acquisition is not fair but reasonable to Non-Associated Shareholders.

If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Exert from front page of A1 Gold Notice of Meeting dated 27 May 2015

- ▶ The transaction was determined "not fair but reasonable" meaning:

Octagonal got a very good price for the Maldon Gold Operation !!!

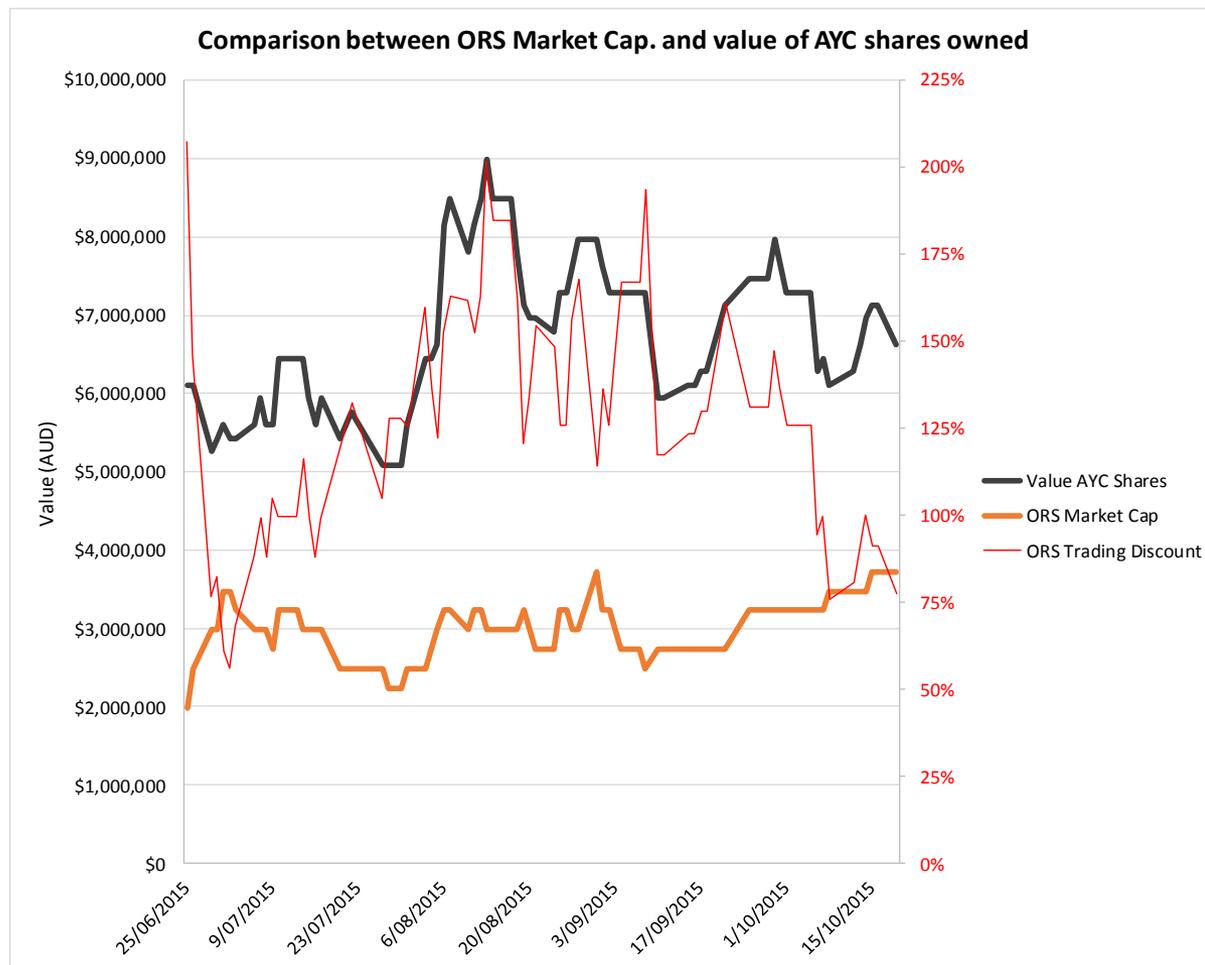
Sale of Victorian Operations

What the Market thought of the Transaction? ¹

▶ Not much...

▶ In the 3 months following completion Octagonal's share price has traded at a 126% discount to the market value of the A1 Gold shares that it owns

▶ This has restricted Octagonal's ability to raise capital without significantly diluting existing shareholders who do not participate in the equity raising

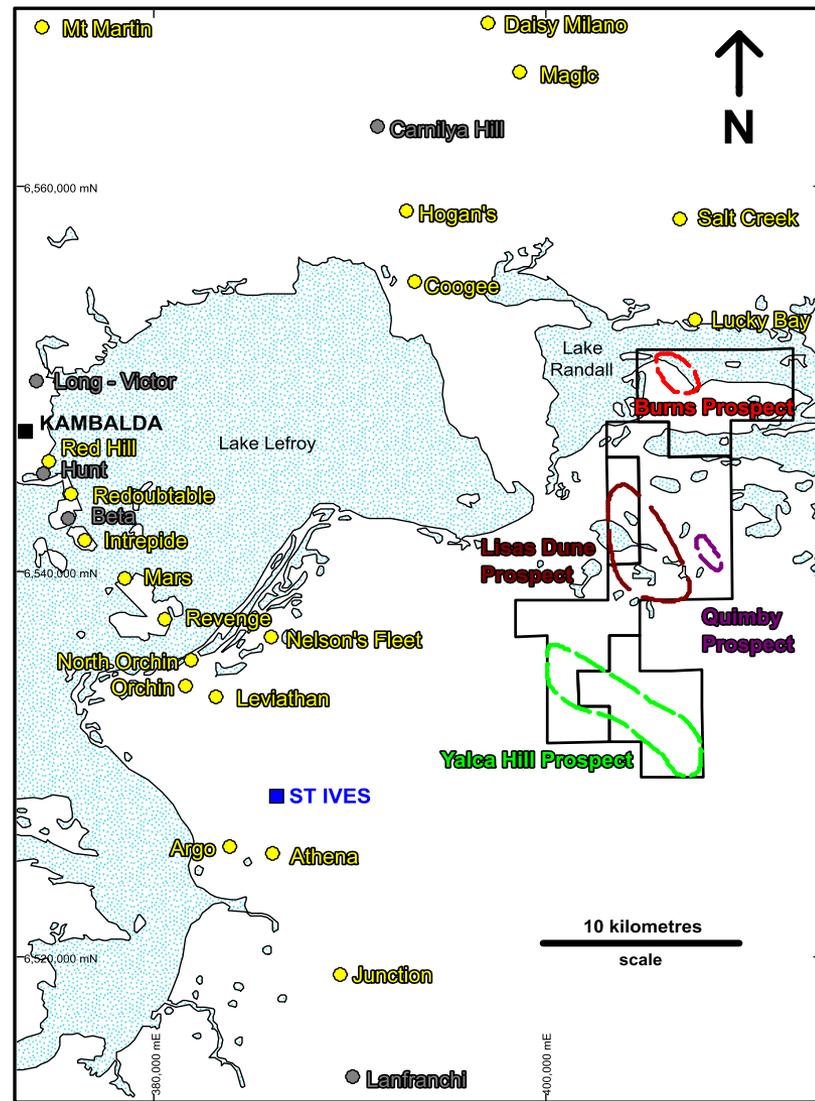


Following the announcement of the sale of the Maldon Gold Operation Octagonal has implemented the following cost saving initiatives

- ▶ A1 Gold took early management control of the Maldon Gold Operation in February ending Octagonal's obligation to maintain the business until settlement
- ▶ Managing Directors base salary reduced by 10% at end of March ¹
- ▶ Kalgoorlie office and shed storage provided by MD at no cost
- ▶ MD's base salary partially off-set by A1 Gold NED fees (\$40k pa) ¹
- ▶ Western Australian tenement expenditure commitments reduced to \$109,000pa
- ▶ Chairman and NED fees reduced by 50% ¹
- ▶ Management Services Agreement for financial, company secretarial, and administrative services reduced by 50% ¹
- ▶ Other corporate costs reduced, including travel, insurance, and audit fees
- ▶ **Total monthly Corporate costs cut from \$110k - \$160k to \$50k - \$60k**

Hogan's Project - WA

Octagonal's intention was to continue exploration at the Hogan's Project in Western Australia, but...



Corporate & Exploration Budget

- ▶ Recognising the current difficult equity market environment an 18 month corporate and exploration budget was prepared for our annual audit based on \$1.5 million available funding
- ▶ Funding to be provided via either rights issue or sale of A1 Gold securities ???
- ▶ Modest exploration program - \$490,000
 - Drill 2 diamond holes for 800 metres at Burns copper-gold Prospect (with co-funded drill grant)
 - Heritage survey and infill aircore drilling program at Quimby gold Prospect
 - Geophysical review of historic nickel sulphide EM targets at Lisa's Dune and Yalca Hill prospects
- ▶ Corporate costs - \$970,000
- ▶ Only 34% of budgeted expenditure going into exploration despite significant cost saving initiatives being implemented
- ▶ This level of expenditure is not acceptable for a public listed company
- ▶ Company still needs to repay \$1.3 million Gandel Metals debt

Motivators

- ▶ Octagonal's investment in A1 Gold not reflected in share price (+100% discount)
- ▶ An equity raising would dilute non-participating shareholders (likely 100%+)
- ▶ Gandel Metals debt of \$1.3 million must be repaid
- ▶ Investigate means for realising the greatest value for Octagonal's assets
 - Consider options for repaying the Gandel Metals debt
 - Assess acquisition and funding opportunities in the resources sector
 - Assess acquisition opportunities and back door listing of a non-resources company
 - Investigate various options for completing an in-specie distribution of A1 Gold securities
 - Consider the relative benefits of liquidating the business
- ▶ The outcome must generate the best return for existing shareholders

Outcomes

- ▶ Existing shareholders unlikely to support a capital raising: 
 - In the November 2014 rights issue 93% of shares issued and funds raised were subscribed for by Octagonal directors and management
 - These are the same people who have taken salary and fee cuts to support the Company, have loaned the Company funds to continue its activities, and do not consider the level of planned in-ground exploration expenditure for the next 18 months to be acceptable for a public listed company

- ▶ Options to repay Gandel Metals debt:
 - Sell a large parcel of A1 Gold securities – likely at a substantial discount 
 - Sell or offer the Hogan's Project tenements to Gandel Metals as part payment of debt – Company commissioned Ravensgate Mining Industry Consultants to complete an independent valuation of the tenements to VALMIN standard. Result: preferred value of \$314,000 
 - Ask Gandel Metals to accept A1 Gold securities as payment valued based on a 5 day VWAP 

- ▶ Acquisition and funding opportunities in the resources sector considered to be limited due to difficult equity market environment 

Outcomes continued...

- ▶ Option of acquiring a non-resources company and back door listing ?
 - Octagonal company shell worth between \$1.0 - \$1.5 million
 - 2 capital raisings required – first to fund the acquisition (\$0.5 - \$1.0 million) and second (minimum of \$1.5 million) for compliance listing of new company
 - Inflated valuations and expectations of companies with unproven technology or business model and limited to no revenue history
 - In-specie distribution of A1 Gold shares could be completed to support first capital raising (with de-merger tax relief) – non contributing shareholders interest in A1 Gold shares diluted
 - In-specie distribution of A1 Gold options cannot be completed as part of a de-merger and if later distributed would require the Company to pay significant capital gains tax (options issued to Octagonal at no cost and Company would fail Continuity of Ownership and Same Business tax tests)

- ▶ Liquidating the business ?
 - Capital raising or sale of A1 Gold securities required to fund the liquidation process
 - Winding up a public company takes time and is costly – all debts and creditors must be paid before business is wound up and remaining A1 Gold securities distributed to shareholders
 - The costs incurred erode the underlying value of the business

Octagonal has received a proposal from Abbotsleigh to privatise the Company via a Scheme of Arrangement & Selective Capital Reduction ¹

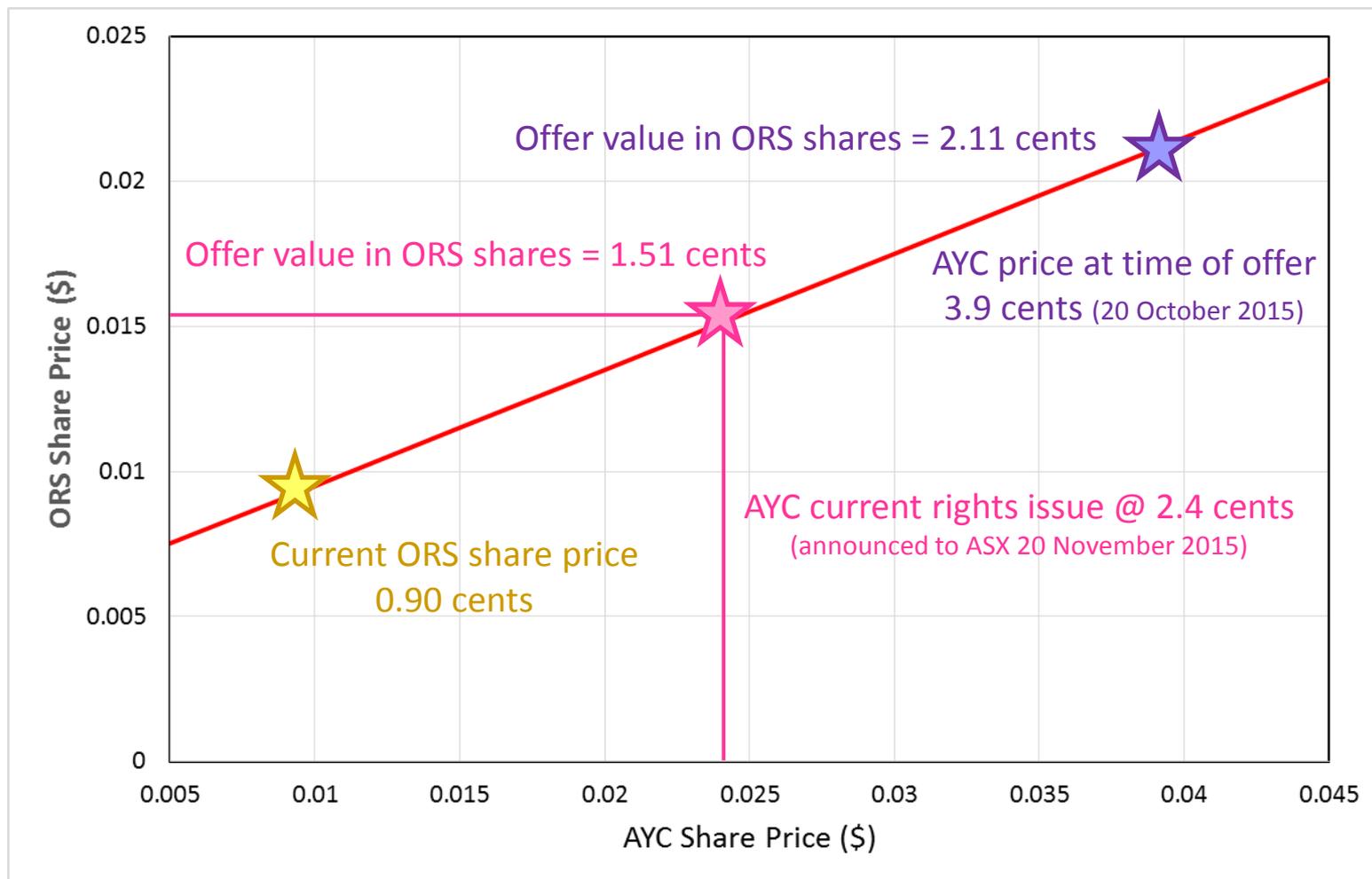
- ▶ Gandel Shareholders propose to cancel all shares in Octagonal held by non-Gandel Shareholders in return for consideration comprising:
 - A cash payment of \$0.0055 per Octagonal share, together with
 - Two (2) shares in A1 Gold for every five (5) Octagonal shares held
- ▶ Gandel Shareholders currently hold 41.12% of total issued shares
- ▶ The Scheme of Arrangement will be conditional on Court approval being obtained
- ▶ Gandel Metals will loan to Octagonal the funds to facilitate the Scheme
- ▶ The Scheme of Arrangement & Selective Capital Reduction will require 75% approval from non-Gandel Shareholders at a General Meeting to be held in late-January 2016

Selective Capital Reduction continued...

- ▶ Gandel Metals has agreed to extend the repayment date of funds loaned to the Company from 1 December 2015 to 5 February 2016 (post Selective Capital Reduction – if approved)
- ▶ If the resolutions necessary to privatise Octagonal are not approved by shareholders Gandel Metals has agreed for the loaned funds to be repaid via the transfer of a number of A1 Gold shares equal to the loaned funds on the basis of the 5 day VWAP up to the trading day prior to transfer
- ▶ Octagonal will require shareholder approval to repay the loaned funds in this manner, else it will need to complete a capital raising and / or sell A1 Gold securities to fund the repayment of debt
- ▶ Further details on the proposal will be provided in a Notice of Meeting and Scheme Booklet to be sent to shareholders in late-December, following ASIC review and court approval

Selective Capital Reduction

Value of offer relative to A1 Gold Share Price



Selective Capital Reduction

Octagonal 12 Month Share Price

Initial offer value 2.11 cents
(significant premium to trading history)

Current offer value 1.51 cents
(@ AYC share price of 2.4c)

Current ORS share price
0.9 cents



Selective Capital Reduction ¹

Indicative Timetable *

Monday 30 November 2015	Lodge draft scheme booklet, draft notice of meeting and explanatory statement, independent expert's report, deed poll with ASIC for review and comment.
Thursday 17 December 2015	Court hearing to approve convening of shareholder meetings.
Tuesday 29 December 2015	Notice of meeting and scheme booklet sent to Octagonal shareholders, accompanied by a statement setting out all information material to the decision on how to vote and an Independent Expert Report.
Thursday 28 January 2016	Scheme meeting held to approve Scheme, Class meeting held to approve Selective Capital Reduction, and General meeting held to approve Selective Capital Reduction, Related Party Benefit and loan repayment resolution (if proposed).
Friday 5 February 2016	Court hearing to approve the proposed scheme.
Monday 8 February 2016	Lodge with ASIC a copy of the court order approving the scheme (Effective Date).
Monday 15 February 2016	Determine the entitlements to scheme consideration by reference to share register of ORS at that time (Record Date).
Monday 22 February 2016	Implement the court approved scheme (Implementation Date).
Tuesday 23 February 2016	Delisting from ASX.

* The above is an indicative timetable and may be subject to further changes. If the Court hearing to approve convening the shareholder meetings does not occur by 18 December 2015, then there will be significant delays in the timetable as the Supreme Court of Victoria does not sit from 18 December 2015 until 1 February 2016.