



OCTAGONAL RESOURCES LIMITED
ACN 147 300 418

PROSPECTUS

For a partially underwritten non-renounceable pro-rata offer to Eligible Shareholders of approximately 169,672,726 New Shares at an issue price of \$0.013 per New Share on the basis of one (1) New Share for every one (1) Share held, together with one (1) free attaching New Option for every New Share subscribed for, to raise approximately \$2.2 million before costs of the Offer

LEAD MANAGER AND UNDERWRITER

Patersons Securities Limited ACN 008 896 311 (AFS Licence No. 239052)

IMPORTANT NOTICE

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR NEW SHARES. IF YOU DO NOT UNDERSTAND ITS CONTENTS, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

This Offer opens on 3 November 2014 and is scheduled to close at 5:00pm AEDT on 13 November 2014. Valid acceptances and applications for Shortfall Shares must be received before **5:00pm AEDT on 13 November 2014.**

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

New Shares and New Options offered under this document should be considered as speculative.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT INFORMATION

Authorisation

This Prospectus is dated 23 October 2014 and a copy of this Prospectus was lodged with ASIC on the same date.

ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus.

The Offer contained in this Prospectus is a non-renounceable pro rata offer of shares in Octagonal Resources Limited ACN 147 300 418 (**Company**) to Shareholders of the Company. No person is authorised to give information or to make any representation in connection with the Offer or this Prospectus which is not contained in this Prospectus. Any such information or representation not so contained may not be relied upon as having been authorised by the Company.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Expiry date

No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. New Shares allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus.

Exposure Period

The Corporations Act prohibits Octagonal from processing applications in the seven (7) day period after the date of this Prospectus. This period is known as the "Exposure Period". The Exposure Period may be extended by ASIC by up to a further seven (7) days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participations prior to the raising of funds.

Non-renounceable Entitlement

The Offer is non-renounceable which means that Shareholders will not be able to trade their Entitlements on ASX. Any Entitlement not taken up, in whole or in part, will form the shortfall, which Eligible Shareholders who take up their full Entitlement may apply for and the balance will revert to the Underwriter to be dealt with under the terms of the Underwriting Agreement.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Forward-looking statements

The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. These risks include, but are not limited to, the risks outlined in section 7. Forward looking statements include those containing such words as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

Overseas shareholders

No action has been taken to permit the offer of New Shares and New Options under this Prospectus in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons in to whose possession this document comes

should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares and New Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons.

It is the responsibility of an Eligible Shareholder to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Application Form will be taken by the Company as a representation that there has been no breach of such laws and that the Eligible Shareholder is an Eligible Shareholder.

Risk factors

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares and New Options. A number of key risk factors that investors should consider are outlined in section 7 of this Prospectus.

Availability

This Prospectus will be issued in paper form and also as an electronic prospectus.

This Prospectus is available in electronic format at www.octagonalresources.com.au. The Offer constituted by this Prospectus in electronic form is only available to eligible persons receiving this Prospectus in electronic form within Australia. Persons having received this Prospectus in electronic form may, during the Offer period, obtain a paper copy of this Prospectus (free of charge) by telephoning (03) 9697 9088. Applications for New Shares may only be made on the personalised Application Form which accompanies or is attached to a copy of this Prospectus in its paper form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus.

Glossary, currency and time

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. All references to currency are to Australian dollars and all references to time are to Melbourne time, unless otherwise indicated.

Decision to invest

This document is important and should be read in its entirety. If in doubt, you should consult your stockbroker, accountant or other professional adviser before deciding whether to invest.

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1. Corporate Directory

Directors

Mr Ian Gandel (Non Exec. Chairman)
Mr Anthony Gray (Managing Director)
Mr Bob Tolliday (Non Exec. Director, CFO)

Company Secretary

Mr Bob Tolliday

Lead Manager and Underwriter

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
Perth, WA 6000
Australia
Telephone: (08) 9263 1111
www.psl.com.au

Solicitors

HWL Ebsworth Lawyers
Level 26
530 Collins Street
Melbourne VIC 3000

Registered Office and Principal Place of Business

Suite 3, 51-55 City Road
Southbank VIC 3006
Telephone (03) 9697 9088
Facsimile (03) 9697 9089
Email: info@octagonalresources.com.au
Website:
www.octagonalresources.com.au

Share Registry

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Telephone 1300 850 505
Facsimile (03) 9473 2500
Website: www.computershare.com
Investor Centre: www.investorcentre.com

2. Proposed Timetable

Announcement of Offer and lodgement of Appendix 3B with ASX	Thursday, 23 October 2014
Prospectus lodged with ASIC and ASX	Thursday, 23 October 2014
Notice containing Appendix 3B details sent to Shareholder	Friday, 24 October 2014
New Shares quoted on 'ex' basis	Monday, 27 October 2014
Record Date for identifying Shareholders entitled to participate in Offer (7:00 pm Melbourne time)	Wednesday, 29 October 2014
Expiry of 7 day Exposure Period*	Thursday, 30 October 2014
Despatch of Prospectus to Shareholders	Monday, 3 November 2014
Closing Date of the Offer (5:00pm Melbourne time)	Thursday, 13 November 2014
Deferred settlement trading commences	Friday, 14 November 2014
Announcement of shortfall	Tuesday, 18 November 2014
New Shares and New Options issued under the Offer. Deferred settlement trading ends and despatch of holding statements	Thursday, 20 November 2014
Expected commencement of trading of New Shares on ASX on a normal basis	Friday, 21 November 2014

* Pursuant to section 727(3) of the Corporations Act, a person is not permitted to accept an application for, or issue or transfer, non-quoted securities offered under a disclosure document until the period of 7 days after lodgement of the disclosure document has ended. ASIC may extend the period by notice in writing to the offeror. The period as extended must end no more than 14 days after lodgement.

The above dates are indicative only and may change without notice subject to receipt of approval from ASX. The Company reserves the right to extend the Closing Date of the Offer without notice (in consultation with the Underwriter). The commencement of trading of the New Shares is subject to confirmation from ASX.

3. Chairman's Letter

23 October 2014

The Shareholders
Octagonal Resources Limited

Dear Shareholders

Pro-Rata Entitlement Issue

On behalf of the Board of Octagonal Resources Limited (**Octagonal or Company**), I have pleasure in inviting you to participate in the Company's pro-rata Entitlement Issue.

Your Company is offering to all Eligible Shareholders the right to subscribe for 1 New Share for every 1 Share held at 7.00pm AEDT on 29 October 2014 at an issue price of 1.3 cents per New Share with 1 free attaching New Option (exercisable at 2.0 cents prior to 11 December 2015) for every 1 New Share issued to raise up to \$2,205,724 (before the costs of the offer).

The Rights Issue is underwritten by Patersons Securities Limited for \$0.5 million.

This is a:

- (a) 35% discount to Octagonal's closing price of 2.0 cents on 20 October 2014; and
- (b) 59% discount to Octagonal's share price of 3.2 cents calculated based on a 3 month volume weighted average price (VWAP) ending 20 October 2014,

being the last business day before this Offer Document was lodged with the ASX.

Purpose of the capital raising

The net proceeds of the Rights Issue will enable our Company to continue development of the 1080 level of the Alliance South Deposit in Maldon with the objective of mining and processing a bulk sample of underground ore to better understand the gold distribution and average grade of the deposit.

This work will provide technical and commercial parameters (and support data already collected from the 1100 level of the deposit) to facilitate a more detailed assessment of the most appropriate development path towards establishing an ongoing and sustainable underground mining operation at Maldon.

The Entitlement Issue is structured in a staged manner such that if a positive outcome is returned from mining on the 1080 level, the funds raised from executed Options will be used to install a vent shaft and ramp up of production mining.

Further information regarding the use of funds is set out at Section 6.1.

Actions required to take up your Entitlement

The number of New Shares you are entitled to subscribe for is set out in your personalised Entitlement and Acceptance Form that is enclosed in this Offer Document. If you take up your Entitlement in full, you can also apply for additional New Shares under the Shortfall facility.

If you decide to subscribe for New Shares or Shortfall Shares, please ensure that you provide your completed Entitlement and Acceptance Form and your Application Monies by the **closing date of 5.00 pm AEDT on Thursday, 13 November 2014**.

You can provide your Entitlement and Acceptance Form and your Application Monies to our registry, Computershare Investor Services Pty Limited, or you can pay your Application Monies via BPAY® pursuant to the instructions set out in the accompanying Entitlement and Acceptance Form.

If you do not wish to take up any of your Entitlement, you do not have to take any action. Please refer to Section 5 for further information.

Risks

You should be aware that an investment in Octagonal, like an investment in any company involves certain risks which can affect the value of your investment. Further information regarding the risks specific to the Offer are contained in Section 7. The Directors recommend that you read Section 7 in full before applying for your Entitlement in order to fully appreciate the risks associated with an investment in Octagonal.

Further information

Further details of the Offer are set out in this Offer Document which you should read carefully.

If you have any questions or queries regarding the details contained in this document, please contact your financial adviser or the Company Secretary, Mr Bob Tolliday on (03) 9697 9088.

The Directors appreciate our Shareholders' continued support of the Company and welcome your participation in this Offer.

Yours sincerely

Ian Gandel
Chairman

4. Investment Overview

This section provides a summary of information that is key to a decision to invest in the New Shares and the attaching New Options. This is a summary only. Eligible Investors should read this entire Prospectus carefully.

If you are unclear in relation to any aspect of the Offer, or if you are uncertain whether the New Shares and the attaching New Options are a suitable investment for you, you should consult your financial or other professional adviser.

4.1 Key terms of the Offer

Topic	Summary	Where to find further information
Who is the issuer of this Prospectus?	Octagonal Resources Limited ACN 147 300 418 (ASX Code: ORS).	
What is being offered and at what price	<p>The Company is offering to issue New Shares and New Options to Eligible Shareholders by a pro-rata non-renounceable rights issue.</p> <p>Under the Offer, Eligible Shareholders may subscribe for 1 New Share for every 1 Share held on the Record Date, at a price of 1.3 cents per New Share, with one free attaching New Option (exercisable at 2.0 cents and expiring on 11 December 2015) for every New Share issued.</p>	Section 5.1
How many New Shares and New Options will be issued?	<p>The maximum number of New Shares that will be issued under the Offer (if the Offer is fully subscribed) is 169,672,726.</p> <p>If the Offer is fully subscribed, 169,672,726 New Options will be issued (which if all exercised will cause the issue of a further 169,672,726 Shares).</p>	Section 5.2
What is the amount that will be raised under the Offer?	<p>If the Offer is fully subscribed, the Company will raise \$2,205,745 through the issue of New Shares (before taking into account the costs of the Offer).</p> <p>If the Offer is fully subscribed and all New Options are exercised, a further \$3,393,454 will be raised (before taking into account the costs of the Offer).</p>	Section 6.1
Who is eligible to participate in the Offer?	<p>The offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.</p> <p>If you are not an Eligible Shareholder, you are not able to participate in the Offer.</p>	Section 5.6
What are the alternatives for Eligible Shareholders	<p>The Offer is non-renounceable so you can not trade your Entitlements.</p> <p>As an Eligible Shareholder, you may:</p>	Section 5.13

- Take up all of your Entitlements;
- Apply for Shortfall Securities;
- Take up part of your Entitlements, and allow the balance of your Entitlements to lapse;
- Allow all of your Entitlements to lapse.

What if I do not wish to exercise my Entitlements?	If you do not wish to exercise your entitlements, you do not have to do anything.	Section 5.13
What is the purpose of the Offer?	The funds raised by the Offer will be used for development and production mining on the 1080 level at the Alliance South Deposit, for increasing the available working capital of the Company, and to pay the costs of the Offer.	Section 6.1
What are the risks of a further investment in the Company?	The Offer should be considered speculative. Before deciding to subscribe under the Offer, you should consider the risk factors set out in this Prospectus (in particular section 7), and all other relevant material including the Company's public announcements and reports.	Section 7
Is the Offer underwritten?	The Offer is underwritten by the Underwriter up to \$500,500. The Offer is sub-underwritten by Gandel Metals Pty Ltd, a company associated with one of the Company's Directors, Ian Gandel, to an amount of \$500,500	Sections 5.3, 8.11
What is the effect on control of the Company?	The effect on the control of the Company will depend on the take-up of Entitlements by Eligible Shareholders. If no Eligible Shareholders other than Abbotsleigh subscribed for their Entitlements, the voting power of entities associated with Ian Gandel (including Abbotsleigh and Gandel Metals) could increase to 43.78% (from a current level of 18.73%).	Sections 6.5, 6.6 and 8.11
How will any Shortfall be allocated?	Any Entitlements not taken up will form the Shortfall, for which Eligible Shareholders who take up their full Entitlement may apply. After allocation of any Additional New Shares to Eligible Shareholders who apply for Shortfall Securities, any remaining Shortfall Securities will revert to the Underwriter pursuant to the Underwriting Agreement. Pursuant to the sub-underwriting arrangements, such Shortfall Securities will consequently be taken up by Gandel Metals or an associated entity.	Sections 5.8, 5.9, 8.11

5. Details of the Offer

5.1 The Offer

This Prospectus contains a non-renounceable pro rata offer to Eligible Shareholders of approximately 169,672,726 New Shares on the basis of one (1) New Share for every one (1) Share held as at the Record Date at an issue price of \$0.013. Each Shareholder will also be entitled to receive one (1) attaching New Option for every New Share subscribed for, each exercisable into one Share at an exercise price of 2.0 cents per Share and expiring on 11 December 2015, for no additional cash consideration.

The New Shares will rank equally in all respects with all other Shares on issue at the date of this Prospectus. Please refer to section 8.4 for further information regarding the rights and liabilities attaching to the New Shares. All Shares issued on exercise of the New Options will be fully paid and will rank equally with all other Shares on issue. The full terms and conditions of the New Options are set out in section 8.5 of this Prospectus.

5.2 No minimum subscription

There is no minimum subscription for the Offer.

5.3 Underwriting and sub-underwriting

The Offer is partially underwritten by Patersons Securities Limited (**Underwriter**) up to an amount of \$500,500.

The Offer is sub-underwritten to a total aggregate amount of \$500,500 by Gandel Metals Pty Ltd, a company associated with one of the Directors, Ian Gandel.

Refer to section 6.5 for information on the potential effect of the sub-underwriting on the control of the Company.

Any New Shares and attaching New Options which are not subscribed for by the Eligible Shareholders in accordance with their Entitlement will form part of the Shortfall to be taken up by the Underwriter pursuant to the Underwriting Agreement or the sub-underwriters.

Please refer to section 8.11 for a summary of the material terms of the Underwriting Agreement including the commission payable to the Underwriter for partially underwriting the Offer.

5.4 Purpose of the Offer

The funds raised by the Offer will be used for the following purposes:

- (a) Development and production mining on the 1080 level at the Alliance South Deposit
- (b) Working Capital
- (c) Costs of the Offer

Receipt of funds equal to the Underwritten Amount only will not provide sufficient funds to enable the Company to complete development and production mining on the 1080 level at the Alliance South Deposit and the Company will require additional funding. See sections 6 and 7(m) for further information.

5.5 Effect of the Offer

The effect of the Offer on the Company will be to:

- (a) increase the funds available to be applied towards the activities described in section 5.4; and
- (b) alter the capital structure of Company as described in section 6.4.

5.6 Entitlement to Offer

Eligible Shareholders who are on the Company's Share Register on 7.00pm (Melbourne time) on the Record Date are eligible to participate in the Offer.

Fractional entitlements will be rounded up to the nearest whole number of New Shares and New Options. For this purpose, holdings in the same name will not be aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the ASX Listing Rules.

An Application Form setting out your Entitlement to New Shares and New Options accompanies this Prospectus.

5.7 Acceptances

The Offer may be accepted in whole or in part prior to 5.00pm (Melbourne time) on 13 November 2014 subject to the right of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 5.13 and on the Application Form which accompanies this Prospectus.

5.8 No Rights trading

The Offer is not renounceable. This means the Entitlements or rights of Eligible Shareholders to subscribe for New Shares and attaching New Options under the Offer cannot be transferred or on-sold to another person. Eligible Shareholders who choose not to take up their Entitlement will receive no benefit and their shareholding in the Company will be diluted as a result.

Any part of an Entitlement of an Eligible Shareholder not taken up, in whole or in part, and the Entitlements of Non-qualifying Foreign Shareholders will form the Shortfall, which Eligible Shareholders who take up their full Entitlement may apply for and the balance will revert to the Underwriter to be dealt with under the terms of the Underwriting Agreement.

5.9 Applying for Additional New Shares

Any Entitlements not taken up, in whole or in part, may become available as Additional New Shares. Eligible Shareholders who take up their full Entitlement may, in addition to their Entitlement, apply for such Additional New Shares (and the attaching New Options to those Additional Shares), regardless of the size of their present holding, by completing the appropriate field in the accompanying Application Form in accordance with the instructions set out on that form. An equal number of New Options will be issued to relevant applicants at the time of issue of Additional New Shares (if any) to those applicants.

The Company will only call on the Underwriter's commitment to subscribe for the Shortfall Shares after all applications (if any) for Additional New Shares by Eligible Shareholders are satisfied.

It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

Applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for, if so allocated. If a lesser number of Additional New Shares is allocated to them than applied for, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Shares in its absolute discretion.

5.10 Allotment and Application Money

New Shares and attaching New Options will be issued only after all Application Money has been received and the ASX has granted permission for the New Shares to be quoted. It is expected that

New Shares and New Options will be issued on 20 November 2014 and normal trading of the New Shares on the ASX is expected to commence on 21 November 2014.

All Application Money received before New Shares and New Options are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares and New Options are issued to Eligible Shareholders, the balance of funds in the account plus accrued interest will be received by the Company.

5.11 **Quotation**

Application will be made within seven days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX. If the New Shares are not granted Official Quotation within three months of the Prospectus Date (or any longer period permitted by law), all application monies in respect of the New Shares will be refunded without interest in accordance with the Corporations Act.

The New Options will not be quoted, nor will any application be made for quotation of the New Options. Application will be made for quotation of all Shares issued upon exercise of the New Options.

5.12 **CHESS**

The New Shares will participate from the date of commencement of quotation in the CHESS subregister. They must be held in uncertificated form on the CHESS subregister or on the issuer-sponsored subregister.

Arrangements can be made at any subsequent time to convert your holdings from the issuer-sponsored to the CHESS subregister or vice versa by contacting your sponsoring participant.

5.13 **Choices of Eligible Shareholders**

As an Eligible Shareholder, you may:

- take up some or all of your Entitlements: or
 - take up all of your Entitlement and apply for Additional Shares and the attaching New Option to those Additional Shares; or
 - do nothing and allow your Entitlement to lapse.
- (a) **Take up your Entitlement and, if applicable, apply for Additional Shares and attaching New Options**

Should you wish to accept all or part of your Entitlement, and if applicable apply for Additional Shares and the attaching New Options, then applications for securities under this Prospectus must be made on the Application Form which accompanies this Prospectus or by completing an electronic funds transfer for the applicable Application Money, in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Octagonal Resources Limited" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry at:

By post:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

If you wish to pay via electronic funds transfer you must follow the personalised instructions in your Application Form. Make sure that you use the specific customer reference number (CRN) on your personalised Application Form. You do not need to return a completed Application Form but are taken to have made the declaration in the Application Form.

If you have more than one shareholding of Shares and consequently receive more than one Application Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Application Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds paid by way of electronic funds transfer are received by the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of payment of the Application Money.

(b) Do nothing in respect of the Offer

If you do nothing, your Entitlement will lapse (assuming you do not sell and transfer your Entitlement). Although you will continue to own the same number of Shares in Octagonal, your shareholding in Octagonal will be diluted.

5.14 Allotment and issue of New Shares and New Options

The allotment of New Shares and New Options to applicants will occur as soon as practicable after the Offer has closed. Thereafter, statements of shareholdings will be despatched. It is the responsibility of applicants to determine their allocation prior to trading in the Shares. Applicants trading New Shares before they receive their statements of shareholding will do so at their own risk. The Company may reject an application where payment of the application monies is not received or a cheque is not honoured.

Subject to the requirements of the Corporations Act and the ASX Listing Rules, the Directors reserve the right, at their discretion, to accept Application Forms received after the Closing Date and/or to place Shares up to the maximum number referred to in this Prospectus after the Closing Date.

5.15 Overseas Shareholders

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia and New Zealand. Where the Prospectus has been dispatched to Shareholders domiciled outside Australia and New Zealand, and the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only. The company reserves the right to reject any application or acceptance which it believes comes from a person who did not receive the offer in Australia or New Zealand.

5.16 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares and New Options under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares and New Options under this Prospectus.

5.17 Enquiries

Any questions concerning the Offer should be directed to Bob Tolliday on (03) 9697 9088.

6. Purpose and effect of the Offer

6.1 Purpose of Offer

The purpose of the Offer is to raise approximately \$2.2 million before costs of the Offer.

The funds raised from the Offer are planned to be used in accordance with the table* set out below.

Item	Proceeds of Offer	Full Subscription (\$)	%
1.	Development and production mining on the 1080 level at the Alliance South Deposit	1,550,000	70
2.	Working Capital	500,000	23
3.	Costs of the Offer	150,000	7
	Total	2,200,000	100

* The table assumes that the Entitlements are taken up in full.

**Expenses of the Offer include the Underwriter's fees, legal fees, administrative expenses, ASX fees, ASIC fees and Share Registry fees. Refer to section 8.15 for further details of the estimated expenses of the Offer.

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

6.2 Effect of Offer

The principal effect of the Offer, assuming all Entitlements are accepted and all the New Shares are issued will be to:

- (a) increase the cash reserves by approximately \$2.2 million (before cash expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 169,672,726 to approximately 339,345,452 Shares immediately after completion of the Offer; and
- (c) increase the number of Options on issue from nil to approximately 169,672,726 Options immediately after completion of the Offer.

6.3 Pro Forma Statement of Financial Position

Set out below is the historical consolidated audited balance sheet of the Company as at 30 June 2014, and the pro forma historical consolidated balance Sheet of the Company as at 30 June 2014 (unaudited) assuming all Entitlements are accepted and includes estimated expenses of the Offer.

The significant accounting policies upon which the historical consolidated audited balance sheet and the pro forma historical consolidated balance sheet are contained in the 2014 Annual Financial Report.

The historical and pro-forma financial information is presented in an abbreviated form and does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Historical Consolidated	Pro - Forma Consolidated
	Balance Sheet 30 June 2014 \$	Balance Sheet 30 June 2014 \$
ASSETS		
Current assets		
Cash and cash equivalents	1,068,659	3,124,404
Trade and other receivables	142,046	142,046
Inventories	88,093	88,093
Other	177,224	177,224
Total current assets	1,476,022	3,531,767
Non-current assets		
Receivables	1,253,500	1,253,500
Property, plant and equipment	1,496,244	1,496,244
Exploration and evaluation	19,624,581	19,624,581
Total non-current assets	22,374,325	22,374,325
Total assets	23,850,347	25,906,092
LIABILITIES		
Current liabilities		
Trade and other payables	773,516	773,516
Employee benefits	223,853	223,853
Total current liabilities	997,369	997,369
Non-current liabilities		
Provisions	1,284,150	1,284,150
Total non-current liabilities	1,284,150	1,284,150
Total liabilities	2,281,519	2,281,519
Net assets	21,568,828	23,624,573
EQUITY		
Contributed equity	22,806,945	24,862,690
Reserves	63,514	63,514
(Accumulated losses) / retained profits	(1,301,631)	(1,301,631)
Total equity	21,568,828	23,624,573

Notes

- Column 1 represents the historical consolidated audited balance sheet of the Company as at 30 June 2014.
- Column 2 represents the pro forma historical consolidated balance sheet of the Company as at 30 June 2014, assuming that the Offer goes ahead. The following events will occur resulting in total capital raised of approximately \$2.2 million :
 - An Offer to raise approximately \$2.2 million whereby Eligible Shareholders will be able to subscribe for 1 New Share for every 1 Share at an issue price of 1.3 cents per New Share.
 - Costs of capital include legal and brokerage fees of approximately \$150,000

6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and all the Placement Shares are issued is set out below:

	Number of Shares	Number of Options
Shares and Options on issue as at the date of this Prospectus	169,672,726	Nil
Shares and Options offered pursuant to the Offer	169,672,726	169,672,726
Total Shares and Options on issue after completion of the Offer	339,345,452	169,672,726

6.5 Potential effect on control of Company

Eligible Shareholders who take up their Entitlements in full will not have their interest in the Company materially diluted by the Offer. The potential effect of the Offer on the control of the Company is as follows:

- if all Eligible Shareholders take up all of their Entitlements, then the Offer will have no significant effect on the control of the Company.
- if some Eligible Shareholders do not take up all of their Entitlements, then the interests of those Eligible Shareholders will be diluted.

6.6 Abbotsleigh and associates

As at the date of this Prospectus, Abbotsleigh and Gandel Metals are both associated with Ian Gandel. Abbotsleigh is a private investment company which has a number of investments in the resources sector and is the largest shareholder of the Company with a voting power of approximately 18.73%. Further, Alliance Resources Limited, a company in which Abbotsleigh has a voting power of approximately 25.76%, holds approximately 12.97% of the issued Share capital of the Company. As such, under the Corporations Act, Abbotsleigh is deemed to have a relevant interest in the 12.97% held by Alliance Resources Limited (**Alliance**). Alliance is an Australian public company listed on the ASX. Alliance's principal activities involve exploration, development and mining of minerals deposits in Australia and Chile. Alliance has two Australian projects covering uranium, gold, copper-gold and base metals as follows: 25% interest in the Four Mile Uranium Project, and 100% interest in the East Frome Copper-Gold-Base Metals Project, as well as gold, copper-gold and base metals exploration projects in Chile.

Abbotsleigh has agreed to take up its full Entitlements under the Offer which will raise \$413,803. To the extent that Eligible Shareholders do not take up all of their Entitlements under the Offer or apply for sufficient Additional New Shares and attaching New Options out of the Shortfall so that there is no Shortfall, the Offer will be sub-underwritten by Gandel Metals up to \$500,500 and the voting power of entities associated with Ian Gandel (including Abbotsleigh and Gandel Metals) will increase following the close of the Offer. The exact number of securities that will be issued to Gandel Metals (or its nominee) will depend on the extent to which other shareholders take up their Entitlements under the Offer, and participate in the Shortfall. However, assuming no Eligible Shareholders other than Abbotsleigh take up their Entitlements or any of the Shortfall (which the Company believes is highly unlikely), then this could result in the aggregate interest in the Company of Abbotsleigh and Gandel Metals (or its nominee) increasing to 43.78% with the result that the aggregate voting power of Abbotsleigh and Gandel Metals in the Company would likewise increase to 43.78%.

The relevant interest of Abbotsleigh and Gandel Metals will vary depending on the take-up of Entitlements by other Eligible Shareholders. The table below illustrates the potential effect of the Offer on the voting power of Abbotsleigh and Gandel Metals:

Abbotsleigh and Gandel Metals	Total Percentage take-up of Entitlements by Eligible Shareholders other than Abbotsleigh and Gandel Metals				
	100%	75%	50%	25%	0%
Current Shares Held	31,831,000	31,831,000	31,831,000	31,831,000	31,831,000
Entitlement Taken Up	31,831,000	31,831,000	31,831,000	31,831,000	31,831,000
Shares to be issued to Gandel Metals under sub-underwriting agreement	0	34,460,432	38,500,000	38,500,000	38,500,000
Number of Shares held immediately following the Offer	63,662,000	98,122,432	102,162,000	102,162,000	102,162,000
Total Shares on issue following the Offer	339,345,452	339,345,452	308,924,589	274,464,158	233,334,726
Percentage of Shares following the Offer	18.76%	28.92%	33.07%	37.22%	43.78%

The above table assumes:

- (a) Abbotsleigh takes-up its entire Entitlement of 31,831,000 New Shares;
- (b) Eligible Shareholders do not apply for any Shortfall;
- (c) The Underwriter does not place any Shortfall; and
- (d) Gandel Metals completes its sub-underwriting commitment.

6.7 Intentions of Abbotsleigh and Associates

Each of Ian Gandel, Abbotsleigh, Gandel Metals and their associates may by the Offer increase their relevant interest in Shares and have greater than 20% relevant interest. They have informed the Company that on the facts and circumstance presently known to them that following the completion of the Offer, they have no present intention:

- to endeavour to change the business of the Company'
- to make changes to the Board;
- to inject further capital into the Company;
- of endeavouring to make any changes regarding the future employment of the present employees of the Company; and
- to significantly change the financial or dividend policies of the Company.

These intentions are based on information known to Ian Gandel, Abbotsleigh, Gandel Metals and their associates at the date of this Prospectus regarding the Company, its business and the business

environment. Any final decisions regarding these matters will only be made by them in light of information and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intention only, which may change as new information becomes available to them or as circumstances change.

7. Risks

To appreciate the risk factors associated with an investment in the Company, this Prospectus should be read in its entirety. The risk factors outlined in this section and elsewhere in this Prospectus should be carefully considered by applicants when evaluating an investment in the Company.

Any of the risk factors set out in this section or any other risk factors identified in this Prospectus may materially affect the financial performance of the Company and the market price of the Shares. To that extent, the Shares carry no guarantee with respect to the payment of dividends, return on capital or return of capital.

Investors should note that risks are associated with any investment in the stock market. Returns from investments in the Company will depend on the conditions of the market as well as the performance of the Company. There are a number of risk factors, both relating to the general business environment and specific to the Company, which may adversely impact on the operating performance, financial position and prospects of the Company.

Applicants should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

(a) **Industry downturn**

The Company's financial performance is sensitive to the level of demand within the mining industry. The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of the Company. In addition, the Company may not be able to predict the timing, extent or duration of the activity cycles in the industry.

(b) **Exploration risk**

There can be no guarantee that planned exploration programs will lead to positive exploration results and the discovery of a commercial deposit or further, a commercial mining operation. By its nature the business of mineral exploration, which the Company will be undertaking, contains risks. The Company's exploration activities may not result in the discovery of any sufficient level of mineralisation which is commercially viable or recoverable.

For its part, exploration is a speculative endeavour and can be hindered by the unpredictable nature of mineral deposits, particularly with respect to predicated extrapolations to depth from known mineralisation, poor drilling techniques, incorrect grade estimates, unforeseen and adverse ground conditions, flooding, inclement weather, poor equipment availability, force majeure circumstances and cost overruns from unforeseen events. Resource estimates themselves are necessarily imprecise and depend on interpretations that can prove to be inaccurate. Any future successful mining operation will depend on exploration success, mineral resource calculations, appropriate economic circumstances, ore reserve calculations, successful statutory planning approvals, mine design and the construction of efficient processing facilities, competent operation and management and efficient financial management.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its exploration licences, and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a decrease in the value of the tenements, a reduction in the cash reserves of the Company and possible loss of tenements.

(c) **Environment risks**

The Company's operations are subject to laws and regulations regarding environmental matters, including the discharge of any hazardous wastes or materials. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company or any of its subsidiaries for damages, clean-up costs, or penalties in the event of certain discharges into the environment, or non-compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and accepted industrial practices.

(d) **Changes in commodity price**

The Company's possible future revenues will likely be derived mainly from the sale of resources or commodities and products derived from tenements. Consequently, the Company's potential future earnings could be closely related to the price of these commodities. Mineral prices fluctuate and are affected by numerous industry factors including demand for forward selling producers, production cost levels in major producing regions and macroeconomic factors, eg, inflation, interest rates and currency exchange rates. If the market price of derivatives sold by the Company were to fall below the costs of production and remain at such a level for any sustained period, the Company would experience losses and could have to limit or suspend some or all of its proposed mining activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

(e) **Unforeseen expenditure risk**

There is a risk that there may be an unforeseen increase in costs for the items of the use of funds as set out in this offer document. Any increase in the actual costs may impact the Company's ability to fully undertake the work that it proposes to undertake as set out in this offer document.

(f) **Insurance**

The Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining activities is not always available and where available the costs can be prohibitive.

(g) **Economic**

The financial performance and value of the Company may be influenced by various economic factors such as commodity prices, inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, political stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations and acts of terrorism.

(h) **Market**

The market price of the Company's securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, mining and

mining services stocks, which may be unrelated to the operating performances of such companies. Applicants should be aware that there are risks associated with any securities investment. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(i) **Future capital requirements**

While the Directors believe that the Company will have sufficient funds to fund its activities in the short term, the Company is operating in a dynamic and complex industry. There can be no assurance that the Company will not seek to exploit business opportunities of a kind which will require it to raise additional funding from equity or debt sources. There can be no assurance that the Company will be able to raise such funding on favourable terms or at all.

Any additional equity raising may dilute the interest of Shareholders and any debt financing may involve financial covenants which limit the Company's operations. If the Company is unable to obtain such additional funding, the Company may be required to reduce the scope of any expansion, which could adversely affect its financial performance.

(j) **Reliance on key personnel and employees**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

To manage its operations and future growth, the Company needs to retain its existing key personnel and may need to attract and retain additional highly qualified management, corporate and operational personnel. The loss of key personnel, or the failure to recruit high calibre additional personnel, could have a materially adverse effect on the Company.

(k) **Liquidity and realisation**

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be a relatively limited number of buyers, or a relatively large number of sellers, on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

(l) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country where the Company may acquire economic interests may affect the viability and profitability of the Company.

(m) **Specific Risks associated with the Company**

As disclosed in section 5.4, receipt of funds equal to the Underwritten Amount only will not provide sufficient funds to enable the Company to complete development and production mining on the 1080 level at the Alliance South Deposit and the Company will require additional funding. The Directors, in consultation with the Underwriter, reserve the right to place the Shortfall at their discretion within 3 months after the close of the Entitlements Offer, subject to the ASX Listing Rules and any other applicable law. However, there is no guarantee that investors will be able to be identified. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

The above list of risk factors is not an exhaustive list of the risks relevant to Octagonal. These risks (and others not specifically referred to above) may materially affect the financial performance of Octagonal and the value of its Shares.

8. Additional information

8.1 Continuous disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Those obligations require the Company to continuously notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities exchange conducted by ASX. The Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company of which it becomes aware that a reasonable person would expect to have a material effect on the price or value of its Shares.

Having taken such precautions and having made such enquiries as it considers reasonable, the Company believes that it has complied with the general and specific requirements of the Corporations Act and ASX, as applicable from time to time, throughout the 12 months before the date of this Prospectus.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents during the application period of this Prospectus:

- (a) the financial statements of the Company for the financial year ended 30 June 2014 (**2014 Annual Financial Report**), being the most recent annual financial report of the Company lodged with ASIC before the lodgement of this Prospectus with ASIC; and
- (b) any continuous disclosure notices given by the Company since the lodgement of the 2014 Annual Financial Report and before lodgement of this Prospectus. Continuous disclosure notices given by the Company since the lodgement of the 2014 Annual Financial Report to the Prospectus Date are listed in section 8.2.

8.2 ASX announcements

The following announcements (continuous disclosure notices) have been made by the Company to ASX since 26 September 2014 (i.e. date of lodgement with ASIC of the Company's annual financial report for the financial year ended 30 June 2014).

<u>Date</u>	<u>Headline</u>
21/10/2014	Trading Halt
7/10/2014	Ceasing to be a substantial holder
3/10/2014	Alliance South Deposit Intersected on 1080 Level, Maldon VIC

Any person may request, and the Company will provide free of charge, a copy of any of the above announcements during the application period of this Prospectus.

The Company may make further announcements to ASX from time to time. Copies of announcements are released by ASX on its website, www.asx.com.au, (ASX Code: ORS). Copies of announcements can also be obtained from the Company upon request.

8.3 Legal proceedings

The Directors are not aware of any litigation of a material nature pending or threatened, which may significantly affect the Company.

8.4 Rights attaching to the New Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the Company and will have the same voting and other rights as the existing Shares of the Company. The rights attaching to Shares in the Company are set out in the Constitution, the ASX Listing Rules and the Corporations Act. A copy of the Constitution has been lodged with ASIC. The Constitution contains provisions common for public companies in Australia and is taken to be included in this Prospectus by the operation of section 712 of the Corporations Act. Any person may request, and the Company will provide free of charge, a copy of the Constitution during the application period of the Prospectus.

All New Shares issued under this Prospectus will rank equally in all respects with, and will have the same terms as, the Company's then issued Shares.

A summary of the more significant rights attaching to the Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

(a) Voting Rights

Subject to any special rights (at present there are none), at any general meeting of the Company, each Shareholder present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.

(b) Dividends

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

(c) Transfer of Shares

Subject to the Constitution, the Corporations Act, the ASX Listing Rules and other relevant laws, the Shares are freely transferable.

(d) Meetings and notice

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and any other laws.

(e) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

- divide among the Shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets (following full satisfaction of all creditors' debts) on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

(f) Variation of rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

8.5 Rights attaching to the New Options

The terms and conditions of each New Option are as follows:

- (a) Each New Option will be issued for no monetary consideration.
- (b) Subject to paragraph (p), each New Option gives the optionholder the right to subscribe for one Share upon exercise of the New Option and payment of the Exercise Price.
- (c) Each New Option will expire at 5.00pm (Melbourne time) on 11 December 2015 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Subject to any adjustment in accordance with these terms and conditions, the amount payable upon the exercise of each New Option is 2.0 cents (**Exercise Price**).
- (e) The New Options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 5,000 must be exercised on each occasion.
- (f) An optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of New Options specifying the number of New Options being exercised (**Exercise Notice**); and
 - (ii) a cheque, electronic funds transfer or other means of payment acceptable to the Company for the Exercise Price for the number of New Options being exercised.
- (g) An Exercise Notice is only effective on and from the later of the date of receipt of the Exercise Notice and the date of receipt of payment of the full amount of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).
- (h) Within 10 Business Days after the Exercise Date, the Company must
 - (i) allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice;
 - (ii) if the conditions in paragraphs 708A(5)(a) to (d) of the *Corporations Act 2001* (Cth) (**Corporations Act**) for the on-sale of the Shares issued pursuant to the exercise of the New Options are satisfied as at the date on which such Shares are issued and the Corporations Act does not otherwise prevent the Company from doing so, the Company must give ASX a notice in respect of such Shares that complies with paragraph 708A(6) of the Corporations Act (**Cleansing Notice**), and
 - (iii) if it is admitted to the official list of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the New Options.
- (i) If the Company is unable to give a Cleansing Notice in respect of any Shares issued pursuant to the exercise of New Options, the optionholder must not make an offer for sale or invite offers to purchase such Shares within 12 months after their issue date except by way of an offer that does not need disclosure to investors under Part 6D.2 of the Corporations Act.
- (j) Each New Option is not transferable.
- (k) If any of the following events occur:
 - (i) the Company is subject to a takeover bid;
 - (ii) the Company proposes a scheme of arrangement with its members under Part 5.1 of the Corporations Act; or

- (iii) a person, or group of associated persons, becomes entitled to sufficient Shares to give him or them the ability, in general meeting, to replace all or a majority of the Board, where such ability was not already held by a person associated with such a person or group of persons,

then the Board may:

- (iv) determine that the Options may be exercised at any time from the date of such event so as to permit the optionholder to participate in the change of control arising from the event; or
 - (v) use its reasonable endeavours to procure that an offer is made to optionholder of the Options on like terms to the terms proposed in such event.
- (l) All Shares allotted upon the exercise of Options will upon allotment rank equally in all respects with other Shares then on issue.
 - (m) The Company will not apply for Official Quotation of the Options on ASX.
 - (n) If at any time the capital of the Company is reorganised (including, without limitation, consolidation, sub-division, reduction or return) all rights of an optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
 - (o) There are no participating rights or entitlements inherent in the Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give optionholders the opportunity to exercise such of their Options which are exercisable in accordance with these terms and conditions prior to the date for determining entitlements to participate in any such issue.
 - (p) If the Company makes a pro-rata issue (except a bonus issue) to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, the Exercise Price will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro-rata issue.
 - (q) If the Company makes a bonus issue to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of Shares over which that Option is exercisable will be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.

8.6 Current Directors

The Directors of the Company at the date of this Prospectus are:

- Mr Ian Gandel (Non Exec. Chairman);
- Mr Anthony Gray (Managing Director);
- Mr Bob Tolliday (Non Exec. Director);

8.7 Directors' Interests

Except as disclosed in the Prospectus, no Director or proposed Director has, or has had within two years before the lodgement of this Prospectus with ASIC, any interest in

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid to any Director or proposed Director and no benefits have been given or agreed to be given to any Director or proposed Director, to induce the Director or proposed Director to become, or to qualify as, a Director of the Company or otherwise for services rendered by the Director in connection with the formation or promotion of the Company or the Offer.

8.8 Remuneration

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company. Details of the remuneration paid to Directors during the financial year ended 30 June 2014 are set out in the 2014 Annual Financial Report. The table below sets out details of the remuneration received by, or payable to current Directors, as fees and remuneration in the past two completed financial years.

Director	2014 financial year	2013 financial year
Ian Gandel	\$80,028	\$73,750
Anthony Gray	\$262,613	\$256,277
Bob Tolliday*	\$2,294	\$2,215

* The Gandel Metals Trust employs Bob Tolliday. The Gandel Metals Trust is an entity associated with Ian Gandel. Fees are paid to the Gandel Metals Trust in accordance with the Gandel Metals Trust Management Services Agreement and part of the fees paid included professional fees for accounting and company secretarial services provided by Bob Tolliday. All charges were on commercial terms. The Gandel Metals Trust was also paid directors fees of \$40,000 for non-executive director services provided by Bob Tolliday.

As at the date of this Prospectus, the fees (inclusive of superannuation contributions) payable to or for the benefit of the Chairman (Ian Gandel) and the other non-executive director (Bob Tolliday) for their ordinary services as Directors are \$80,000 per annum and \$40,000 per annum respectively.

8.9 Securities and Other Interests

As at the date of this Prospectus, the direct and indirect interests of the Directors in Shares, together with their respective Entitlement, are as follows:

Director	Shares	Entitlement
Ian Gandel	31,831,000	31,831,000 New Shares and 31,831,000 New Options
Anthony Gray	895,392	895,392 New Shares and 895,392 New Options
Bob Tolliday	160,000	160,000 New Shares and 160,000 New Options

Each of the Directors or their associated shareholding entities have indicated that they intend to take up all of their Entitlements under the Offer, however will not subscribe for any Shortfall Shares (other than Gandel Metals as sub-underwriter) as such issue would require shareholder approval under the Listing Rules.

8.10 **Disclosure of interests and fees of advisers**

Except as disclosed in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds or has held at any time within two years before lodgement of this Prospectus with ASIC any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

HWL Ebsworth has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay HWL Ebsworth approximately \$20,000 (excluding GST and disbursements) for these services.

8.11 **Summary of Underwriting Agreement**

The Company and the Underwriter are parties to an underwriting agreement dated 21 October 2014 (**Underwriting Agreement**) pursuant to which the Underwriter has agreed to underwrite the Offer. The Underwriter may appoint sub-underwriters to assist in the performance of its obligations.

(a) **Fees and indemnity**

In consideration of the Underwriter performing its obligations under the Underwriting Agreement, the Company has agreed to pay a cash underwriting fee of \$30,030 (being 6% of the amount of the Offer underwritten by the Underwriter), a lead manager fee of \$20,000, and a Shortfall placement fee equal to 6% of the value of the Shortfall Securities placed by the Underwriter to its clients. Fees payable to sub-underwriters will be at the sole discretion of the Underwriter. The Company will not be responsible for the payment of any fees to sub-underwriters.

Subject to certain exclusions relating to gross negligence, fraud, recklessness, wilful misconduct or breach of the Underwriting Agreement, the Company has agreed to indemnify the Underwriter and its officers, employees, advisers, and related bodies corporate (**Indemnified Parties**) against all claims, demands, damages, losses, costs, expenses and liabilities incurred directly or indirectly as a result of any material breach of the Company's obligations under the Underwriting Agreement, any representation or warranty made by the Company under the Underwriting Agreement being materially untrue or incorrect or any claim that an Indemnified Party has a liability under the Corporations Act or any other law in relation to the Offer.

(b) **Representations, warranties and undertakings**

Under the Underwriting Agreement, the Company gives certain representations, warranties and undertakings in a form that is usual for agreements of this kind, including those described below.

The Underwriting Agreement contains various obligations on the Company, including that the Company must not, without the prior written consent of the Underwriter, at any time after the date of the Underwriting Agreement, allot or agree to allot or indicate in any way that it may or will allot any Shares or other securities convertible into or exchangeable for equity

securities other than pursuant to an employee share or option plan implemented by the Company or as contemplated under the Prospectus.

The Company has also undertaken to ensure that the Prospectus and the Offer comply in all material respects with all applicable laws and the ASX Listing Rules.

(c) **Termination events**

Subject to the qualification specified at the end of this paragraph (c), the Underwriter may terminate the Underwriting Agreement at any time after the date of the Underwriting Agreement by written notice to the Company if any one or more of the following occurs:

- (i) the All Ordinaries Index as published by the ASX or the price of gold per ounce in US dollars as published in the Australia Financial Review is at any time after the date of this Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (ii) the Underwriter forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require, or the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (iii) it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of the effect of the Offer on the Company, and the rights and liabilities attaching to the New Shares and New Options; or
- (iv) it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (v) the closing price of the Company's Shares as quoted by the ASX is less than the Price; or
- (vi) the Company is prevented from allotting the New Securities within the time required by this Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (vii) any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (viii) ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act; or
- (ix) the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (x) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United

States of America, India, Pakistan, or the Peoples Republic of China, or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or

- (xi) any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (xii) a director or senior manager of the Company or its subsidiaries is charged with an indictable offence; or
- (xiii) default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
- (xiv) any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
- (xv) a contravention by the Company or a subsidiary of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
- (xvi) it transpires that any of the results of the due diligence investigations in relation to the Offer or any part of the material maintained by the Company to verify the contents of the Prospectus was false, misleading or deceptive or that there was an omission from them; or
- (xvii) a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (xviii) without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the issue of New Shares or New Options, or the Prospectus; or
- (xix) any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of New Shares and New Options, or the affairs of the Company or its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive; or
- (xx) the Official Quotation is qualified or conditional; or
- (xxi) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- (xxii) the Company suspends payment of its debts generally; or
- (xxiii) a judgment in an amount exceeding \$25,000 is obtained against the Company or a subsidiary of the Company and is not set aside or satisfied within 7 days; or
- (xxiv) litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any member of the Group, other than any claims foreshadowed in the Prospectus; or
- (xxv) there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter; or
- (xxvi) there is a material change in the major or controlling shareholdings of a member of the Group or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6

of the Corporations Act is publicly announced in relation to a member of the Group;
or

- (xxvii) there is a delay in any specified date in the timetable for the Offer which is greater than 7 Business Days; or
- (xxviii) a force majeure event affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (xxix) a member of the Group passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xxx) a member of the Group alters its capital structure in any manner not contemplated by the Prospectus; or
- (xxxi) any person is appointed under any legislation in respect of companies to investigate the affairs of a member of the Group; or
- (xxxii) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (xxxiii) a statement in the Prospectus is found to be misleading or deceptive, or a matter is omitted from the Prospectus or the issue of the Prospectus is misleading or deceptive; or
- (xxxiv) any adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group will or may affect the overall position of the Company) including any adverse change in the assets, liabilities, financial position and performance, profits, losses or prospects of the Group; or
- (xxxv) approval to the quotation of all of the New Shares on the ASX is refused, not granted or granted subject to any condition which is unacceptable to the Underwriter (acting reasonably) on or before completion of the Offer; or
- (xxxvi) approval to the Official Quotation of all of the New Shares on the ASX is withdrawn or qualified on a basis which the Underwriter reasonably considers unacceptable before Completion; or
- (xxxvii) an insolvency event occurs in relation to the Company or the Group; or
- (xxxviii) an application is made by ASIC for an order under Section 1324B of the Corporations Act in relation to the Offer.

The Underwriter may not terminate the Underwriting Agreement after the occurrence of an event referred to above unless it believes (acting reasonably) that the event has or is likely to have a materially adverse effect on the Company or the Group or the outcome of the Offer or could give rise to a material liability of the Underwriter under any law or regulation.

- (d) The Company must also pay all of the Underwriter's costs and expenses in connection with the Underwriting Agreement including its legal costs.

8.12 **Sub-underwriting Agreement with related party**

Gandel Metals is an entity controlled by Ian Gandel and is therefore a related party of the Company.

The Sub-underwriting Agreement was negotiated on an arms length basis between the Underwriter and Gandel Metals and the Directors other than Ian Gandel consider that the Sub-underwriting Agreement is on reasonable arms length terms. The Underwriter is responsible for fees payable to

Gandel Metals as a sub-underwriter. Gandel Metals is receiving a fee of 5% of the funds actually subscribed for by it for the Shortfall Securities.

8.13 Loan with related party

The Loan Agreement provides for an interest free facility of up to \$400,000 from Gandel Metals to the Company, to assist the Company with its short term working capital requirements. The parties have agreed that the Company's obligation to repay any amount drawn down under the facility will be offset against the Application Money payable by Abbotsleigh on acceptance of its Entitlement (with Abbotsleigh to pay the difference between the Application Money and the amount drawn down). The Loan Agreement was negotiated on an arms length basis between the Company and Gandel Metals, and the Directors other than Ian Gandel have resolved that the Loan Agreement is on reasonable arms length terms.

8.14 Share trading history

The highest, lowest and last closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales are set out in the table below.

	Price	Date
Highest	6.5 cents	25 July 2014
Lowest	1.6 cents	13 October 2014
Last	2.0 cents	20 October 2014

8.15 Costs of the Offer

If the Offer is fully subscribed, the total expenses of the Offer are estimated to be \$150,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

ASIC fees	\$2,300
ASX fees	\$8,000
Underwriter's fees	\$103,000
Legal fees	\$20,000
Share Registry fees	\$12,700
Printing and other expenses	\$4,000
Total	\$150,000

8.16 Taxation

Recipients of the Offer should seek and obtain taxation advice before applying for New Shares so that they may first satisfy themselves of any taxation implications associated with acquiring New Shares under the Offer and of any subsequent sale of New Shares. Neither the Company nor any of its officers accepts any liability or responsibility in respect of the taxation consequences of subscribing for New Shares under the Offer or any other taxation consequences connected with an investment in the Company.

8.17 Privacy

Personal information is collected on the Application Forms by the Company and its Share Registry for maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. As the investor is a Shareholder, the Company and the Share Registry already hold personal information of the investor. If Shareholders apply for New Shares under the Offer, the Company and the Share Registry may update that personal information or collect additional personal information. Applications might not be processed efficiently, or at all, if the information requested is not provided. Personal information about applicants may be disclosed to external service providers such as print or mail service providers as required or permitted by law.

An applicant who would like details of their personal information held by the Company or its Share Registry, or who would like to correct information that is incorrect or out of date, should contact the Share Registry's Privacy Officer at the address shown in the Corporate Directory on page 1. In accordance with the Corporations Act, applicants may be sent material (including marketing material) in addition to general corporate communications. Applicants may elect not to receive marketing material by contacting the Share Registry's Privacy Officer. Applicants can also request access to, or corrections of, personal information held by the Company by writing to the Company.

8.18 Consents

Each of the parties referred to in this section 8.18

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in the Prospectus; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in the Prospectus in the capacity noted below and has not withdrawn their consent prior to the lodgement of this Prospectus with ASIC:

- (a) HWL Ebsworth as solicitors to the Offer;
- (b) Patersons Securities Limited as underwriter to the Offer;
- (c) Gandel Metals as sub-underwriter to the Offer;
- (d) Abbotsleigh as a Shareholder associated with Ian Gandel;
- (e) Alliance Resources Limited as a shareholder of the Company; and
- (f) Computershare Investor Services Pty Limited as the Share Registry.

There are persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus, nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

9. Directors' Authorisation Statement

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

Bob Tolliday
Director
For and on behalf of Octagonal Resources Limited

10. Glossary

2014 Annual Financial Report	the annual financial report and financial statements of the Company for the financial period ended 30 June 2014 lodged with the ASX and ASIC on 26 September 2014
Abbotsleigh	Abbotsleigh Proprietary Limited ACN 005 612 377
Additional New Shares	New Shares in addition to an Eligible Shareholder's Entitlement for which an applicant makes an Application
Application	an application for New Shares pursuant to the Application Form
Application Form	the Entitlement and Acceptance Form attached to this Prospectus through which with an application for New Shares can be made
Application Money	the money received from Eligible Shareholders in respect of their Application
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691
ASX Listing Rules	the official listing rules of ASX, as amended from time to time
Closing Date	5.00pm (Melbourne time) on 13 November 2014
Company or Octagonal	Octagonal Resources Limited ACN 147 300 418
Constitution	Constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	a director of the Company
Eligible Shareholder	a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder
Entitlement	the entitlement to one New Share for every one Share held at 7:00pm (Melbourne time) on the Record Date, and a free attaching New Option for every New Share
Exercise Price	2.0 cents per New Option
Gandel Metals	Gandel Metals Pty Ltd ACN 102 347 955 in its capacity as trustee for The Gandel Metals Trust
Group	the Company and its controlled entities

Loan Agreement	the loan agreement between Gandel Metals and the Company dated 21 October 2014 for an amount of \$400,000.
New Share	one Share to be issued pursuant to the Offer under this Prospectus
New Option	one Option to be issued pursuant to the Offer under this Prospectus
Non-qualifying Foreign Shareholder	a Shareholder whose registered address is not situated in Australia or New Zealand
Offer	an invitation made in this Prospectus to subscribe for New Shares and New Options
Official Quotation	in relation to a Share, officially quoted on ASX
Option	an option to be issued a Share
Prospectus	this document dated 23 October 2014
Prospectus Date	23 October 2014
Record Date	7.00pm (Melbourne time) on 29 October 2014
Share	one fully paid ordinary share in the capital of the Company
Shareholder	holder of Shares
Shareholding	in respect of a Shareholder, the Shares held by that Shareholder
Share Registry	Computershare Investor Services Pty Limited
Shortfall	will occur if the Company does not hold successful valid Applications for all the New Shares and New Options offered by the Company under this Prospectus by the Closing Date
Shortfall Securities	New Shares and New Options not applied for under the Offer before the Closing Date
Underwriter	Patersons Securities Limited ACN 008 896 311
Underwriting Agreement	the underwriting agreement between the Company and the Underwriter dated 21 October 2014
Underwritten Amount	\$500,500