

**21 August 2012**

No. of Pages: 3

**ASX CODE: ORS**

Market Cap.: \$14.0 m (\$0.14 p/s)

Shares on issue: 100,048,002

Cash: \$3.17 m (30 June 2012)

**BOARD & MANAGEMENT**

Ian Gandel, Chairman

Anthony Gray, Managing Director

Ian Pamensky, Director

**MAJOR SHAREHOLDERS**

Alliance Resources – 22.0%

Abbotsleigh – 19.9%

JP Morgan Nominees – 9.5%

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## **Octagonal enters into agreement to re-process Kangaroo Flat Tailings at Maldon**

- **Octagonal Resources Limited has entered into an agreement to re-process tailings produced by the Kangaroo Flat Gold Processing Plant near Bendigo**
- **Between 19,000 tonnes and 40,000 tonnes of tailings to be removed from Kangaroo Flat and transported to Maldon for processing**
- **Metallurgical test work suggests that the Porcupine Flat CIL Gold Processing Plant at Maldon will be able to recover between 3g/t Au and 6g/t Au from the Kangaroo Flat tailings**
- **Octagonal to excavate, and transport tailings from Kangaroo Flat to Maldon for processing and pay to Unity Mining Limited (ASX: UML) 50% of the net profit from gold produced**
- **Tailings to provide four months production for the Porcupine Flat CIL Gold Processing Plant**
- **Agreement leveraged on the ability of the Porcupine Flat CIL Gold Processing Plant to recover lower grade and finer gold than a gravity gold processing plant**

The Directors of Octagonal Resources Limited (ASX: ORS) (“**Octagonal**” or “**Company**”) are pleased to announce that the Company has entered into an agreement with Unity Mining Limited (ASX: UML) (“**Unity**”) to re-process tailings from the Kangaroo Flat Gold Mine near Bendigo at the Porcupine Flat Gold Processing Plant at Maldon in Central Victoria.

The Kangaroo Flat Gold Mine, which is owned by Unity Mining Limited, produced gold from the Bendigo Goldfield between 2006 and 2011 using a gravity and flotation circuit. The tailings produced from the flotation circuit is composed of quartz, sulphide, and gold, with gold grades varying between 10g/t Au and 18g/t Au. Much of this gold mineralisation is refractory (gold associated with sulphides and not easily liberated), however metallurgical test work completed by Octagonal on these tailings has indicated that the Porcupine Flat CIL Gold Processing Plant will be able to recover between 3g/t Au and 6g/t Au.

### Terms of Tailings Agreement

Octagonal has agreed to remove, and re-process all of the flotation concentrate tailings at the Kangaroo Flat Gold Mine subject to satisfactory extraction, transport, and processing of a trial parcel of up to 2,000 tonnes.

In consideration for re-processing the Kangaroo Flat flotation concentrate tailings, Octagonal will:

- ▶ Manage and pay for 50% of all costs associated with the excavation and transport of tailings to Maldon, re-processing of tailings at Maldon, and transportation, refining and sale of gold produced, and
- ▶ Pay to Unity 50% of the gold produced from the re-processing of the tailings.

### Discussion

Unity Mining's Kangaroo Flat Gold Mine at Bendigo is located 25 kilometres from Octagonal's Porcupine Flat Gold Processing Plant at Maldon and between 2006 and 2011 produced gold mined from the Bendigo Goldfield using a gravity and flotation milling circuit.

Three types of tailings were produced from this milling operation that are stored in three separate tailings dams; coarse sand tailings, fine sand tailings, and flotation concentrate tailings. The coarse and fine sand tailings do not contain significant gold mineralisation, however the flotation concentrate tailings contain gold mineralisation hosted within quartz and sulphide grading between 10g/t Au and 18g/t Au.

Much of the gold mineralisation in the flotation concentrate tailings is refractory, being contained within sulphides and not recoverable using conventional cyanidation and carbon adsorption techniques, however metallurgical test work completed by Octagonal has indicated that the Porcupine Flat CIL Gold Processing Plant will be able to recover between 3g/t Au and 6g/t Au with standard leaching conditions and modest reagent consumption.

As the flotation concentrate tailings at Kangaroo Flat are currently contained within a lined tailings dam and have a high moisture content the logistics of dewatering, handling, and transporting the tailings is considered to be the greatest commercial risk for Octagonal. The agreement to remove all of the tailings is therefore contingent upon the successful excavation, transport and processing of a trial parcel of up to 2,000 tonnes. Removal of this trial parcel will commence during August.

Managing Director, Anthony Gray commented "this is a win - win agreement for both Octagonal and Unity. It provides Unity with the opportunity to remove the flotation concentrate tailings from its Kangaroo Flat site and realise value from this asset and provides Octagonal with income from third party ore by leveraging off the ability of the Porcupine Flat CIL Gold Processing Plant to recover lower grade and finer gold than a gravity gold processing plant".

Additional information relating to Octagonal and its various mining and exploration projects can be found on the Company's website: [www.octagonalresources.com.au](http://www.octagonalresources.com.au)

**For further enquiries, please contact:**

**Anthony Gray (Managing Director) +61 3 9697 9088**

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Anthony Gray. Anthony Gray is a full-time employee of the Company and is a member of the Australian Institute of Geoscientists. Anthony Gray has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and 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 report that relates to tonnage and grade of the Kangaroo Flat flotation concentrate tailings is based upon surveys of the dam site and monthly reconciliation of tailings produced between August 2006 and May 2011.

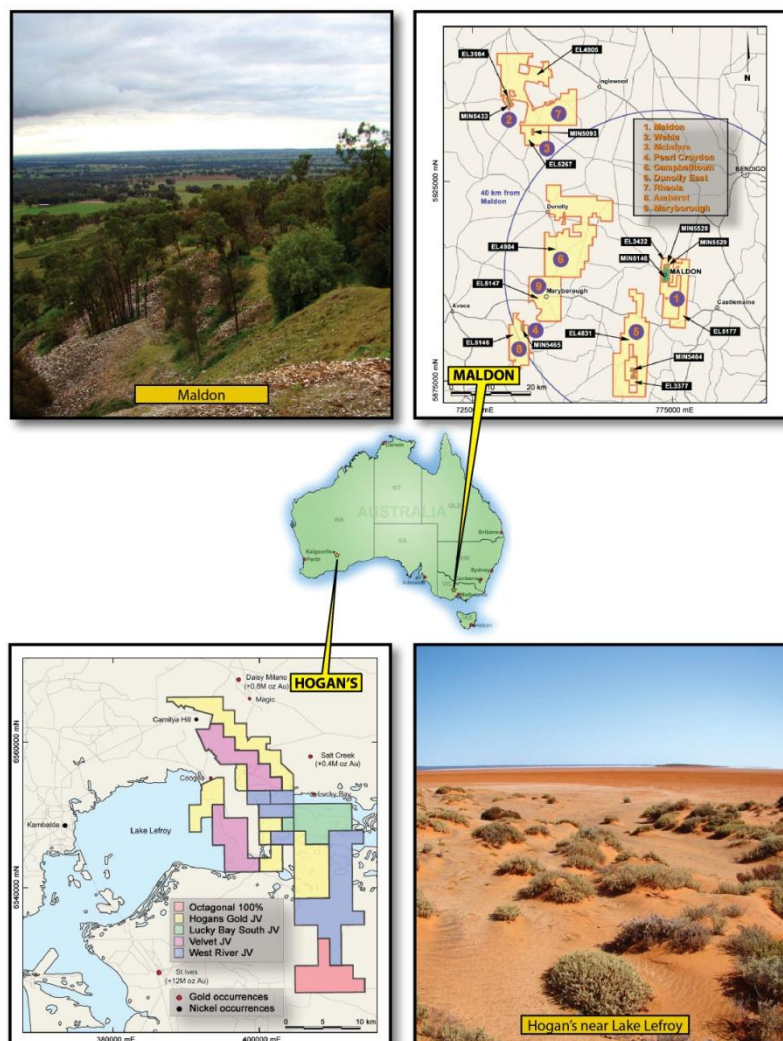
## About Octagonal Resources

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

The Company's Victorian operations are centred at Maldon, the third largest historic primary gold producer in Central Victoria after Bendigo and Ballarat. It is here that Octagonal owns a 150,000 tpa CIL gold processing plant, 245,000 ounces of inferred gold resources and a decline that extends to the undeveloped underground resources. Octagonal commenced underground gold mining operations at Maldon during the final Quarter of 2011.

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

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



*Octagonal Resources Project Locations*