

22 October 2012

No. of Pages: 4

ASX CODE: ORS

Market Cap.: \$18.0 m (\$0.18 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%

PRINCIPAL OFFICE

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Maldon back in Gold Production

Kangaroo Flat Tailings, Bendigo (Processing Agreement)

- **2,066 tonne trial parcel of Kangaroo Flat tailings processed at Maldon**
- **Gold recovery of greater than 5 g/t Au exceeds expectations**
- **323 ounces of refined gold produced to date**
- **50% of revenue is attributed to Octagonal**
- **Estimated production cost for removal and processing of tailings revised down (below \$500 per ounce)**
- **Dredging commenced to remove and process the remainder of the Kangaroo Flat tailings (approximately 38,000 tonnes)**

The Directors of Octagonal Resources Limited (ASX: ORS) (“**Octagonal**” or “**Company**”) are pleased to provide an update on the results of trial ore processing of Kangaroo Flat tailings at the Porcupine Flat Gold Processing Plant in Central Victoria.

In August 2012 Octagonal 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.

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 gold processing plant. 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 indicated that the Porcupine Flat Gold Processing Plant (which uses a slightly different process) will be able to recover between 3g/t Au and 6g/t Au.

Under the terms of this agreement Octagonal will 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 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.**

Trial Ore Processing Results

Background

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 indicated that the Porcupine Flat Gold Processing Plant would be able to recover between 3g/t Au and 6g/t Au (with 4g/t Au likely) under standard leaching conditions and with modest reagent consumption.

Ore Processing Results

During September 2012 Octagonal processed 2,066 dry tonnes of flotation concentrate tailings and recovered better than 5 g/t Au from tailings with an average feed grade of 10.4 g/t Au.

The average grade of gold recovered has exceeded expectations and is towards the upper limit of expected recovery. This positive result was achieved from processing tailings whose feed grade was at the lower end of the expected grade range. This lower than expected feed grade was in part due to dilution by sand that was used to construct a pad to provide access for the excavator to remove tailings.

At the time of writing, dore from three gold pours had been sent to the Perth Mint for refining to produce 323 ounces of gold. 135 ounces of gold have been sold to date at \$1,721/oz to generate revenue of \$232,755, with 50% attributed to Octagonal. The next gold pour is expected later this week.

Following the results of this trial ore processing total gold production costs for the removal and processing of all Kangaroo Flat tailings has been revised down from below \$650 per ounce to below \$500 per ounce.

Dredging

Octagonal has committed to remove and process all of the tailings in the flotation concentrate tailings dam (estimated to contain between 19,000 tonnes and 40,000 tonnes of tailings) and on 26 September the Company mobilised a dredge to site to accelerate tailings removal and reduce costs.

Pipe work and dewatering pads have been constructed and dredging commenced on 28 September. The tailings are being pumped into three dewatering pads for drying and harvesting. Harvesting of tailings has commenced and the first dredged tailings were carted to Maldon last week.

Octagonal expects that the dredging of tailings will be completed during November and all tailings will be dried and transported to Maldon before the end of the year.

Processing of Kangaroo Flat tailings are scheduled to continue until all of the tailings have been processed.

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

For further enquiries, please contact:

Anthony Gray (Managing Director) +61 3 9697 9088



Excavator removing tailings from Kangaroo Flat tailings dam



Tailings delivered to the Porcupine Flat Gold Processing Plat



Dredge in Kangaroo Flat tailings dam



Prepared drying pads for Kangaroo Flat tailings



Tailings discharge onto drying pads



Tailings harvesting from drying pad

Competent Persons Statement

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.

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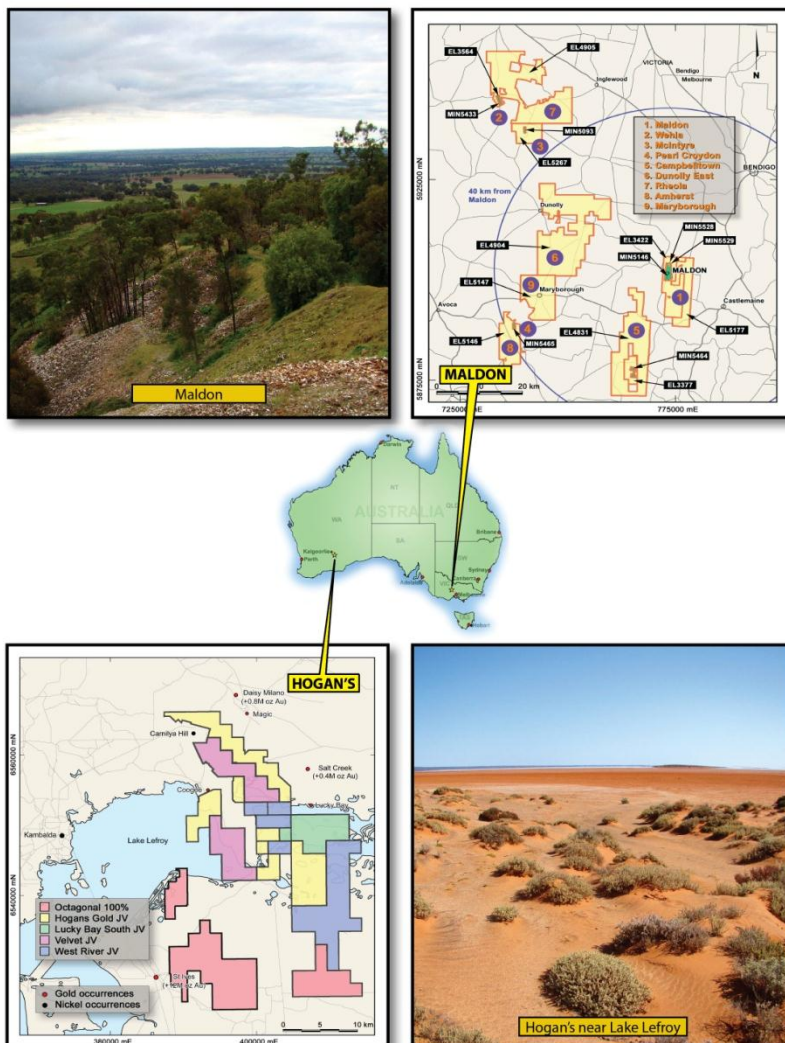
About Octagonal Resources

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 is currently processing third party ore while it brings its own underground and open pit mines into production.

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