High Grade Gold at Nuggetty Reef Mine

- High grade gold up to 48.4g/t Au in underground sampling at the Nuggetty Reef Mine, Maldon, in Victoria
- 92 metre long drive averages 4.8g/t Au in unmined reef and 4.1 g/t Au in the unmined walls
- Results include:
  - 33 metres averaging 8.2g/t Au (roof of drive)
  - 20 metres averaging 8.9g/t Au (east wall of drive)
  - 12 metres averaging 11.1g/t Au (west wall of drive)
- Historic mine production:
  - 50,000 tonnes @ 187g/t Au for 301,000 ounces of gold
- Nuggetty Reef located only 2.5 kilometres from the Company’s Porcupine Flat Gold Processing Plant
- Sampling suggests the potential for significant remnant gold surrounding the historic workings
- Octagonal is assessing the potential to develop the Nuggetty Reef as its second underground gold mine at Maldon

The Directors of Octagonal Resources Limited (ASX: ORS) (“Octagonal” or “Company”) are pleased to announce the results of underground sampling at the Nuggetty Reef Gold Mine, located 2.5 kilometres northwest of the Company’s Porcupine Flat Gold Processing Plant in Central Victoria.

The Nuggetty Reef Mine was historically the second largest and highest grade gold producer in the Maldon Goldfield producing 301,000 ounces of gold from 50,000 tonne of ore at an average grade of 187 g/t Au. The mine was operated between 1856 and 1866 and at this time was thought to have had a lower cut-off mining grade of between 15 g/t Au and 23 g/t Au.

Octagonal is investigating the potential of the Nuggetty Reef mine workings to contain remnant gold mineralisation amenable to underground mining and processing at Porcupine Flat.

Sampling of a 92 metre long drive accessed from the Nuggetty Reef adit has returned a peak assay result of 48.4 g/t Au with five meter spaced channel samples collected from across the unmined quartz vein in the roof of the drive averaging 4.8 g/t Au and the walls of the drive averaging 4.1 g/t Au. These results include 33 metres grading 8.2 g/t Au in the roof of the drive, 20 metres grading 8.9 g/t Au in the east wall of the reef, and 12 metres grading 11.1 g/t Au in the west wall of the reef.

The Company is currently in the process of applying for regulatory approval to mine a trial parcel of ore in the area recently sampled to confirm the grade of gold mineralisation and justify an ongoing underground mining operation.
Mine History

The Nuggetty Reef is the northern-most reef in the Maldon Goldfield and is truncated by the Harcourt Granite to the north and at depth (Figure 1). The reef occurs within steep easterly dipping metasediments that have been contact metamorphosed to form hornfels. The Nuggetty Mine workings strike broadly north-south and consist of two near-vertical to steep east-dipping quartz reefs, referred to as the west reef and east reef that are linked at depth by a near-horizontal flat reef (Figure 2).

The Nuggetty Reef was discovered in 1856 and in the following ten years produced 301,000 ounces of gold from 50,000 tonnes of ore at an average grade of 187 g/t Au. During this period the reef was mined over 350 metres strike length by nine companies, with four deep shafts sunk to a maximum depth of 238 metres.

At the time of production mining and treatment costs are estimated to have been between 14.5 g/t Au and 21.5 g/t Au, meaning that the lower cut-off grade for mining was likely to have been between 15 g/t Au and 23 g/t Au. In current terms, this high cut-off grade suggests that there may be the potential for significant moderate grade gold mineralisation surrounding the historic mine workings.

In 1888 the Tarrangower Company “broke and crushed some stone” from the Nuggetty adit level that averaged 7 g/t Au. The remainder of this broken material was processed prior to 1930 and returned similar grades. These observations further support the potential for moderate grade remnant gold mineralisation at the mine.

The Nuggetty Reef Gold Mine was until recently held by prospectors on small mining licences. In 2010 Octagonal acquired granted mining licence MIN5528 that overlies the mine and is positioned adjacent to the north of MIN5146 that overlies the southern extension of the Nuggetty Reef and most of the Central Maldon Goldfield, including Octagonal’s Union Hill Decline, the Alliance South Gold Deposit, and the Porcupine Flat Gold Processing Plant.
Figure 2. Cross-Section of Nuggetty Reef Mine workings with location of adit to sampled ore drive
Geological Mapping and Sampling

To test the theory that the Nuggetty Reef Mine workings may contain significant moderate grade gold mineralisation and recognising the very high grade and nuggetty distribution of the historically mined gold, a detailed program of geological mapping and channel sampling was completed on the Nuggetty Reef Mine adit level, which is the only area of historic mine workings currently accessible.

The Nuggetty Reef Mine adit accesses the 370 mRL level of the mine workings and is located 90 metres to the south of the Tarrangower Shaft that is the deepest shaft at the mine (Figure 3). The adit is 1.5 metres wide by 2 metres high and extends 60 metres to the east to intersect the west reef of the Nuggetty Reef mine workings. Development on the west reef on this level is accessible over 16 metres to the north and 76 metres to the south and provides exposure to 92 metres of unmined reef. Two cross-cuts have been developed six metres to the east to intersect the east reef however this reef is not currently accessible for mapping and sampling.

Detailed geological mapping of the west reef on the 370 mRL level reveals that in this area the reef is between 1 and 3 metres thick, and consists of massive quartz, quartz-hornfels and fault breccias, typically with narrow overprinting zones of laminated quartz.

Channel samples were collected from the west reef at approximately five metre spaced intervals over the entire 92 metres of development. Samples were collected from the unmined quartz vein in the roof (backs) of the drive and along the walls of the drive. Assay results from this sampling returned a peak result of 0.7 metres grading 48.4 g/t Au, with the five meter spaced channel samples collected from the roof of the drive averaging 4.8 g/t Au over 92 metres and the walls of the drive averaging 4.1 g/t Au over 92 metres. These results include 33 metres grading 8.2 g/t Au in the roof of the drive, 20 metres grading 8.9 g/t Au in the east wall of the drive, and 12 metres grading 11.1 g/t Au in the west wall of the drive.

Assay results from this sampling program are presented in Table 1 and Figure 4 illustrates a plan view of the 370 mRL level showing the distribution of assay results from samples collected from the roof and walls of the drive.
Notes:
1. Channel samples collected over intervals ranging between 0.3 metres and 1.6 metres length
2. Sample size ranges between 1.5kg and 8.5kg with average weight of 4.1kg
3. Gold analysis conducted by Onsite Laboratory Services (Bendigo Laboratory) using a 40 gram Fire Assay Digest with AAS Finish.

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**Figure 4. Nuggetty Reef Mine: Plan of 370mRL level with channel sampling assay results**
Discussion

Underground sampling completed at the Nuggetty Reef has confirmed historic accounts of the grade of ore developed from the Nuggetty Reef adit and mined from the 370 mRL level ore drive. The average grade of assay results returned, together with the presence of high-grade nuggetty gold, and evidence of remnant gold mineralisation in the walls of the historic workings support the potential for significant moderate grade gold mineralisation surrounding the Nuggetty Reef mine workings.

Figure 3 illustrates a longsection displaying the distribution of gold interpreted to have been mined at the Nuggetty Reef. Based on the area of historic mine workings Octagonal estimates that the potential exists for the Nuggetty Reef Mine to host an Exploration Target of between 15,000 and 40,000 ounces of gold in remnant mine workings averaging better than 4 g/t Au.

As the Nuggetty Reef is located only 2.5 kilometres from the Company’s Porcupine Flat Gold Processing Plant and little capital development would be required to access the historic workings Octagonal believes that the Nuggetty Reef mine workings represent a commercially viable underground mining opportunity.

The Company is currently in the process of evaluating possible mining scenarios to develop its second underground mine at Maldon and is in the process of applying for regulatory approval to mine a trial parcel of remnant ore in the area sampled to better determine the grade of this mineralisation.

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

Notes

1. The estimated exploration target size is conceptual in nature. Gold grade is estimated based upon detailed underground channel sampling of one ore drive documented in this report and target size is estimated based upon the area of historic mine workings that may contain remnant gold mineralisation. There has been insufficient exploration to define a Mineral Resource at the Nuggetty Reef, and while Octagonal has confidence in this target statement, it is uncertain if further exploration will result in the determination of a Mineral Resource. This statement is made in accordance with the requirements of Clause 18 of the JORC Code 2004.

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.
Entrance to Nuggetty Reef Mine adit

Nuggetty Reef Mine adit (view to entrance)

Sampled Nuggetty Reef Mine drive

Nuggetty Reef Mine surface historic workings
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