

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (AGM) of Nagambie Resources Limited (*Nagambie* or *the Company*) will be held at 11:00am (AEDT) on **Monday, 30 November 2020**. Due to the ongoing COVID-19 pandemic, the AGM will be held via an audioconferencing facility. Shareholders who wish to attend and participate in the virtual meeting, please register in advance as per the instructions outlined in this Notice of Meeting.

Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.

Following recent modifications brought to the *Corporations Act 2001* and the *Corporations Regulations 2001* under the *Corporations (Coronavirus Economic Response) Determination (no. 1) 2020*, no hard copy of the Notice of Annual General Meeting and Explanatory Memorandum will be circulated. The Notice of Meeting is given to those entitled to receive it by use of one or more technologies. The Notice of Meeting is also available on the Australian Securities Exchange Market Announcements Platform and on the Company's website (<https://www.nagambieresources.com.au/investor-information/all-asx-releases/>).

### BUSINESS:

#### A. ACCOUNTS AND REPORTS

##### Financial and related reports

To table the annual financial report of the Company and the related reports of the Directors and auditors for the year ended 30 June 2020 and to provide members with the opportunity to raise any issues or ask any questions generally of the Directors.

#### B. NON-BINDING RESOLUTION

To consider and, if thought fit, pass Resolution 1 as a non-binding resolution.

##### 1. Adoption of Remuneration Report

*'That for the purposes of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report for the financial year ended 30 June 2020 be adopted.'*

#### C. ORDINARY RESOLUTIONS

To consider and, if thought fit, pass Resolutions 2, 3a, 3b, 3c, 4a, 4b and 5 as ordinary resolutions.

##### 2. Re-election of Mr Michael Trumbull

*'That Mr Michael Trumbull, a Director retiring by rotation in accordance with the Company's Constitution and being eligible and having signified his candidature for the Office, be and is hereby re-elected a Director of the Company.'*

##### 3. Issues of Options to Directors

###### a. Issue of Options to Mr Michael Trumbull

*'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given in respect of the issue of 4,000,000 options to Mr Michael Trumbull on the terms and conditions set out in the Explanatory Notes.'*

###### b. Issue of Options to Mr Gary Davison

*'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given in respect of the issue of 2,000,000 options to Mr Gary Davison on the terms and conditions set out in the Explanatory Notes.'*

###### c. Issue of Options to Mr Alfonso Grillo,

*'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given in respect of the issue of 2,000,000 options to Mr Alfonso Grillo on the terms and conditions set out in the Explanatory Notes.'*

##### 4. Ratification of Prior Issues of Securities

###### a. Ratification of Issue of Convertible Notes

*'That for the purposes of ASX Listing Rule 7.4 and all other purposes, approval be given in respect of the issue of 22,680,000 convertible notes to professional and sophisticated investors on 20 January 2020, on the terms and conditions set out in the Explanatory Notes.'*

###### b. Ratification of Issue of Shares

*'That for the purposes of ASX Listing Rule 7.4 and all other purposes, approval be given in respect of the issue of 5,119,973 fully paid ordinary shares to Mawson Gold Limited on 24 March 2020, on the terms and conditions set out in the Explanatory Notes.'*

**5. Option and Joint Venture Agreement with Mawson Gold Limited**

*“That, for the purposes of ASX Listing Rule 10.1 and for all other purposes, approval be given for the disposal by the Company of an interest in the Whroo Properties to Mawson Gold Limited in accordance with the terms of the Amended Option and Joint Venture Agreement.”*

**NOTE: An independent expert has concluded that the Option and Joint Venture Agreement subject of Resolution 5 is FAIR AND REASONABLE to Shareholders not associated with Mawson Gold Limited. A copy of the Independent Expert’s Report accompanies the Explanatory Notes to this Notice of Meeting.**

**D. SPECIAL RESOLUTIONS**

To consider, and if thought fit, pass Resolutions 6 and 7 as special resolutions.

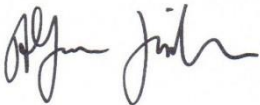
**6. Approval of 10% Placement Capacity**

*‘That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval be given for the issue of equity securities of up to 10% of the issued capital of the Company (at the time of the issue or the agreement to issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.’*

**7. Adoption of New Constitution**

*‘That, for the purposes of sections 136(1)(b) and 136(2) of the Corporations Act and for all other purposes, approval is given that the constitution of Nagambie Resources Limited be repealed and replaced by a new constitution in the form accompanying the Explanatory notes, with effect from the conclusion of the meeting.’*

By Order of the Board



**Alfonso Grillo**  
Company Secretary  
30 October 2020

## IMPORTANT MEETING INFORMATION

### **Venue**

Safety of our shareholders and staff is our paramount concern, and therefore, in line with State Government regulations and ASIC recommendations during the COVID 19 pandemic, the Nagambie Resources Limited Annual General Meeting (AGM) by way of live video conference.

***There will be no physical meeting.***

Shareholders wishing to attend the online meeting need to email the Company, including their registered name and address. To register, email: [info@nagambieresources.com.au](mailto:info@nagambieresources.com.au)

### **Shareholder Questions**

Should you have a question in relation to the meeting, please email [info@nagambieresources.com.au](mailto:info@nagambieresources.com.au) by 5:00 p.m. on 23 November 2020.

### **Your vote is important**

The business of the Annual General Meeting affects your shareholding and your vote is important.

### **Voting in person**

As the Meeting will be held online, voting in person will not apply, and you are encouraged to lodge a proxy vote beforehand. Voting at the meeting will be conducted by an online Poll. The Poll will be conducted based on votes submitted by proxy and by shareholders who submit their Online Poll votes on the day of the AGM.

***We encourage shareholders to lodge their proxy vote beforehand given the COVID 19 restrictions.***

## EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Annual General Meeting dated 26 October 2020 and should be read in conjunction with that Notice as these Explanatory Notes contain important information on the proposed Resolutions.

**NOTE: An independent expert has concluded that the Option and Joint Venture Agreement subject of Resolution 5 is FAIR AND REASONABLE to Shareholders not associated with Mawson Gold Limited. A copy of the Independent Expert's Report accompanies these Explanatory Notes as Annexure B.**

### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Company is required to include in its Directors' Report a detailed Remuneration Report relating to remuneration received by the Company's key management personnel. Section 300A of the *Corporations Act* sets out the information required to be included in the Remuneration Report. A copy of the Remuneration Report appears in the Company's Annual Report for the year ended 30 June 2020.

Sections 249L(2) and 250R(2) of the *Corporations Act* require that a resolution that the Remuneration Report be adopted be put to a vote of shareholders at the Company's annual general meeting. The vote on this resolution is advisory to the Company only, and does not bind the Board.

Under section 250SA of the *Corporations Act*, shareholders must be given a reasonable opportunity to ask questions about, and make comments on, the Remuneration Report. This is in addition to any questions or comments that shareholders may have in relation to the management of the Company.

#### 1.1. Voting Prohibition

A vote on Resolution 1 must not be cast by or on behalf of either of the following persons:

- (a) a member of the key management personnel details of whose remuneration are included in the remuneration report; or
- (b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with the direction on the proxy form.

### 2. RESOLUTION 2 – RE-ELECTION OF MR MICHAEL TRUMBULL

Rule 16 of the Constitution requires at least one third of the Directors to retire each year (by rotation). Mr Michael Trumbull retires this year in accordance with this rule, and is permitted to seek re-election. Personal particulars for Mr Trumbull are set out in the Directors information included in the Company's Annual Report.

### 3. RESOLUTIONS 3A-3C – ISSUE OF OPTIONS TO DIRECTORS

#### 3.1. ASX Listing Rule 10.11

Approval is sought pursuant to ASX Listing Rule 10.11 for the issue of a total of **8,000,000** Options to Directors of the Company. Pursuant to Listing Rule 10.11 the Company may not issue securities to a related party without the prior approval of the shareholders.

Each of Resolutions 3a-3c seeks shareholder approval for the issue of options to a Director of the Company in accordance with ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

#### 3.2. Issue of Options

The following information is provided in accordance with ASX Listing Rule 10.13 in relation to each of Resolutions 3a-3c:

(a) **Name of the person**

The Options will be issued to the existing Directors of the Company (or their nominees).

(b) **Number of securities to be issued**

8,000,000 Options are to be divided among the Directors as follows:

- (i) 4,000,000 Options to Mr Michael Trumbull (or nominee);
- (ii) 2,000,000 Options to Mr Gary Davison (or nominee); and
- (iii) 2,000,000 Options to Mr Alfonso Grillo (or nominee).

(c) **Maximum number of securities to be issued upon exercise of Options**

Upon exercise, the Options may be converted into a maximum of 8,000,000 fully paid ordinary shares ranking equally in all respects with the existing fully paid ordinary shares in the Company.

(d) **Date of issue and allotment**

Subject to obtaining shareholder approval, the Company will issue and allot the Options within one month of the date of the Meeting.

(e) **Issue price and terms of issue**

The Options will be issued without consideration. The Options are exercisable at the greater of 150% of the Company's last share price immediately preceding the date of issue or \$0.10 before the fifth anniversary of their date of issue.

Full terms and conditions of the Options are detailed in Annexure A.

(f) **Intended use of the funds raised**

Any funds raised from the exercise of the Options will be applied towards the Company's working capital requirements.

(g) **Voting exclusion statement**

The Company will disregard any votes cast in favour of any of Resolutions 3a-3c by:

- (i) the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit by solely by reason of being a holder of ordinary securities in the entity); and
- (ii) an associate of that person (or those persons).

However, the Company need not disregard a vote if it is cast by:

- (iii) a person as proxy for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (iv) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (v) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (A) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (B) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 3.3. Chapter 2E of the Corporations Act 2001

Chapter 2E of the Act prohibits a public company from giving a financial benefit to any of its related parties unless a relevant exception applies.

The term *financial benefit* is widely defined and includes the issue of securities such as options. The term *related party* includes a director of the Company.

The prohibition does not apply where a resolution is passed by the Company permitting the benefit to be given. Accordingly, each of Resolutions 3a-3c is being proposed for the purpose of obtaining shareholder approval for the purposes of Chapter 2E of the Act.

Section 219 of the Act requires the following information to be provided to shareholders:

(a) **Related Party**

The following persons are Directors of the Company and are therefore the related parties to whom a financial benefit will be given under Resolutions 3a-3c:

- (i) Mr Trumbull;
- (ii) Mr Davison; and
- (iii) Mr Grillo.

(b) **Nature of the Financial Benefit**

The financial benefit to be given to the Directors of the Company pursuant to Resolutions 3a-3c is as follows:

- (i) Mr Trumbull – the issue of 4,000,000 Options;
- (ii) Mr Davison – the issue of 2,000,000 Options; and
- (iii) Mr Grillo – the issue of 2,000,000 Options.

The terms and conditions of the Options are described under item 3.2 above.

The purpose of the issue is to remunerate Directors as an incentive for future services. The Directors consider it important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to provide the directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

The issue of options as part of the remuneration packages of directors is a well-established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst rewarding directors.

In determining the number of options to be granted, consideration was given to the relevant experience of the Directors, the respective overall remuneration and the terms of the options.

(c) **Directors' Recommendation, Reasons for Recommendation and Directors' Interests**

Each recipient of Options contemplated by Resolutions 3a to 3c is a Related Party of the Company as a Director. Accordingly:

- (i) Mr Michael Trumbull has a material personal interest in the outcome of Resolution 3a;
- (ii) Mr Gary Davison has a material personal interest in the outcome of Resolution 3b; and
- (iii) Mr Alfonso Grillo has a material personal interest in the outcome of Resolution 3c.

In the interests of good corporate governance, the Directors decline to make any recommendations as to how Shareholders should vote on any of Resolutions 3a to 3c (not just in respect of that Resolution in which they individually have a material personal interest) as they may each acquire a Relevant Interest in Shares if Resolutions 3a to 3c are approved.

(d) **Independent Valuer Report**

The Company has commissioned HLB Mann Judd to provide an independent valuation in relation to the issues of Options proposed by Resolutions 3a-3c.

These Explanatory Notes aim to provide Shareholders with all information that is reasonably required by Shareholders to decide whether or not it is in the Company's interests to pass Resolutions 3a-3c. In particular, key findings and assumptions of the HLB Mann Judd valuation of the Options to be issued pursuant to Resolutions 3a-3c are set out below.

The Independent Valuer has assessed the value of each Option at \$0.040397, or \$161,588 for the parcel of 4,000,000 Options to be issued to Mr Trumbull, and \$80,794 for the parcels of 2,000,000 Options to be issued to each of Mr Davison and Mr Grillo. The options have been valued using the Binomial Option Valuation Model. This valuation is based on the following variables and assumptions being considered:

Assumption/Variable	Description
The current share price of the underlying shares	By reviewing the volume weighted average share price of the Company's shares over specified periods, the Independent Valuer determined that the current market value of the Company's shares on 29 September 2020 was \$0.063.
The exercise price of the Options	The exercise price of the options will be at the greater of 150% of the Company's last share price immediately preceding the date of issue, or \$0.10.
The volatility of the share price	The Independent Valuer has reviewed a 5 year period of the Company's trading history in assessing the volatility of the Company's share price. The Independent Valuer has estimated the volatility of the Company's shares by using the long run forecast volatility based on 12 months. The Independent Valuer concluded that a share price volatility of 94.60% is appropriate.
The vesting conditions	The options vest immediately upon issue.
Time to maturity	The options expire five years after the date of issue.
The risk free rate of interest	The Independent Valuer used the 5 year Australian Government Bond benchmark yield as of 28 September 2020 to determine the risk free rate of interest. The rate used was 0.32%.

(e) **Trading History**

At the close of trading on the date preceding the date that this Notice was distributed to shareholders, the Share price of the Shares in the Company was \$0.058. In the 12 months prior to the date of this Notice, the Shares in the Company traded at a high of \$0.066 on 25 and 26 May 2020 and 1 and 3 June 2020, and a low of \$0.030 on 23 March 2020.

(f) **Opportunity Cost**

The Directors do not consider that there are any material opportunity costs to the Company or benefits foregone by the Company in issuing the Options pursuant to Resolutions 3a-3c.

(g) **Taxation Consequences**

The Directors are not aware of any taxation consequences that will arise from the issue of Options pursuant to Resolutions 3a-3c.

(h) **Director's interest in the Shares of the Company**

The table below illustrates the following:

- (i) the first column sets out each Director in the Company;

- (ii) the second column sets out the relevant interest of each Director in fully paid ordinary shares of the Company;
- (iii) the third column sets out the relevant interest of each Director in options convertible into ordinary shares in the Company;
- (iv) the fourth column sets out the number of Options to be issued to each Director pursuant to Resolutions 3a-3c;
- (v) the sixth column sets out the relevant interest in fully paid ordinary shares held by each Director if the Options issued to that Director pursuant to Resolutions 3a-3c and the Directors' existing options are exercised;
- (vi) the seventh column sets out that if the Options are issued to that Director and that Director exercises all of their Options (including the existing Options held by that Director) but none of the Options held by the other Directors are exercised, the total Shares on issue in the Company; and
- (vii) the eighth column sets out the Director's relevant interest percentage in the Shares of the Company if the Director exercises all of their Options but none of the Options held by the other Directors are exercised.

Director	Current Relevant Interest			Options to be issued pursuant to Resolution 3	Value of Options to be issued pursuant to Resolution 3	Total Shares if Options exercised and convertible notes converted [1]		% Relevant interest if all Options exercised and all convertible notes converted [1]
	Shares	Existing Options	Existing Convertible Notes			Director's Shares	Total Shares on Issue	
Mr Trumbull	21,168,492	20,000,000	Nil	4,000,000	\$161,588	45,168,492	523,932,346	8.62%
Mr Davison	586,038	4,000,000	750,000	2,000,000	\$80,794	7,336,038	506,682,346	1.45%
Mr Grillo	1,937,973	8,000,000	Nil	2,000,000	\$80,794	11,937,973	509,932,346	2.34%

[1] Assumes that none of the Options issued to other Directors are exercised, no existing options held by persons other than the Director are exercised, and no existing convertible notes are converted.

(i) **Directors' Remuneration**

As at the date of the Notice of Meeting, the remuneration paid or payable in respect of the 2019/2020 fiscal year to the Directors, or companies controlled by those individuals (inclusive of superannuation and director fees where applicable and the value of options granted), is as follows:

Director	Remuneration	
	Salary and Fees	Non-cash (Options)
Mr Trumbull	\$164,250	\$113,916
Mr Davison	\$45,990	\$56,958
Mr Grillo	\$45,990	\$56,958

It is anticipated that the remuneration to be paid to Directors for the 2020/2021 fiscal year, or deferred in the event of cashflow not reaching required levels (inclusive of superannuation and director's fees where applicable), will be similar to the fees set out in the table above.

**3.4. Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by:

- (a) Mr Trumbull, Mr Davison and Mr Grillo and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit by solely by reason of being a holder of ordinary securities in the entity); and
- (b) any associates of those persons.

However the Company need not disregard vote cast by:

- (c) a person as proxy for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of all Resolutions, except where the Chair has a direct or indirect interest in the outcome of a Resolution, in which case the Chair will not vote undirected proxies in respect of that Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on a Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against a Resolution or to abstain from voting.

### 3.5. Voting Prohibition

A person appointed as a proxy must not vote on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the key management personnel; or
  - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

The above prohibition does not apply if:

- (c) the proxy is the chair; and
- (d) the appointment expressly authorises the chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

## 4. RESOLUTIONS 4A AND 4B – RATIFICATION OF PRIOR ISSUES OF SECURITIES

### 4.1. Background

Resolutions 4a and 4b seek Shareholders' ratification of the following two prior issues of securities made pursuant to the Company's placement capacity under Listing Rule 7.1:

#### (a) Issue of convertible notes

The Company issued 22,680,000 convertible notes, each convertible into one Share, on 20 January 2020 to unrelated parties of the Company, each being a sophisticated, professional or other investor that falls within one or more of the classes of exemptions specified in section 708 of the Corporations Act, at an issue price of \$0.05 (5.0 cents) per note. The issue raised a total of \$1,134,000, of which \$934,000 was applied to the redemption and rollover of pre-existing convertible notes due to expire in April 2020, and \$200,000 was applied to general working capital. The Company seeks Shareholders' ratification of the issue of convertible notes under Resolution 4a.

#### (b) Issue of Shares

The Company issued 5,119,973 Shares to Mawson Gold Limited (formerly Mawson Resources Limited) (**Mawson**) at an issue price of \$0.05 (5.0 cents) per Share on 24 March 2020. The issue was pursuant to a placement of 50,000,000 Shares to Mawson, of which 44,880,027 Shares were issued under the Company's placement capacity under Listing Rule 7.1A. The proceeds of the issue of all 50,000,000 to Mawson were applied to a subscription by the Company for 8,500,000 shares in Mawson. The Company seeks Shareholders' ratification of the issue of 5,119,973 Shares to Mawson issued under Listing Rule 7.1 placement capacity under Resolution 4b.

The issues subject of each of Resolutions 4a and 4b were undertaken without shareholder approval, and were in compliance with Listing Rule 7.1 at the time of issue.

### 4.2. Requirements of the Listing Rules

ASX Listing Rule 7.4 permits a listed company at a general meeting to subsequently approve an issue of securities made without prior shareholder approval under Listing Rule 7.1. Resolutions 4a and 4b have been included in this Notice of Meeting to preserve the Company's ability to issue further shares under Listing Rule 7.1.

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of the issue, except where an exception applies or with prior approval of members of the Company at a general meeting.

As such, Resolutions 4a and 4b seek Shareholders' ratification of the issues of securities so as to increase the Company's capacity to issue new securities.



#### 4.3. Information required by Listing Rule 7.5

Pursuant to Listing Rule 7.5 and to enable the Shareholders to ratify the issues of securities subject of Resolutions 4a and 4b, Shareholders are provided with the following information in respect of the issues:

(a) **Name of the person/s to whom the Company issued securities**

- (i) The convertible notes subject of Resolution 4a were issued to the following persons in the following amounts:

Name of recipient of convertible notes	No. of convertible notes
Jarnel Pty Ltd as trustee for the Jarnel Super Fund	400,000
PPT Nominees Pty Ltd	14,280,000
Mr Ralph Douglas Russell and Ms Ann Maree Hynes as trustees for the Precision Super Fund	6,000,000
Michael William Watson and Jane Margaret Watson as trustees for the Watson Family Superannuation Fund	2,000,000
<b>TOTAL:</b>	<b>22,680,000</b>

- (ii) The Shares subject of Resolution 4b were issued to Mawson Gold Limited.

(b) **Number of and class of securities issued**

- (i) 22,680,000 convertible notes were issued; and  
(ii) 5,119,973 Shares were issued.

(c) **Date of issue of securities**

- (i) The convertible notes subject of Resolution 4a were issued on 20 January 2020.  
(ii) The Shares subject of Resolution 4b were issued on 24 March 2020.

(d) **Terms of securities and agreements pursuant to which securities were issued**

- (i) The convertible notes subject of Resolution 4a were issued pursuant to standard convertible note subscription deeds entered into by the Company and each person set out above at paragraph 4.3(a)(i). The key terms of the convertible notes are:
- (A) issue price of 5.0 cents per note;
  - (B) 5 year term ending on 20 January 2025;
  - (C) interest payable 6-monthly at a rate of 10% per annum;
  - (D) each note is convertible at any time during the 5 year term at the election of the holder into one fully paid ordinary share in the Company; and
  - (E) notes are redeemable for 5.0 cents per note at or before the expiry date if not previously converted.
- (ii) The Shares subject of Resolution 4b were issued on the same terms as other fully paid ordinary shares on issue under an agreement with Mawson pursuant to which Mawson subscribed for 50,000,000 Shares at a price of \$0.05 per Share as part of the establishment of a strategic partnership between the Company and Mawson consisting of the sale of the Company's wholly-owned subsidiary Clonbinane Goldfield Pty Ltd to Mawson and two option and joint venture agreements in respect of tenements held by the Company (refer to ASX announcements *Mawson Resources to Become a Strategic Partner* on 30 January 2020 and *Formal Agreements Executed with Mawson Resources* on 24 March 2020).

(e) **Issue price**

- (i) Convertible notes subject of Resolution 4a were issued at a price of 5.0 cents per note.  
(ii) Shares subject of Resolution 4b were issued at a price of 5.0 cents per Share.

(f) **Purpose of issue and use of the funds raised**

- (i) The issue of convertible notes subject of Resolution 4a raised a total of \$1,134,000, of which \$934,000 was applied to the redemption and rollover of pre-existing convertible notes due to expire in April 2020, and \$200,000 was applied to general working capital.
- (ii) Funds raised by the issue of Shares to Mawson subject of Resolution 4b were applied to the Company's subscription for 8,500,000 shares in Mawson.

(g) **Voting exclusion statement**

The Company will disregard any votes cast in favour of Resolution 4a or 4b by:

- (i) persons who participated in the issue being approved; and
- (ii) any associates of those persons.

However, the Company need not disregard a vote if it is cast by:

- (iii) a person as proxy for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (iv) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (v) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (A) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (B) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**4.4. Additional information required by Listing Rule 14.1A**

In accordance with Listing Rule 14.1A, in the event that Shareholders do not approve either of Resolutions 4a or 4b, the Company's placement capacity under Listing Rule 7.1 will be reduced by the number of the securities subject of that Resolution until the earlier of subsequent shareholder approval to ratify the issue or 12 months from the date of issue.

**4.5. Board recommendation**

The Board recommends that shareholders approve the past issues of securities by passing Resolutions 4a and 4b.

**5. RESOLUTION 5 – OPTION AND JOINT VENTURE AGREEMENT WITH MAWSON GOLD LIMITED**

**5.1. Background**

As announced to ASX on 24 March 2020, the Company has entered into a strategic partnership with Mawson Gold Limited (*Mawson*, TSX:MAW) consisting of the following aspects:

- the parties entering into two distinct option and joint venture agreements, including:
  - an agreement in respect of Nagambie's 'Redcastle' exploration licence over 51 sq. km of exploration acreage; and
  - an agreement in respect of Nagambie's 'Doctor's Gully' retention licence over of 4 sq. km of exploration acreage (*Initial Doctor's Gully Agreement*)
 pursuant to each of which Mawson was granted an option to earn up to a 70% interest in the subject tenement by incurring \$1 million in exploration expenditure on the licence, and forming a joint venture with Nagambie;
- Mawson acquiring Nagambie's wholly-owned subsidiary, Clonbinane Goldfield Pty Ltd; and
- Mawson taking a placement of 50,000,000 shares in Nagambie, being 10.00% of the fully paid ordinary shares on issue following the placement.

The Company and Mawson have now negotiated an amended Option and Joint Venture Agreement (*Amended OJVA*) in order to expand the area subject of the Initial Doctor's Gully Agreement from the 4 sq. km Doctor's Gully licence to an area encompassing the Doctor's Gully licence and several other surrounding licences totalling 199 sq. km in exploration acreage (the *Whroo Properties*). The expansion of the area subject of the option and joint venture will result in the Initial Doctor's Gully Agreement being amended and restated on new terms contained in the Amended OJVA. The key terms of the Amended OJVA are summarised below at section 5.4.

The Company's Board views the Amended OJVA as a very favourable arrangement, which will provide the Company with ability to develop exploration acreage for which it would not otherwise have financial capacity without undertaking capital raising via dilutive issues of securities.

**5.2. Listing Rule 10.1**

ASX Listing Rule 10.1 provides that a listed entity must not dispose or agree to dispose of a "substantial asset" to:

- a related party;
- a child entity;
- a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the listed entity;
- an associate of any of the persons referred to above; or
- a person whose relationship with the listed entity or to a person of any of the types referred to above is such that, in ASX's opinion, the issue or agreement should be approved by shareholders.

The granting of an option to acquire constitutes a disposal for the purposes of the Listing Rules.

An asset is a "substantial asset" for the purpose of the ASX Listing Rules if its value, or the consideration to be received, is greater than 5% or more of the listed entity's "equity interests" as set out in the listed entity's latest accounts given to ASX. "Equity interests" refers to the equity position of the Company, as determined in accordance with generally accepted accounting principles. The definition of the term under the Listing Rules is 'the sum of paid up capital, reserves, and accumulated profits or losses, disregarding redeemable preference share capital and outside equity interests, as shown in the consolidated financial statements.

The value of the Company's equity interests as provided in the most recent financial statements given to ASX, being the full year accounts for the twelve months end 30 June 2020 is \$12,700,120. Accordingly, as the proposed consideration under the Amended OJVA, being up to \$4,000,000 in total exploration expenditure commitment and \$250,000 in option fees, exceeds 5% of the Company's equity interests, the proposed Amended OJVA constitutes a disposal of a "substantial asset" for the purpose of the ASX Listing Rules and, therefore, requires the approval of Shareholders under ASX Listing Rule 10.1.3 as Mawson had, at the time of entry into the Amended OJVA, a relevant interest in at least 10% of the Company's Shares. As at the date of this Notice of Meeting, Mawson's relevant interest in the Company is 10.00%.

Resolution 5 seeks the required Shareholder approval of the disposal of an interest in the Whroo Properties to Mawson under the Amended OJVA pursuant to and for the purpose of ASX Listing Rule 10.1. If Resolution 5 is passed, the Company will be able to proceed with the proposed joint venture and Mawson will be entitled to earn a joint venture interest in the Whroo Properties pursuant to the terms of the Amended OJVA. If Resolution 5 is not passed, the Company will be unable to grant Mawson the right to acquire an interest in the Whroo Properties under the Amended OJVA, and the Amended OJVA will not become effective. In the absence of the Amended OJVA becoming effective, it is unlikely that the Company will be able to raise funds for exploration at the Whroo Properties without undertaking capital raising via the issue of equity securities which would have a dilutive effect on Shareholders.

### 5.3. Independent Expert's Report

In accordance with ASX Listing Rule 10.5.10, the Company commissioned PKF Melbourne Corporate Pty Ltd (*Independent Expert*) to prepare an independent report as to whether, in the Independent Expert's opinion, the transaction proposed under the Amended OJVA is fair and reasonable to Shareholders other than Mawson and its associates (*Non-Associated Shareholders*). The Independent Expert has concluded that the Amended OJVA is fair and reasonable to Non-Associated Shareholders, for the reasons set out in the Independent Expert's Report. A copy of the Independent Expert's Report accompanies this Explanatory Memorandum and is set out in Annexure B. The Independent Expert's Report is also available for download from the Company's website at [www.nagambieresources.com.au](http://www.nagambieresources.com.au). Shareholders are urged to read the report in full and seek their own advice if they have any queries.

### 5.4. Material terms of the Amended OJVA

The material terms of the Amended OJVA are as follows:

- Mawson to be granted the following rights, subject to Mawson paying Nagambie \$100,000 and incurring \$400,000 in initial expenditure on the Whroo Properties between 1 September 2020 and 12 months from the effective date of the agreement (*Effective Date*), or paying the amount of any shortfall to Nagambie:
  - a right to earn an initial 25% in the Whroo Properties by incurring an additional \$500,000 in expenditure at the Whroo Properties within 24 months of the Effective Date and paying Nagambie \$50,000 on the Effective Date's second anniversary;
  - a right to earn a further 35% in the Whroo Properties by incurring an additional \$1,600,000 in expenditure at the Whroo Properties within 48 months of the Effective Date and paying Nagambie \$50,000 on each of the Effective Date's third and fourth anniversaries; and
  - subject to the parties electing to form a joint venture on the basis of a 60:40 split, a right to earn a further 10% in the Whroo Properties (resulting in the maximum 70% interest) by incurring an additional \$1,500,000 in expenditure at the Whroo Properties within 72 months of the Effective Date; and
- if the joint venture has not been formed on the basis of the 60:40 split at the election of the parties, a joint venture will automatically form once Mawson has earned its 70% interest, or if Mawson does not earn its 70% interest, a joint venture will automatically form on the basis of a 60:40 split 72 months of the Effective Date.

- (c) the granting of the rights set out above to Mawson is conditional upon the Company obtaining approval for the grant of the options pursuant to Listing Rule 10.1;
- (d) Mawson will be responsible for the management of all exploration activities at the Whroo Properties as operator during the option period and may charge an operator fee equal to 5% of all other expenditures incurred by Mawson; and
- (e) where a joint venture is formed under the Amended OJVA:
  - (i) the joint venture will be managed by a committee comprised of two nominees of each of Nagambie and Mawson;
  - (ii) contributions to funding of approved joint venture programs shall be made in accordance with the proportions of the parties' interests in the joint venture, unless a party elects not to contribute;
  - (iii) where a party elects not to contribute to approved joint venture costs, its interest in the joint venture will be diluted;
  - (iv) if a party's interest in the joint venture is diluted to 5% or less, the interest is deemed to be assigned to the other party in return for the grant of a 1.5% net smelter returns royalty on products produced from the Whroo Properties and sold; and
  - (v) where a royalty is granted to a party whose interest in the joint venture is diluted to 5% or less and assigned to the other party, the royalty may be purchased by the other party within 12 months of commencement of production at the Whroo Properties for a once-off cash payment of \$4,000,000.

#### **5.5. Use of consideration received under the Amended OJVA**

The consideration payable by Mawson under the Amended OJVA consists of \$4,000,000 in expenditure to be incurred on exploration activities at the Whroo Properties, and a total of \$250,000 in fees payable to the Company on the grant and exercise of rights to earn an interest. Funds received by to the Company in respect of payment of fees by Mawson under the Amended OJVA will be applied to the Company's general working capital.

#### **5.6. Timetable for transaction under the Amended OJVA**

The Company and Mawson executed formal documentation in respect of the Amended OJVA on 13 October 2020. The material terms and obligations of the Amended OJVA will become effective and commence on the date that Resolution 5 is approved by Shareholders at the Annual General Meeting.

#### **5.7. Directors' recommendation**

Among other reasons, the Board considers the Amended OJVA to be beneficial for the Company as:

- (a) the Company will not need to raise funds to explore the Whroo Properties;
- (b) it enables exploration on the Whroo Properties to be advanced, while enabling the Company to preserve the Company's cash for the Company's other exploration activities; and
- (c) it provides the Company with access to Mawson's significant technical expertise.

The Board recommends that Shareholders vote in favour of Resolution 5:

- (d) in the absence of a superior proposal; and
- (e) subject to the Independent Expert not having ceased to be of the opinion that the terms of the Amended OJVA are fair and reasonable to Non-Associated Shareholders.

The Chairman intends to vote undirected proxies in favour of Resolution 5.

#### **5.8. Voting exclusion statement**

The Company will disregard any votes cast in favour of Resolution 5 by:

- (a) Mawson; and
- (b) any associates of Mawson; and
- (c) any other person who will obtain a material benefit from the transaction with Mawson (other than a benefit solely by reason of being a holder of Shares in the Company).

However, the Company need not disregard a vote if it is cast by:

- (d) a person as proxy for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and

- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 6. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

### 6.1. ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an eligible entity to issue equity securities up to 10% of its issued share capital (at the time of the issue or the agreement to issue) through placements over a 12 month period after the annual general meeting (*10% Placement Capacity*). The 10% Placement Capacity is in addition to the Company's 15% placement capacity pursuant to Listing Rule 7.1.

The effect of Resolution 6 will be to allow the Directors to issue equity securities under Listing Rule 7.1A during the period of 12 months following the Annual General Meeting without using the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company hereby seeks shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Capacity.

The exact number of equity securities that may be issued pursuant to the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 which provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated as follows:

#### (A x D) – E

Where:

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement to issue:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months;

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are *not* issued with the approval of holders of ordinary securities under rule 7.1 or 7.4.

Any equity securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's equity securities. The Company presently has only one class of quoted securities being fully paid ordinary shares.

If the Company issues any equity securities under the 10% Placement Capacity, the entity must, pursuant to Listing Rules 7.1A.4:

- (a) state in its announcement of the proposed issue or in its application for quotation of the equity securities that the securities are issued under Listing Rule 7.1A; and
- (b) give to the ASX a list of the allottees of the equity securities and the number of equity securities to be allotted to each (but this list is not required to be released to the market).

### 6.2. Minimum Price

The issue price of each such security must be no less than 75% of the volume weighted average price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed; or
- (b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.

### 6.3. Risk of economic and voting dilution of existing ordinary security holders

Number of Shares		\$0.029 per Share	\$0.058 per Share	\$0.116 per Share
499,932,346 being	10% Voting Dilution	49,993,234 Shares	49,993,234 Shares	49,993,234 Shares
Variable A				
	Funds Raised	\$1,449,803	\$2,899,607	\$5,799,215
74,989,8519 being	10% Voting Dilution	74,989,851 Shares	74,989,851 Shares	74,989,851 Shares
a 50% increase in				

<b>Variable A</b>				
	<b>Funds Raised</b>	\$2,174,705	\$4,349,411	\$8,698,822
<b>999,864,692 being</b>	<b>10% Voting Dilution</b>	99,986,469 Shares	99,986,469 Shares	99,986,469 Shares
<b>a 100% increase in</b>				
<b>Variable A</b>				
	<b>Funds Raised</b>	\$2,899,607	\$5,799,215	\$11,598,430

If Resolution 6 is approved and the Company issues equity securities under the 10% Placement Capacity, there is a risk that:

- (a) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Annual General Meeting; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The above table shows the potential dilution of existing ordinary security holders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows two examples of:

- (a) the dilution effects where variable 'A' is the number of Shares on issue, and where variable 'A' is increased by 50% and 100% based on the number of Shares on issue; and
- (b) the dilution effects where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the market price at the close of trade on 29 October 2020.

The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of equity securities available under the 10% Placement Capacity.
- (b) No options are exercised into shares or convertible notes are converted into shares before the date of the issue of equity securities.
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (d) The table does not show examples of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Capacity based on that shareholder's holding at the date of the Annual General Meeting.
- (e) The table shows only the effect of issue of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (f) The issue of equity securities under the 10% Placement Capacity consists only of shares.

#### 6.4. Timing

The Company may only issue equity securities pursuant to the 10% Placement Capacity within 12 months of the date of this Annual General Meeting. Further, the approval will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

#### 6.5. Use of Funds

The Company may use the funds raised from the issue of equity securities pursuant to the 10% Placement Capacity for working capital, for further gold exploration in central Victoria, and to identify and assess potential growth opportunities. The Company is also looking to diversify from the development of various non-gold assets on its freehold land at the Nagambie Mine.

#### 6.6. Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company including but not limited to share purchase plans, rights issues or other issues in which existing securityholders can participate;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice of Meeting, but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

**6.7. Requirements for entities which have previously obtained Rule 7.1A approval**

The total number of equity securities issued by the Company in the 12 months preceding the date of this Annual General Meeting under the 10% Placement Capacity is 44,880,027, which represents 7.88% of the equity securities on issue at the commencement of the 12 month period. The information below is provided in relation to the issue of those securities in accordance with Listing Rule 7.1A.6:

(a) **Number, class and terms of securities issued**

44,880,027 Shares were issued to Mawson Gold Limited on the same terms as other fully paid ordinary shares on issue.

(b) **Issue price**

The 44,880,027 Shares issued under the 10% Placement Capacity were issued at a price of \$0.05 (5.0 cents) per Share, being a 31.6% premium to the closing market price of the Company's shares on the date the issue of the Shares was agreed.

(c) **Use of consideration received**

The consideration received for the issue of the Shares was applied to the Company's subscription for 8,500,000 shares in Mawson Gold Limited.

**6.8. Voting Exclusion Statement**

At the date of this Notice, the Company has not proposed to make an issue of equity securities under the 10% Placement Capacity. No existing Shareholder's votes will therefore be excluded from voting on Resolution 6.

**7. RESOLUTION 7 – ADOPTION OF NEW CONSTITUTION**

**7.1. Background**

Under the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders. The Company's current Constitution was adopted prior to the Company's listing on ASX in 2006. It is proposed that the Company's current Constitution be repealed and replaced with a new Constitution (*New Constitution*), which will incorporate amendments to the Corporations Act and the ASX Listing Rules which have occurred since the adoption of the Company's current Constitution. The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend multiple of specific provisions. The changes to the Company's Constitution which will occur as a result of adopting the New Constitution are generally of an administrative nature. A table summarising the material differences between the current Constitution and the New Constitution is set out in Annexure C. The Directors believe these amendments will not have any significant impact on Shareholders. A copy of the approved New Constitution will be available on the Company's website and at the office of the Company following the Meeting.

**7.2. Board Recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution.7.

## GENERAL NOTES

### Entitlement to Vote

The Company has determined in accordance with Part 7.11 of the Corporations Regulations that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 7:00pm (AEDT) on 28 November 2020.

### Corporate Representatives

For a corporate representative to vote, they will require a Certificate of Appointment of Corporate Representative executed in accordance with the *Corporations Act*.

### Voting

On a poll, every member present in person or by proxy or by attorney or, in the case of a corporation, by duly appointed representative, shall have one vote for every share held.

### Proxies

A member entitled to attend and vote at the Annual General Meeting may appoint one or two persons to attend and vote at the meeting as the member's proxy. If you wish to appoint a second proxy you will need to complete a second form. Automic Registry will provide additional proxy forms upon request.

A proxy need not be a member. If two proxies are appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If the vote split is not specified, it is deemed to be equally divided between the two proxies.

The Proxy Form must be deposited at the share registry of the Company, Automic Registry, at Level 12, 575 Bourke Street, Melbourne, Victoria, 3000 or by mail to GPO Box 5193, Sydney NSW 2000 by no later than 11:00am (AEDT) on 28 November 2020.

Shareholders and their proxies should note that sections 250BB and 250BC of the Corporations Act apply to voting by proxy. In particular:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed;
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll and must vote as directed; and
- (d) if the proxy is not the chair, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote as directed.

If a proxy is also a member, this subsection does not affect the way that the person can cast any votes they hold as a member.

If an appointment of a proxy specifies the way the proxy is to vote on a particular resolution and

- (a) the appointed proxy is not the chair of the meeting;
- (b) at the meeting, a poll is duly demanded on the resolution and either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.



## ANNEXURE A - OPTION TERMS

### 1. Interpretation

- (a) *ASX* means ASX Limited (ACN 008 624 691);
- (b) *Board* means the board of directors of the Company;
- (c) *Business Day* means a day not being a Saturday, Sunday or public holiday, on which banks are generally open for business in Victoria;
- (d) *Corporations Act* means the Corporations Act 2001 (Cth) as amended from time;
- (e) *Listing Rules* means the official listing rules of the ASX;
- (f) *Official List* has the meaning given to that term in the Listing Rules;
- (g) *Option* and *Options* means the options to be issued to the Optionholder on the terms detailed in these Terms of Options;
- (h) *Quotation* has the meaning given to that term in the Listing Rules;
- (i) *Shareholder* and *Shareholders* means a person who owns shares in the capital of the Company, notwithstanding that those shares may not be fully paid; and
- (j) *Shares* means fully paid ordinary shares in the capital of the Company.

### Terms of Options

#### 2. Entitlement

- 2.1. Each Option entitles the Optionholder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- 2.2. Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

#### 3. Exercise of Option

- 3.1. The Options are exercisable at any time from the date of issue.
- 3.2. The final date and time for exercise of the Options is 5pm on the five year anniversary date of the issue of the Options. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.
- 3.3. The exercise price of each Option is the greater of 150% of the Company's last share price immediately preceding the date of issue or \$0.10.
- 3.1. The Options may be exercised in parcels of no less than 100,000 at a time.
- 3.2. Each Option is exercisable by the Optionholder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's share registry.
- 3.3. Remittances must be made payable to 'Nagambie Resources Limited' and cheques should be crossed 'Not Negotiable'.
- 3.4. All Options will lapse on the earlier of the:
  - (a) receipt by the Company of notice from the Optionholder that the Optionholder has elected to surrender the Options;
  - (b) expiry of the final date and time for exercise of the Option as set out in paragraph 7.2;
  - (c) the termination of the Optionholder's engagement with the Company in circumstances which the Board considers to involve fraud, dishonesty or other serious misconduct which would constitute sufficient cause for an employer to dismiss an employee without notice; or
  - (d) unless otherwise determined by the Board, the expiration of 30 days after termination of the Optionholder's engagement with the Company for any other reason other than those detailed in paragraph 3.4(c).
- 3.5. In the event of liquidation of the Company, all unexercised Options will lapse.

#### 4. Quotation

- 4.1. The Company will not apply to the ASX for official quotation of the Options.
- 4.2. If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 business days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

#### 5. Participation in Securities Issues

Subject to paragraph 7.2 below, the holder is not entitled to participate in new issues of securities without exercising the Options.

#### 6. Participation in a Reorganisation of Capital

- 6.1. In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Optionholder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Optionholder which is not conferred on shareholders of the Company.

- 6.2.** In any reorganisation as referred to in paragraph 6.1, Options will be treated in the following manner:
- (a) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
  - (b) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
  - (c) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
  - (d) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
  - (e) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
  - (f) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on shareholders.

## **7. Adjustments to Options and Exercise Price**

**7.1.** Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in paragraph 7.2 to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

**7.2.** The method of adjustment for the purpose of paragraph 7.1 shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

(a) **Pro Rata Cash Issues**

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying securities into which one Option is Exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex-rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(b) **Pro-Rata Bonus Issues**

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

## **8. Takeovers and Schemes of Arrangement**

**8.1.** If during the currency of any Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Shares then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the Optionholder of the offer and from the date of such notification, the Optionholder has 60 days within which to exercise the Options notwithstanding any other terms and conditions applicable to the Options or arrangement. If the Options are not exercised within 60 days after notification of the offer, the Options may be exercised at any other time according to their terms of issue.

**8.2.** If an offer for shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Optionholder will be entitled to exercise Options held by him/her within the period notified by the Company.

## **9. Transfers not permitted**

The Options are not transferable.

**10. Notices**

Notices may be given by the Company to the Optionholder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Optionholder.

**11. Rights to Accounts**

The Optionholder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Optionholder is not a Shareholder, it will not have any right to attend or vote at these meetings.

**ANNEXURE B – INDEPENDENT EXPERT’S REPORT**



28 October 2020

The Directors  
Nagambie Resources Limited  
533 Zanelli Road  
Nagambie VIC 3608

Dear Directors

**Re: Independent Expert's Report**

**1. Introduction**

The directors of Nagambie Resources Limited ("Nagambie" or "NAG" or the "Company") have requested PKF Melbourne Corporate Pty Ltd ("PKF Corporate") to prepare an Independent Expert's Report ("IER") in respect of a proposed transaction that would see the Company enter into an option and joint venture agreement with Mawson Gold Limited ("Mawson").

Mawson is a Canadian resource company listed on the Toronto Stock Exchange and currently holds 10% of the Company's issued capital.

The Australian Securities Exchange (ASX) Listing Rule 10.1 requires that a company obtain shareholder approval at a general meeting when the disposal of a substantial asset is made to a related party or a shareholder holding an interest in at least 10% of the company's voting securities. As Mawson holds 10% of the Company's issued capital, they are considered to be a related party of Nagambie. Accordingly, ASX Listing Rule 10.1 requires that the Company obtain shareholder approval for the proposed transaction.

**2. The Proposed Transaction**

**2.1 Background to the Proposed Transaction**

On 30 January 2020, Nagambie announced that it had signed initial agreements with Mawson to become a strategic partner of the Company. On 24 March 2020, the Company announced that formal agreements had been executed with Mawson to effect the following transactions:

- Subscription by Mawson for 50.0 million fully paid ordinary shares in the Company at an issue price of AU\$0.05 per share which funds were applied to the issue of 8.5 million shares in Mawson to the Company. As a result, Mawson acquired a 10% shareholding in Nagambie, with these shares being escrowed for two years after issue. Subject to certain terms and conditions and amongst other things, Mawson will have a right of first refusal of certain of Nagambie's tenements should it retain its 10% interest in Nagambie, and will be entitled to nominate a director to the board of Nagambie should it increase its shareholding interest in Nagambie to 15%;
- Acquisition by Mawson of the Company's wholly owned subsidiary, Clonbinane Goldfield Pty Ltd ("Clonbinane"), for a consideration of AU\$500,000 plus 1.0 million shares in Mawson. Mawson will also cover the cost of Clonbinane's environmental bond totalling AU\$28,000; and

- Separate option agreements pursuant to which Mawson was granted options to earn up to a 70% interest in Nagambie's Redcastle exploration license ("Redcastle License") and Doctors Gully retention licence ("Doctors Gully Licence") by spending the next AU\$1.0 million on exploration, and to enter into a joint venture with Nagambie in respect of these licences.

For each of the Redcastle License and the Doctors Gully Licence, Mawson is to spend:

- AU\$100,000 in the first year for no interest; and then subsequently spend cumulative amounts of
- AU\$250,000 to earn 25%;
- AU\$500,000 to earn 50%; and
- AU\$1.0 million to earn 70%.

Once Mawson has earned a 70% interest in these licences, Nagambie could then contribute its remaining 30% share of future expenditure or dilute to a 5% interest or less over time and instead have a 1.5% net smelter return royalty on gold revenue. Mawson will also have the right to acquire the tenement royalties for AU\$4.0 million for each license.

The above details regarding the option agreements with respect to the Redcastle License and the Doctors Gully Licence as announced on 24 March 2020 is referred to as the "Original Option Agreement" in the balance of this report.

## **2.2 Proposed Resolution to be Approved by Shareholders**

Nagambie is seeking shareholder approval at the forthcoming General Meeting ("GM"). The Notice of General Meeting (the "Notice") requires the shareholders to vote on the following ordinary resolution:

Resolution 5: Option and Joint Venture Agreement with Mawson Gold Limited

*"That, for the purposes of ASX Listing Rule 10.1 and for all other purposes, approval be given for the disposal by the Company of an interest in the Whroo Properties to Mawson Gold Limited in accordance with the terms of the Amended Option and Joint Venture Agreement."*

We have been requested to provide an opinion on whether Resolution 5 is fair and reasonable to the Non-Associated Shareholders and we refer to this transaction as the Proposed Transaction (the "Proposed Transaction") in the balance of this report.

## **2.3 Summary of the Proposed Transaction**

On 14 October 2020, Nagambie announced that it had entered into an Option/Joint Venture agreement with Mawson (the "Whroo JV"). The Whroo JV, if approved by shareholders of Nagambie, expands on the surrounding licenses in exploration acreage of the Doctors Gully Licence (collectively referred to as the "Whroo Properties").

The effective date of the Whroo JV will be when Nagambie obtains the necessary approvals under the ASX Listing Rules and Mawson obtains the necessary approvals from the Toronto Stock Exchange (TSX) to effect the Whroo JV.

The consideration and terms of the Whroo JV consist of Mawson paying Nagambie an upfront cash payment of AU\$100,000, upon shareholder approval, to earn no interest in the Whroo Properties and then subsequently spending minimum amounts with respect to the Whroo Properties and paying additional amounts to Nagambie. We have set out below the earn in terms under the Whroo JV.

- To earn an initial 25% interest in the Whroo Properties, Mawson must:
  - spend AU\$400,000 on or before 12 months from the effective date;
  - spend an additional AU\$500,000 resulting in aggregate expenditures of AU\$900,000 on or before 24 months after the effective date; and
  - pay AU\$50,000 to Nagambie on the second anniversary of the effective date.
- To earn an additional 35% interest in the Whroo Properties (60% interest in total), Mawson must:
  - spend an additional AU\$1.6 million resulting in aggregate expenditures of AU\$2.5 million on or before 48 months after the effective date; and
  - pay AU\$50,000 to Nagambie on the third and fourth anniversary (total AU\$100,000) of the effective date.

If Mawson does not meet the required expenditures set out above and in order for Mawson to achieve the respective interest ownership in the Whroo Properties, it must pay to Nagambie any shortfall on the day by which the requisite expenditures are required to be made.

Once Mawson has earned a 60% interest in the Whroo Properties, Nagambie has the option to call for the formation of a 60:40 Joint Venture and begin contributing its pro-rata share of ongoing expenditure under the Whroo JV. If Nagambie does not exercise this option, Mawson then has the option to:

- call for the formation of a 60:40 Joint Venture; or
- to earn an additional 10% interest in the Whroo Properties (70% interest in total), Mawson must spend an additional AU\$1.5 million resulting in aggregate expenditures of AU\$4.0 million on or before 72 months after the effective date. This will result in the formation of a 70:30 Joint Venture.

(collectively referred to as the “Option”).

If Nagambie does not contribute its pro-rata share of ongoing expenditure under the Whroo JV, its interest reduces based on a standard dilution formula. If Nagambie is diluted to a 5% interest or less in the Whroo Properties, it would be deemed to have no interest in the Whroo JV and instead have a 1.5% net smelter return royalty on gold revenue. At this point, Mawson will have a once-off right to acquire the royalty for AU\$4.0 million within 12 months of commencement of gold production (the “Right”).

Mawson currently holds 10% of Nagambie’s voting securities. If the shareholders of Nagambie approve the Proposed Transaction, the quantum of the consideration payable to Nagambie and expenditure which Mawson has agreed to incur on exploration on the Whroo Properties under the Proposed Transaction exceed 5% of the value of Nagambie’s equity interests.

The Directors of Nagambie have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise the shareholders whether the Proposed Transaction is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders (all shareholders entitled to vote on the Proposed Transaction).

### 3. Summary opinions

In our opinion, the Proposed Transaction is **fair and reasonable to the Non-Associated Shareholders**. Our principal reasons for reaching this opinion are:

#### Fairness

- In Section 7 of this report, we assessed the value of the Whroo Properties that Nagambie may dispose of to be AU\$342,500 (based on a 25% interest) or AU\$822,000 (based on a 60% interest);
- In Section 8 of this report, we assessed the value of the consideration being offered by Mawson to be AU\$825,000 (based on a 25% interest) or AU\$1.25 million (based on a 60% interest). It should be noted that the consideration being offered in return excludes the Option and the Right as these values are not able to be assessed at this point in time; and
- As the value of the Whroo Properties that Nagambie may dispose of (AU\$342,500 or AU\$822,000) is less than the consideration being offered by Mawson (AU\$825,000 or AU\$1.25 million), we have concluded that the Proposed Transaction is **fair**.

#### Reasonableness

The reasons for assessing the Proposed Transaction as **reasonable** are:

- In Section 9 of this report, we assessed the Proposed Transaction as being fair.
- In Section 7.3 of this report, we analysed the share price of Nagambie before and after the announcement of the Proposed Transaction. We observed that there is no evidence that the share market has viewed the transaction as either favourable or unfavourable for the Nagambie shareholders.
- If Shareholders do not approve the Proposed Transaction, Nagambie will need to seek alternative funding to contribute to the exploration and development of the Whroo Properties which may be on less favourable terms.
- If Shareholders approve the Proposed Transaction and all other conditions precedent are met, this will consolidate the support of Mawson, as an international gold explorer, as a strategic partner and shareholder of Nagambie and provide additional level of financial support and technical expertise which may add further market confidence and provide additional shareholder value for Nagambie's shareholders. However, if shareholders do not approve the Proposed Transaction, this may discourage Mawson from continuing its support of Nagambie.
- There is a high degree of risk in entering into joint venture agreements as the obligations of the other parties may not be completed due to an incapacity to fulfill their contractual obligations and/or disagreements on exploration and development programs.
- Assuming exploration activities on the Whroo Properties are advanced and gold production is commercially successful, there is significant upside for Nagambie if it chooses to retain an interest in the Whroo Properties or receive a 1.5% royalty.
- If shareholders approve the Proposed Transaction, Nagambie's interest in the Whroo Properties may be diluted.



#### 4. Structure of this report

The remainder of this report is divided into the following sections:

<u>Section</u>		<u>Page</u>
5	Purpose of the report	6
6	Whroo Properties - key information	8
7	Assessment of the value of the Whroo Properties to be disposed of by Nagambie	9
8	Assessment of the value of the consideration receivable	14
9	Assessment as to Fairness	15
10	Assessment as to Reasonableness	15
11	Assessment as to Fairness and Reasonableness	15
12	Financial Services Guide	16
 <u>Appendix</u>		
A	Sources of Information	18
B	Declarations, Qualifications and Consents	19
 <u>Attachment</u>		
1	MCD Geo Pty Ltd Independent Technical Specialist Report	

## 5. Purpose of the report

This report has been prepared to meet the following regulatory requirements:

- **ASX Listing Rules 10.1 and 10.2**

Listing Rules 10.1 and 10.2 require a company to obtain shareholder approval at a general meeting when the disposal or acquisition of a substantial asset, which has a value in excess of 5% of the shareholders' funds, as set out in the latest financial statements given to the ASX, is to be made to or from:

- (a) a related party;
- (b) a subsidiary;
- (c) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;
- (d) an associate of a person referred to in paragraphs (i), (ii) or (iii) above; or
- (e) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

As

- Mawson holds 10% of the ordinary shares in Nagambie; and
- the value of the Proposed Transaction exceeds 5% of the equity interest of Nagambie as set out in the latest financial statements given to the ASX (5% x total equity of AU\$12,700,120 as at 30 June 2020 = AU\$635,006);

Listing Rule 10.1 will apply to the Proposed Transaction.

- **ASIC Regulatory Guides**

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

**RG 111 – Content of Expert Reports (“RG111”)**

RG 111.55 Generally, ASIC expects an expert who is asked to analyse a related party transaction to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members. This analysis is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under ASX Listing Rule 10.1.

RG 111.53 When analysing related party transactions, it is important that an expert focuses on the substance of the related party transaction, rather than the legal mechanism. For example, where a related party transaction is made up of a number of separate components, the expert should consider the overall effect of the related party transaction.

RG 111.56 Where an expert assesses whether a related party transaction is ‘fair and reasonable’ (whether for the purposes of Ch 2E or ASX Listing Rule 10.1), this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is ‘fair’ and ‘reasonable’, as in a control transaction. An expert should not assess whether the transaction is ‘fair and reasonable’ based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this provides members with sufficient valuation information. See Regulatory Guide 76 Related party transactions (RG 76) at RG 76.106–RG 76.111 for further details.

RG 111.57 A proposed related party transaction is ‘fair’ if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made:

- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length;

- **General**

The terms “fair” and “reasonable” are not defined in the Corporations Act 2001, however, guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

Fairness	the Proposed Transaction is “fair” if the value of the interest in the Whroo Properties that Nagambie may dispose of is equal to or less than the consideration being offered by Mawson.
Reasonableness	the Proposed Transaction is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, we consider that the advantages of proceeding with the Proposed Transaction outweigh the disadvantages of proceeding.

What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as follows:

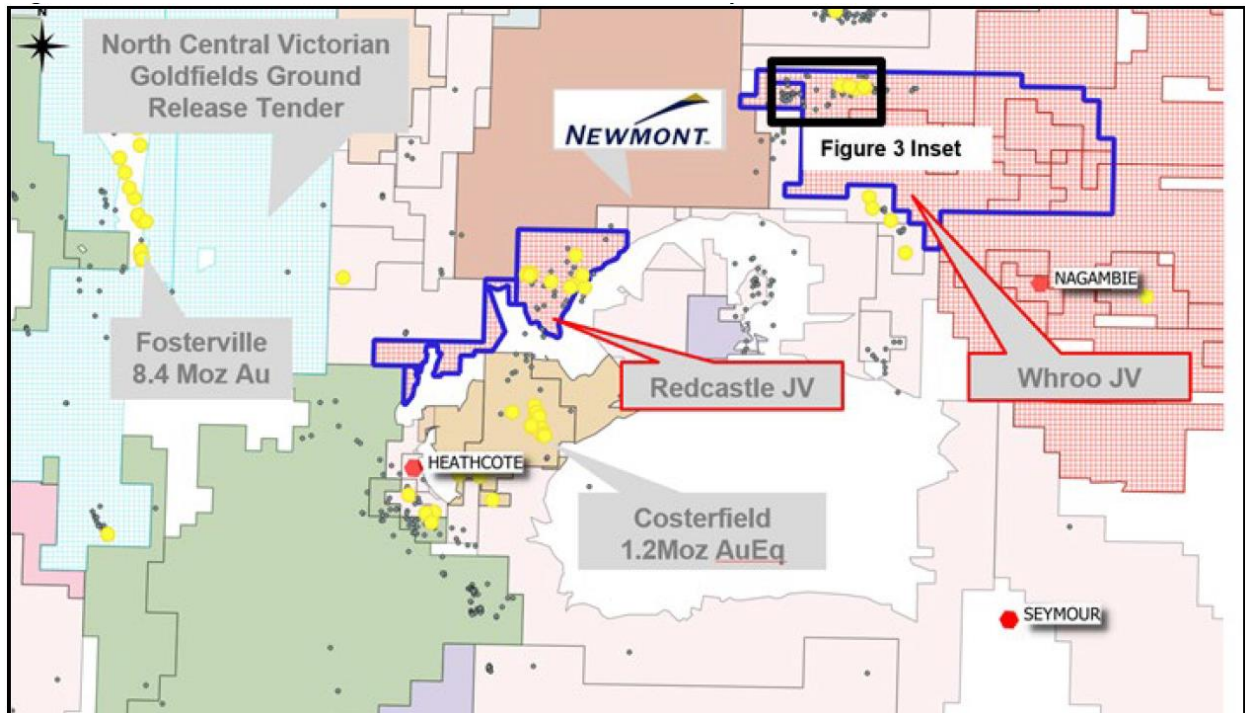
- (i) In determining whether the Proposed Transaction is fair, we have:
  - assessed the value of the Whroo Properties to be disposed of by Nagambie;
  - assessed the value of the consideration being offered by Mawson; and
  - compared the value of the Whroo Properties to be disposed of by Nagambie with the value of the consideration being offered by Mawson.
- (ii) In determining whether the Proposed Transaction is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Transaction.

## 6. Whroo Properties - key information

6.1 The Whroo Properties cover a 199 square kilometre area of Nagambie’s gold tenements in the Waranga Domain, the northern portion of the Melbourne Zone in Victoria and comprise of seven licences - four granted exploration licences, two exploration licence applications and one granted retention licence. The Whroo Properties are presently owned wholly by Nagambie, through its wholly owned subsidiary, Nagambie Developments Pty Ltd.

6.2 Below is a map showing the location of the Whroo Properties as part of the Whroo JV.

Figure 1



Source: ASX

6.3 We have summarised below the seven licences that form part of the Whroo Properties and the respective past exploration costs attributed to each up to 30 June 2020.

Table 1

Nagambie Resources Ltd Whroo Properties	Licence Number	Size sq km	Expenditure AU\$
Doctors Gully	RL2019	4	213,554.52
Rushworth	EL6158	46	56,294.90
Reedy Lake	EL6212	17	34,410.21
Angustown	EL7205	69	2,192.30
Goulbourn West	EL7209	34	2,159.30
Kirwans North 1	ELA7237	20	4,351.60
Kirwans North 2	ELA7238	9	4,351.60
		199	317,314.43

Source: Nagambie

6.4 Further detailed information in relation to the Whroo Properties held by Nagambie is provided in the MCD Geo Pty Ltd (“MCD”) Independent Technical Specialist Report (see Attachment 1 of this report).

## **7. Assessment of the value of the Whroo Properties to be disposed of by Nagambie**

### **7.1 Value definition**

PKF Corporate's valuation of the Whroo Properties to be disposed of by Nagambie is on the basis of 'fair market value', defined as:

*'the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.*

### **7.2 Valuation methodologies**

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

### **7.3 Share price history**

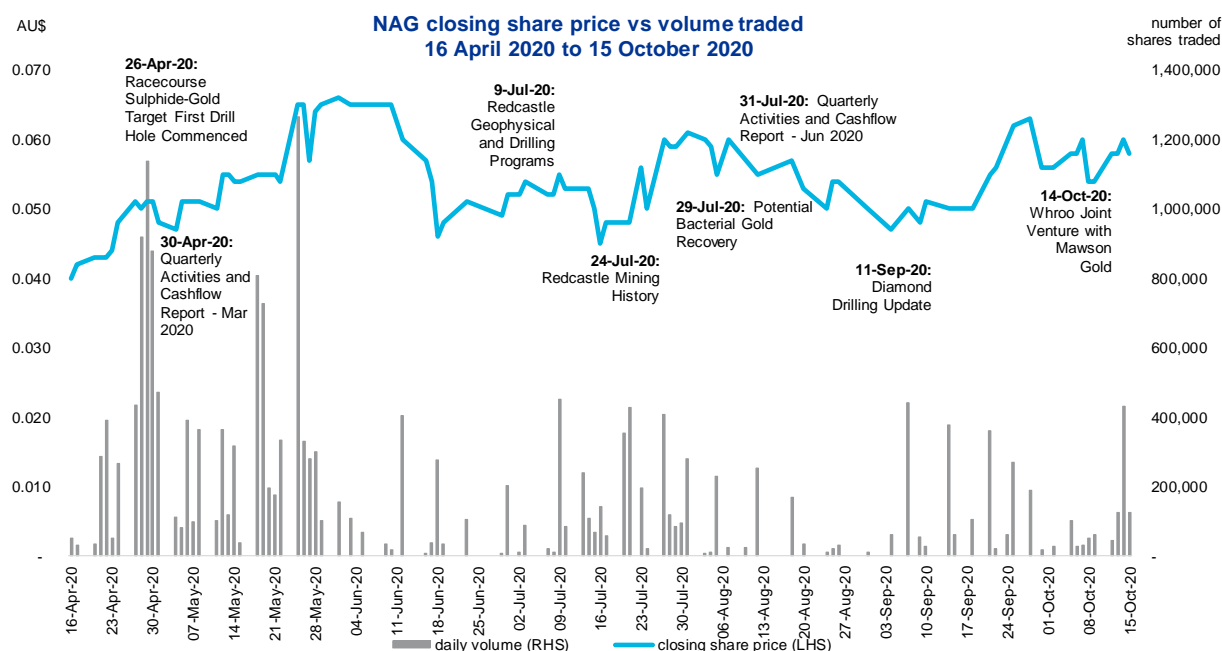
7.3.1 The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction.

7.3.2 As the share price history of Nagambie will incorporate all exploration activities regarding all of the mineral assets it holds an interest in, we consider that the share price history is not an appropriate methodology to use to value the interest to be disposed by Nagambie in the Whroo Properties.

7.3.3 Whilst it is not possible to value the assets being sold by reference to the share price history, we note that the Proposed Transaction was announced on the ASX on 14 October 2020 and the share market has had an opportunity to evaluate the Proposed Transaction.

7.3.4 We have set out below a graph showing the recent daily closing share price and volume of Nagambie shares as well as a selection of market sensitive announcements on the ASX.

Graph 1



Source: ASX, PKF Corporate analysis

7.3.5 As can be seen from the graph above, Nagambie’s share price did not have any material change in price although there was an increase in trading volume following the announcement of the Proposed Transaction.

7.3.6 Whilst it is not possible to place a value on the interest in the Whroo Properties being disposed of by Nagambie by reference to the share price, there is evidence that the share market has neither viewed the transaction as materially favourable or unfavourable for the Nagambie shareholders at this point in time.

## 7.4 Capitalisation of future maintainable earnings

7.4.1 Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

7.4.2 As the Proposed Transaction relates to exploration assets that are at an exploration stage, we consider that the capitalisation of maintainable earnings methodology is not an appropriate methodology to use to value the interests in the Whroo Properties to be disposed of by Nagambie.

## 7.5 Net present value of future cash flows

- 7.5.1 An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.
- 7.5.2 As the Proposed Transaction relates to exploration assets that are at an exploration stage, the interest to be disposed by Nagambie in the Whroo Properties cannot be valued using the net present value of future cash flows methodology as there is insufficient certainty that any cash flows can be derived from these assets.

## 7.6 Asset based methods

- 7.6.1 This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realization costs.

On review of Nagambie's statement of financial position as at 30 June 2020, the book value of its assets did not separately attribute any value to the Whroo Properties. As set out in Section 6.3 of this report, the past exploration costs in respect of the Whroo Properties total approximately AU\$317,000 however they may not represent the market value of the Whroo Properties and, as such, we have engaged MCD<sup>1</sup> to assist us in assessing the value of the Whroo Properties. A full copy of the MCD technical valuation report is set out as Attachment 1 to this report.

We have reviewed the MCD technical valuation report and summarised the valuation ranges in the table below ascribed to the Whroo Properties.

Table 2

Nagambie Resources Ltd Technical values	Low AU\$	Preferred AU\$	High AU\$
Whroo Properties	796,000	1,370,000	2,150,000

Source: MCD

MCD's valuation of the Whroo Properties is on a 100% basis. The Proposed Transaction, if approved may see Nagambie dispose up to 60% of its interest in the Whroo Properties to Mawson.

<sup>1</sup> MCD Geo Pty Ltd is an independent private consulting company which has been providing consulting services to the international and local mining industry since 2005.

The assessed value of the interest that may be disposed by Nagambie, if shareholders approve the Proposed Transaction, is set out in the table below.

Table 3

Nagambie Resources Ltd	Cumulative	Low	Preferred	High
Assessment of the value of the interest to be disposed	Interest	AU\$	AU\$	AU\$
<b>Whroo Properties</b>				
Assessed value by MCD (100% basis)		796,000	1,370,000	2,150,000
Value of interest to be disposed of by Nagambie	<b>25.0%</b>	199,000	<b>342,500</b>	537,500
Value of interest to be disposed of by Nagambie	<b>60.0%</b>	477,600	<b>822,000</b>	1,290,000

Source: MCD report, PKF Corporate analysis

As can be seen from the above table, the value of the interest to be disposed by Nagambie in the Whroo Properties, if shareholders approve the Proposed Transaction and dependent on Mawson achieving certain milestones, may be up to AU\$822,000 as represented by the preferred value when a 60% interest is disposed of by Nagambie.

In addition to the above, if Nagambie chooses not to remain at a 40% interest in the Whroo Properties, Mawson may exercise the Option to achieve a 70% interest in the Whroo Properties by spending an additional AU\$1.5 million. If Mawson earns a 70% interest in the Whroo Properties and if Nagambie does not contribute to ongoing expenditure under the Whroo JV, Nagambie will end up with a royalty on gold revenue. At this point, Mawson may exercise the Right to acquire the royalty for AU\$4.0 million.

The Option and the Right components of the Proposed Transaction merely provide an option to Mawson and we have considered how a value of the Option and the Right can be assessed, given that:

- the Option is unlikely to be exercised until after the committed expenditure towards exploration activities at the Whroo Properties are expended and exploration results are known; and
- the Right is unlikely to be exercised until the future production of gold from the Whroo Properties is better understood.

We have not been able to objectively assess a commercial value of the Option and the Right.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Given Nagambie's support from Mawson and the Original Option Agreement in respect to advancing the exploration activities, we do not consider that an orderly realisation of the Whroo Properties is an appropriate valuation methodology to use in assessing the value of the interest held by Nagambie in the Whroo Properties at this point in time.



(c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

We consider that this methodology is an inappropriate valuation methodology to use as Nagambie has existing cash resources, support from Mawson and the Original Option Agreement in respect to advancing the exploration activities of the Whroo Properties.

## 7.7 Comparable market transactions

7.7.1 Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

7.7.2 As mentioned in Section 2.1 of this report, Nagambie entered into separate agreements with Mawson with respect to the Redcastle License and the Doctors Gully Licence which form part of the Whroo Properties. We understand that these agreements were negotiated on an arms-length basis and we are not aware of any significant events or circumstances which may have altered the underlying value of these agreements. Accordingly, we consider that these agreements provide a direct comparability to the Proposed Transaction. Accordingly, this valuation methodology has been utilised by MCD in forming their opinion set out in Section 7.6.1 of this report which we have relied upon.

## 7.8 Alternate acquirer

7.8.1 The value that an alternative offeror may be prepared to pay to acquire an interest in the Whroo Properties is a relevant valuation methodology to be considered.

7.8.2 We are not aware of any alternative proposals received to acquire an interest in the Whroo Properties and we can see no reason as to why an offer would be initiated at this time without the consent and support of Mawson and the shareholders of Nagambie.

## 7.9 Conclusion

7.9.1 Under the net asset based valuation method, we have concluded that the value of the interest in the Whroo Properties that Nagambie may dispose of, if shareholders approve the Proposed Transaction, is based on the preferred values derived from the MCD report and represent a range of **AU\$342,500 (25% interest) and AU\$822,000 (60% interest)**.

7.9.2 We have not placed any value on the Option and the Right as we have not been able to objectively assess their commercial value.

## 8. Assessment of the value of the consideration receivable

8.1 As described in Section 2.3 of this report, the consideration to be received by Nagambie comprises of cash payments and committed exploration expenditure. The assessed value of the consideration receivable by Nagambie based on the interest to be disposed of by Nagambie in the Whroo Properties is set out in the table below.

Table 4

Nagambie Resources Ltd		Interest to be disposed by Nagambie		
Assessment of the value of the consideration receivable	note	0.00%	25.00%	60.00%
Cash consideration		AU\$100,000	AU\$50,000	AU\$100,000
Total cumulative cash consideration		AU\$100,000	AU\$150,000	AU\$250,000
Minimum expenditure	1	AU\$400,000	AU\$500,000	AU\$1,600,000
Total cumulative minimum expenditure		AU\$400,000	AU\$900,000	AU\$2,500,000
Nagambie's interest to be retained		100.00%	75.00%	40.00%
Nagambie's interest in cumulative minimum expenditure	2	AU\$400,000	AU\$675,000	AU\$1,000,000
<b>Total consideration receivable</b>		<b>AU\$500,000</b>	<b>AU\$825,000</b>	<b>AU\$1,250,000</b>

Source: ASX

Note 1: Minimum exploration expenditure to be incurred by Mawson of which any shortfall amounts are to be satisfied by a cash payment direct to Nagambie.

Note 2: The value of Nagambie's interest in past expenditure committed by Mawson will decrease pro rata to its interest held at each point in time. Accordingly, the effect of Mawson meeting its conditions at each stage is that Nagambie will benefit from past exploration as to its remaining interest held at each stage. On this basis, we have assessed the total consideration receivable by Nagambie to include its respective interest in the cumulative minimum expenditure at any point in time, plus the cash received directly from Mawson.

8.2 Whilst the above table shows that Nagambie may receive total consideration of up to AU\$1.25 million, it should be noted that additional potential benefits to be received by Nagambie include the free carry of any costs above the minimum committed expenditures as well as a royalty equal to 1.5% of gold revenue should Mawson not exercise the Final Right. We have not included these benefits in the above table as:

- the Option is unlikely to be exercised until after the committed expenditure towards exploration activities at the Whroo Properties is expended and exploration results are known; and
- no value can be ascribed to the royalty entitlements as these will only be received if the Right is not exercised and there is no basis at present for estimating the ultimate production of gold. The Right is unlikely to be exercised until the future production of gold from the Whroo Properties is better understood.

8.3 The above means that if the Propose Transaction is approved by shareholders, Nagambie may receive up to AU\$1.25 million. Any additional consideration that may be receivable by Nagambie if Mawson exercised the Option and the Right is not able to be assessed at this point in time. We have therefore not included any consideration that Nagambie may receive in respect of the Option and the Right in our assessment of the value of the consideration.

8.4 We have concluded that the value of the consideration to be received by Nagambie from the Proposed Transaction is **AU\$825,000 in respect of disposing a 25% interest** in the Whroo Properties or **AU\$1.25 million in respect of disposing a 60% interest** in the Whroo Properties.

## 9. Assessment as to Fairness

- 9.1 The Proposed Transaction is “fair” if the value of the interest in the Whroo Properties that Nagambie may dispose of is equal to or less than the consideration being offered by Mawson.
- 9.2 In Section 7 of this report, we assessed the value of the Whroo Properties that Nagambie may dispose of to be AU\$342,500 (based on a 25% interest) or AU\$822,000 (based on a 60% interest).
- 9.3 In Section 8 of this report, we assessed the value of the consideration being offered by Mawson to be AU\$825,000 (based on a 25% interest) or AU\$1.25 million (based on a 60% interest). It should be noted that the consideration being offered in return excludes the Option and the Right as these values are not able to be assessed at this point in time.
- 9.4 As the value of the Whroo Properties that Nagambie may dispose of (AU\$342,500 or AU\$822,000) is less than the consideration being offered by Mawson (AU\$825,000 or AU\$1.25 million), we have concluded that the Proposed Transaction is **fair**.

## 10. Assessment as to Reasonableness

- 10.1 Prior to deciding whether to approve or reject the Proposed Transaction, the shareholders of Nagambie should also consider the following significant factors:
- In Section 9 of this report, we assessed the Proposed Transaction as being fair.
  - In Section 7.3 of this report, we analysed the share price of Nagambie before and after the announcement of the Proposed Transaction. We observed that there is no evidence that the share market has viewed the transaction as neither favourable nor unfavourable for the Nagambie shareholders.
  - If Shareholders do not approve the Proposed Transaction, Nagambie will need to seek alternative funding to contribute to the exploration development of the Whroo Properties which may be on less favourable terms.
  - If Shareholders approve the Proposed Transaction and all other conditions precedent are met, this will consolidate the support of Mawson, as an international gold explorer, as a strategic partner and shareholder of Nagambie and provide additional level of financial support and technical expertise which may add further market confidence and provide additional shareholder value for Nagambie’s shareholders. However, if shareholders do not approve the Proposed Transaction, this may discourage Mawson from continuing its support of Nagambie.
  - There is a high degree of risk in entering into joint venture agreements as the obligations of the other parties may not be completed due to an incapacity to fulfill their contractual obligations and/or disagreements on exploration and development programs.
  - Assuming exploration activities on the Whroo Properties are advanced and gold production is commercially successful, there is significant upside for Nagambie if it chooses to retain a 30% interest in the Whroo Properties or receive a 1.5% royalty.
  - If shareholders approve the Proposed Transaction, Nagambie’s interest in the Whroo Properties may be diluted.
- 10.2 Based on the above, we consider that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and for this reason, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Nagambie.

## 11. Assessment as to Fairness and Reasonableness

After considering the above matters, we have concluded that the Proposed Transaction is **fair and reasonable to the Non-Associated Shareholders**.

## **12. Financial Services Guide**

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

### **12.1 PKF Corporate**

PKF Corporate holds Australian Financial Services Licence No. 222050, authorising it to provide general financial product advice in respect of securities to retail and wholesale investors.

### **12.2 Financial Services Offered by PKF Corporate**

PKF Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

### **12.3 General Financial Product Advice**

In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

### **12.4 Independence**

At the date of this report, none of PKF Corporate, Mr Paul Lom, Mr Steven Perri nor Mr Stefan Galbo have any interest in the outcome of the Proposed Transaction, nor any relationship with Nagambie, Mawson and associated entities or any of their directors.

Drafts of this report were provided to and discussed with the management of Nagambie and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with Nagambie that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

PKF Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

## 12.5 Remuneration

PKF Corporate is entitled to receive a fee of approximately AU\$26,000 for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

## 12.6 Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints should be in writing and sent to the Complaints Officer, PKF Corporate at level 12, 440 Collins Street, Melbourne VIC 3000.

PKF Corporate will make every effort to resolve a complaint within 45 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne VIC 3000.

Yours faithfully

**PKF Melbourne Corporate Pty Ltd**



**Paul Lom**  
Director



**Steven Perri**  
Director

## **Nagambie Resources Limited**

### **Sources of Information**

The key documents we have relied upon in preparing this report are:

- Nagambie's Annual Report – 30 June 2020;
- Nagambie's draft resolution relating to the Proposed Transaction for the purpose of the Notice of General Meeting and Explanatory Memorandum;
- MCD Geo Pty Ltd Independent Technical Specialist report dated 12 October 2020;
- Amended and Restated Option Agreement between Nagambie and Mawson dated 13 October 2020;
- Research data from publicly accessible web sites in particular Nagambie's ASX announcements; and
- Discussions with the management of Nagambie.

**Nagambie Resources Limited****Declarations, Qualifications and Consents****1. Declarations**

This report has been prepared at the request of the Directors of Nagambie pursuant to Chapter 10 of the ASX Listing Rules to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

**2. Qualifications**

Mr Paul Lom, director of PKF Corporate, and Mr Stefan Galbo, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist) with more than 40 years of experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

Mr Galbo is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist). He has been responsible for the preparation of valuation reports relating to shares, businesses, options and performance rights and intellectual property for the purpose of acquisitions, divestments, litigation, taxation and capital reconstruction.

Mr Steven Perri, a director of PKF Corporate reviewed this report. Mr Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

**3. Consent**

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.



# **TECHNICAL VALUATION OF THE WHROO JV ASSETS**

of

## **NAGAMBIE RESOURCES LIMITED**

Job No. 20\_10\_M  
Doc No. 20201008 ITR  
Nagambie.Docx  
Date: October 2020  
Prepared by: M Conan-Davies

MCD Geo Pty Ltd  
25 Albion Street  
Surrey Hills VIC 3127  
Tel +61 418 901 731





## EXECUTIVE SUMMARY

---

PKF Melbourne Corporate Pty Ltd (PKF) has commissioned MCD Geo Pty Ltd (**MCD Geo**) to prepare an Independent Technical Report and Valuation Report (**Report**) of the Whroo Tenements owned by Nagambie Resources Limited (**Nagambie**).

Nagambie is proposing to enter into an option and joint venture agreement over the Whroo assets (**Proposed Transaction**) with Mawson Gold Limited, a gold exploration and development company listed on the Toronto Stock Exchange (**Mawson**), which currently holds 10.0% of Nagambie's issued capital.

The ASX has advised under listing rule 10.1 that disposal of a substantial asset to a substantial (10% or more) shareholder requires shareholder approval. To make an informed decision on the fairness and reasonableness of the proposed agreement an Independent Expert Report (**IER**) containing the opinion of an independent geologist as to the value of the Whroo Properties is required.

The Whroo Assets consist of the following 100% Nagambie owned tenements:

- Four granted exploration licences - EL6158 (Rushworth, 46 sq km), EL6212 (Reedy Lake, 17 sq km), EL7205 (Angustown, 69 sq km) and EL7209 (Goulburn West, 34 sq km);
- Two exploration licence applications - ELA7237 (Kirwans North 1, 20 sq km) and ELA7238 (Kirwans North 2, 9 sq km); and
- One granted retention licence - RL2019 (Doctors Gully, 4 sq km).

A technical review was completed using the project data supplied by Nagambie that included: detailed tenement schedules, historical exploration expenditure, technical reports relating to the assets and the conceptual exploration targeting strategy.

The projects were classified as a combination of “Early Stage” and “Advanced Exploration Stage” projects under the JORC 2012 and VALMIN guidelines for project description.

### Valuation Opinion

Based on an assessment of technical factors, and utilising a combination of valuation methodologies including

- Prospectivity Enhancement Method,
- Kilburn Geoscience Rating method,
- Comparable transactions including previous transactions by Mawson,
- Comparable Enterprise value

The technical valuation of the Whroo project is as follows:

**MCD Geo preferred technical value for the Whroo assets is**

**\$1.4 M**

Within the range of \$0.8M and 2.2M

***The valuation is effective on 12<sup>th</sup> October, 2020.***



The valuation summary is shown in the table below with preferred valuation methods and values highlighted.

Method	Total Valuation			Per Square km Valuation		
	Lo	Preferred	High	Lo	Pref	High
Mawson prev. Trans <sup>ts</sup>	1,080,000	2,510,000	3,790,000	5,427	12,613	19,045
Geoscience Valuation	1,800,000	2,080,000	2,380,000	9,045	10,452	11,960
<b>Comparable Transactions</b>	<b>370,000</b>	<b>1,370,000</b>	<b>2,150,000</b>	<b>1,859</b>	<b>6,884</b>	<b>10,804</b>
<b>Comparable Enterprise Value</b>	<b>796,000</b>	<b>1,170,000</b>	<b>1,550,000</b>	<b>4,000</b>	<b>5,879</b>	<b>7,789</b>
Prospectivity Exploration Multiple	420,000	620,000	820,000	2,111	3,116	4,121

A handwritten signature in blue ink, appearing to read 'Michael', with a stylized flourish at the end.

**M Conan-Davies**  
Principal  
**MCD GEO PTY LTD**



## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<b>ii</b>
<b>1 INTRODUCTION</b> .....	<b>6</b>
1.1 Commission and Scope.....	6
1.2 Applicability of the VALMIN Code and JORC Guidelines .....	6
1.2.1 Background.....	6
1.2.2 Relevant Extracts.....	6
1.3 Independence, Qualifications and Experience .....	7
1.4 Disclaimer .....	7
<b>2 Whroo PROJECT TECHNICAL SUMMARY</b> .....	<b>8</b>
2.1 Project Location .....	8
2.2 Tenure .....	9
2.3 Geology .....	10
2.3.1 Regional Geology .....	10
2.3.2 Local Geology.....	11
2.3.3 Murray Basin Cover Depth .....	12
2.3.4 Geophysics .....	13
2.3.5 Exploration History and Mining.....	13
2.3.6 Doctors Gully .....	13
2.3.7 Mineral Resource – Doctors Gully.....	14
<b>3 VALUATION</b> .....	<b>15</b>
3.1 Background.....	15
3.1.1 Mineral Asset Classification.....	15
3.1.2 Valuation Approaches .....	15
3.2 Yardstick Order of Magnitude Check.....	16
3.3 Market Approaches .....	17
3.3.1 Comparable JV & Sale Transactions.....	17
3.3.2 Comparable Enterprise Value .....	18
3.4 Cost Based Valuations .....	20
3.4.1 Historic Exploration Expenditure Method .....	20
3.4.2 Geoscience Factor Rating .....	22
<b>4 VALUATION SUMMARY</b> .....	<b>24</b>
4.1.1 Technical Valuation Overview .....	24
4.1.2 Technical Valuation Ranges and Preferred Value .....	24
<b>5 References</b> .....	<b>25</b>
<b>6 Glossary</b> .....	<b>27</b>

## TABLE INDEX

Table 2-1 :	Whroo Project Tenure Plan .....	9
Table 2-2:	Tenure Details – Whroo JV .....	9
Table 3-1:	VALMIN Preferred Valuation Method by Project Status.....	16
Table 3-2:	Yardstick order of magnitude valuation check Doctors Gully .....	17
Table 3-3:	Comparable 3 <sup>rd</sup> Transactions Valuation - Whroo JV.....	18
Table 3-4:	Comparable Mawson Transaction Valuations .....	18
Table 3-5:	Comparable Exploration Company EVs and Land Values .....	19
Table 3-6:	Enterprise Value based valuation - Whroo JV .....	19
Table 3-7:	Prospectivity Enhancement Multiplier(PEM) factors .....	20



Table 3-8:	Exploration Expenditure Multiple Valuation .....	21
Table 3-9:	Estimation of Victorian Base Acquisition Cost (BAC) .....	22
Table 3-10:	Geoscience Factor Ranking.....	23
Table 4-1:	Whroo JV – Technical Valuation Summary.....	24

## **FIGURE INDEX**

---

Figure 2-1:	Whroo Joint Venture Location Plan .....	8
Figure 2-2:	Structural Domains of Victoria .....	10
Figure 2-3:	Local Geology Plan & Old Workings (Geovic, 2020) .....	12
Figure 2-4:	Murray Basin cover depth (Geovic, 2020) .....	12
Figure 2-5:	Total Magnetic Intensity (TMI) image - Whroo JV .....	13

## **APPENDICES**

---

1. Kilburn Valuation Tables



## 1 INTRODUCTION

---

### 1.1 Commission and Scope

PKF Melbourne Corporate Pty Ltd (PKF) has commissioned MCD Geo Pty Ltd (**MCD Geo**) to prepare an Independent Technical Report and Valuation Report (**Report**) of the Whroo Tenements owned by Nagambie Resources Limited (**Nagambie**).

The VALMIN Code 2005 defines a Technical Value as “an assessment of a Mineral or Petroleum Asset’s future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by an Expert or Specialist, excluding any premium or discount to account for such factors as market or strategic considerations”

A “Fair Market Value” is defined within the VALMIN Code 2005 as the “value of a Mineral or Petroleum Asset or Security. It is the amount of money determined by the Expert in accordance with the provisions of the VALMIN Code for which the Mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion. Value is usually comprised of two components, the underlying or “Technical Value” of the Mineral or Petroleum Asset or Security, as defined by the Technical Value, and a premium or discount relating to market, strategic or other considerations”

This report is a Technical Assessment Report as defined in the VALMIN Code and has also been prepared in accordance with the requirements of the Australian Securities and Investments Commission Regulatory Guides 111 and 112 (ASIC, 2011).

### 1.2 Applicability of the VALMIN Code and JORC Guidelines

#### 1.2.1 Background

This valuation report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, also referred to as the VALMIN Code (2005).

The VALMIN Code is prepared by the VALMIN Committee, a joint committee of the AusIMM (Australasian Institute of Mining and Metallurgy) and AIG (Australian Institute of Geoscientists) and MICA (Mineral Industry Consultants Association).

PKF, as the Independent Expert, has obtained from Nagambie Resources, (the Commissioning Entity), verbal confirmation that it will comply with the requirements of Clauses 27-29 of the VALMIN Code. These clauses relate to independence of the Commissioning Entity from the Independent Expert and the Specialist (i.e. MCD Geo), and the transparency of all reporting by PKF and MCD Geo.

#### 1.2.2 Relevant Extracts

Other relevant sections of the VALMIN Code are as follows:

VALMIN Clause 12: this applies to the “*Technical Assessment and/or Valuation of Mineral assets ...for any independent Expert Report intended for public release .....*”

VALMIN Clause 41 (a): The Commissioning Entity has confirmed in writing that “*full, accurate and true disclosure of all Material information will be made to the Expert.*”



VALMIN Clause 42: The Expert and/or Specialists “*must enter in to a written agreement with the Commissioning Entity...*” Nagambie Resources has a written agreement with the Independent Expert (PKF), who in turn have a written agreement with the Specialist (MCD Geo).

VALMIN Clause 49: Time and cost constraints “*must not be permitted to compromise fundamental compliance with the requirements of the Code. Any restrictions so caused to the depth of analysis or the extent of detail required must be recorded in the report.*”

Whilst strict compliance with Clause 41(a) and 49 has not occurred, the following should be noted:

- Nagambie Resources has given MCD Geo verbal assurance about the extent of the data provided and has verbally explained the scope and purpose of the report. This aspect is not considered to be in contravention of Clause 41(A).
- Site visits were not made; however Nagambie Resources have made available all relevant and material documentation for project valuation and therefore not considered to be in contravention of Clause 49 due to the location of the projects.

### **1.3 Independence, Qualifications and Experience**

MCD Geo Pty Ltd is an independent private consulting company which has been providing consulting services to the international and local mining industry since 2005.

This valuation report has been prepared by Mr M. Conan-Davies.

Mr Conan-Davies is a Geologist and Mineral Economist, with over 30 years of experience in the mining industry and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Conan-Davies does not have any pecuniary or beneficial interest in Nagambie Resources, or in the outcome of the valuation. Mr Conan-Davies is appropriately qualified and experienced to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Reg Guide 111 and 112.

### **1.4 Disclaimer**

This report was prepared using data and information which were available to MCD Geo at the time of writing. It is based on data provided which is understood (refer VALMIN CI 41(a) as discussed in Sec 1.2. above), to be suitably representative of the mineral properties and projects held by Nagambie Resources and its subsidiaries. This report is provided for the use of PKF, and should only be reproduced, pending relevant consent by MCD Geo Pty Ltd, in whole and not in part.

## 2 WHROO PROJECT TECHNICAL SUMMARY

### 2.1 Project Location

The Whroo Project is in Victoria, approximately 130km north of Melbourne and some 10km NW of Nagambie. The project benefits from excellent access to all essential infrastructure including major roads, power, water, and labour. Nearby regional towns of Seymour (35km), Bendigo (65km) and Shepparton (40km) are all within easy access of site via the Goulburn Valley Freeway and Northern Highway.

The land is mostly freehold land used mainly for cropping, grazing and chicken farming. The Whroo Conservation Park surrounds the historic mine working at Whroo (Balaclava Mine). The Strathbogie Shire Council is the Land Manager for the purposes of working on the roadside reserves.

Dry sclerophyll is dominant and comprises abundant ironbark eucalypts with subordinate box and stringy bark eucalypt species. Grass trees may be present in some parts of the Licences.

The area experiences hot dry summers and cool winters. The average maximum temperature for the summer months is 27 to 29°C and the average minimum temperature is 13 to 14°C. For the winter months the average maximum temperature is about 13 to 14°C and average minimum temperature is 3 to 4°C. Rainfall for the area averages between 300 and 400 mm per year. All streams are intermittent.

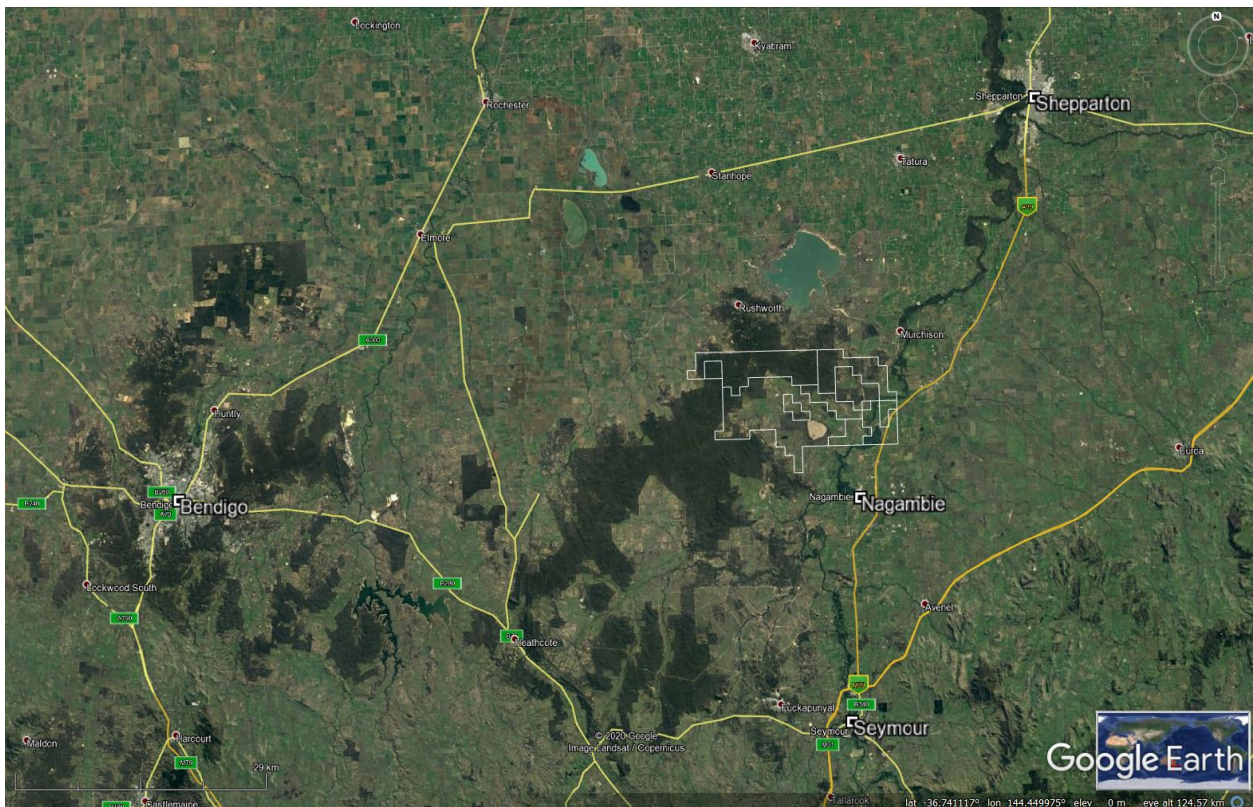


Figure 2-1: Whroo Joint Venture Location Plan

## 2.2 Tenure

MCD Geo has obtained tenure information for the Whroo JV tenements from the GeoVic Portal and confirmed their location, however, no enquiries have been made regarding other encumbrances or whether in good standing. MCD Geo assumes that all Exploration Licence applications acknowledged by the Mines Registrar will be granted in due course without alteration.

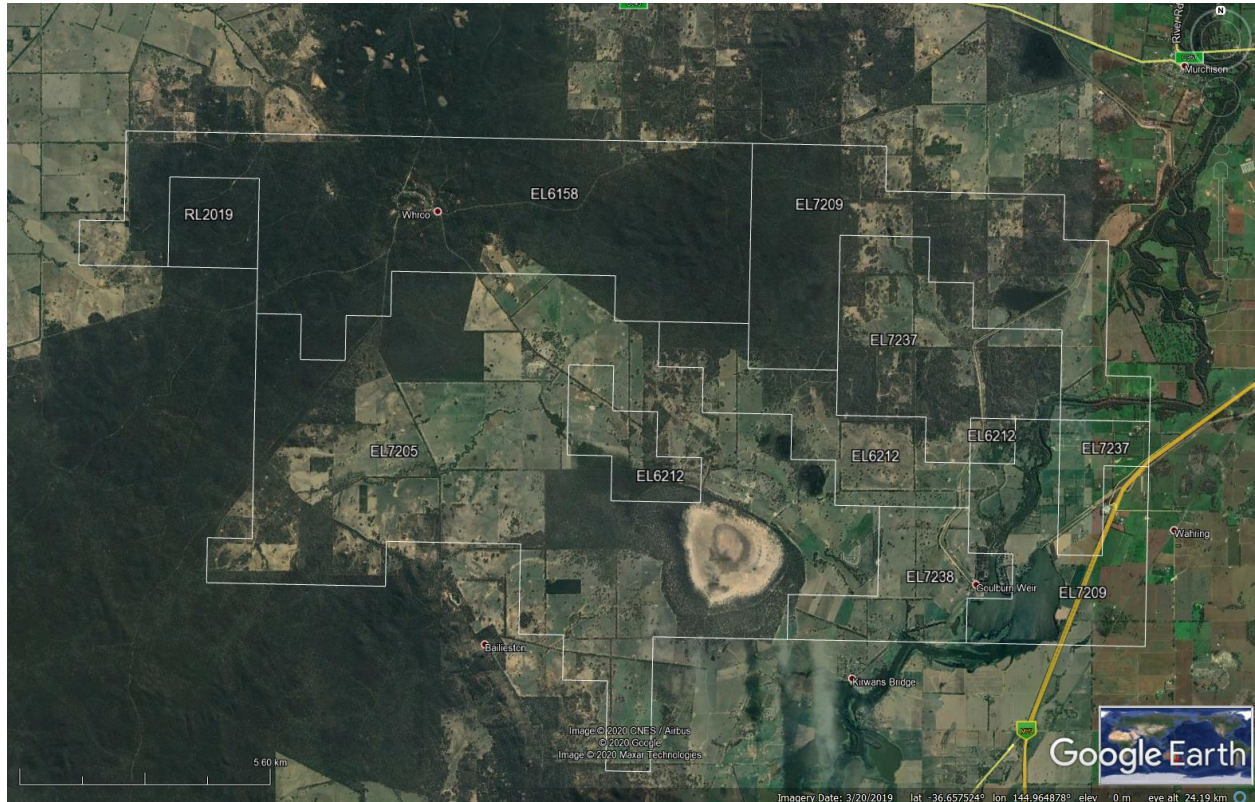


Table 2-1 : Whroo Project Tenure Plan

Tenement	Name	Status	Area (km <sup>2</sup> )	Expiry Date	Expend Commit
EL 6158	Rushworth	Granted	46	19/04/2022	24,200
RL 2019	Doctors Gully	Granted	4	25/10/2021	80,000
EL 6212	Reedy Lake	Granted	17	02/02/2021	18,400
EL 7205	Angustown	Granted	69	26/07/2025	25,350
EL 7209	Goulburn West	Granted	34	12/07/2025	20,100
EL 7237	Kirwans North 1	Application	20	Appl'n	10,000 (est)
EL 7238	Kirwans North 2	Application	9	Appl'n	10,000 (est)
	<b>Total Area</b>		<b>199</b>		

Table 2-2: Tenure Details – Whroo JV

The Whroo Assets consist of the following 100% Nagambie owned tenements:



- Four granted exploration licences - EL6158 (Rushworth, 46 sq km), EL6212 (Reedy Lake, 17 sq km), EL7205 (Angustown, 69 sq km) and EL7209 (Goulburn West, 34 sq km);
- Two exploration licence applications - ELA7237 (Kirwans North 1, 20 sq km) and ELA7238 (Kirwans North 2, 9 sq km); and
- One granted retention licence - RL2019 (Doctors Gully, 4 sq km).

## 2.3 Geology

### 2.3.1 Regional Geology

The Whroo Project is located within the Waranga Domain of the Melbourne Structural Zone of the Lachlan Fold Belt (LFB) Figure 2-2.

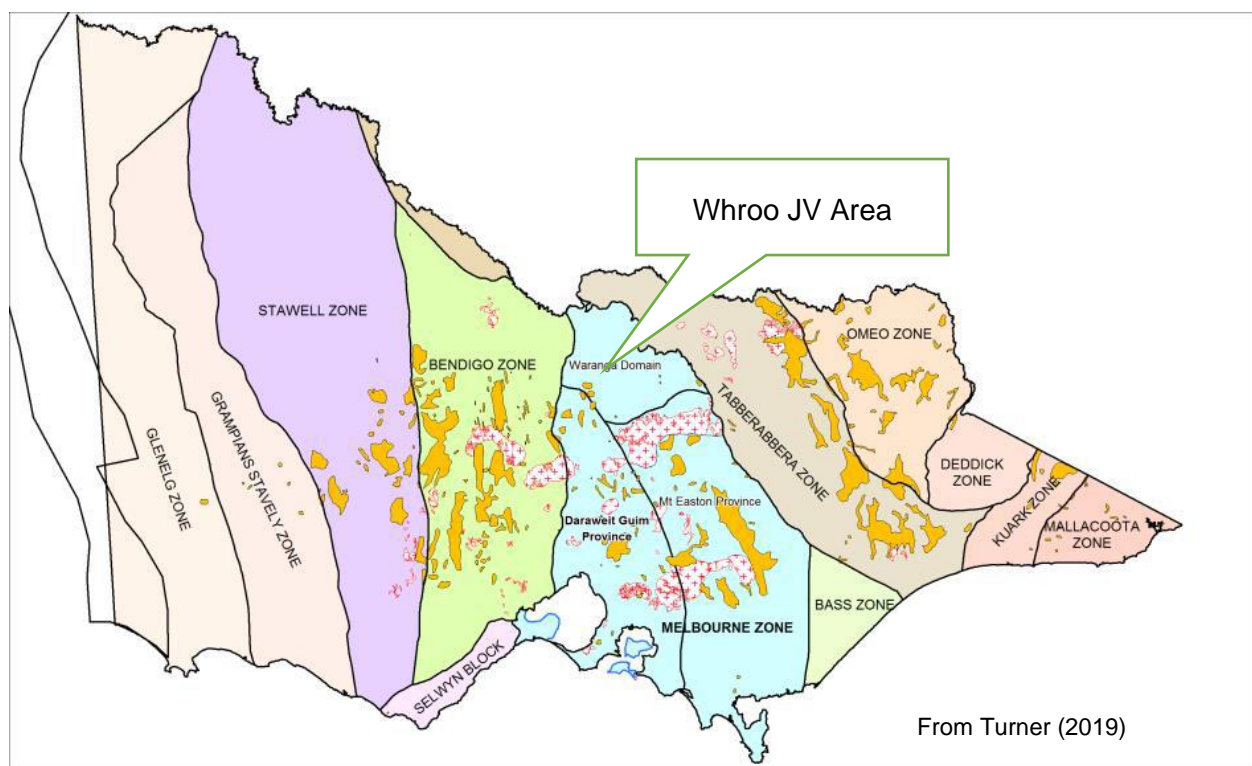


Figure 2-2 Structural Domains of Victoria

The structural history of the Waranga Domain starts with mid-late Devonian northeast southwest compression setting up regional, broad spaced open folding. This event also developed deep crustal fractures in the volcanics dominated basement lithologies. Later north south compression (Late Devonian) resulting in the development of regional folds with east west striking fold axes. With continued north-south compression the steeply folded sediments undergo reverse faults and south directed thrusting. Local north-south strike-slip faults further dislocated existing folds and east west fault planes. The regional thrust planes, being deep seated listric structures provided the near surface conduits for silica carbonate rich mineralising fluids. Local reverse faults and north south vertical faults provided secondary fluid paths to favourable deposition sites

The Melbourne Zone contains a large number of small to large orogenic gold deposits, usually with significant antimony association (VandenBerg, Willman, Maher, & Simons, 2000). The



Melbourne Zone is characterised by a sedimentary sequence (the Early Silurian to Middle Devonian Murrindindi Group) deposited over the continental Selwyn Block which has been affected by the Middle to Late Devonian folding and faulting. North-south shortening related to the Tabberabberan Orogeny is evident as dominant east-west folds and north dipping reverse faults. Contemporaneous with this north-south shortening is a south-directed deformation front whereby the Tabberabberan Zone was thrust over the northern boundary of the Melbourne Zone. The north-dipping Balaclava Fault at Whroo is the most significant reverse fault near the project area representing this south verging thrusting event.

The exploration target is orogenic gold deposits hosted by quartz veined Devonian marine sediments of the Waranga and Puckapunyal Formations. These sediments were subjected to regional north-south compression resulting in east-west fold axes and north-over-south reverse faulting. Gold mineralization in the Waranga Domain is known at Rushworth and Whroo in the west, in the Creighton Hills and Benalla areas in the east, and at Nagambie in the south.

### **2.3.2 Local Geology**

Basement lithologies comprise the Early Devonian Waranga Formation and the underlying Late Silurian to Early Devonian Puckapunyal Formation, both of which are marine sedimentary sequences.

The Devonian Waranga Formation consists of lower fan turbidite deposits and comprise claystone with interbedded siltstone and fine to medium grained sandstone. The Waranga Formation is underlain by the Late Silurian-Early Devonian Puckapunyal Formation. This unit consists of upper fan deposits, channel margin and channel levee turbidite deposits, and contains thinly to thickly bedded fine to coarse grained quartz and quartz-lithic arenite with minor pebbly sandstone and conglomerate, interbedded with thinly bedded siltstone, silty claystone and claystone. Both these Formations can display parallel lamination, cross-lamination, and burrows. Quaternary alluvial and colluvial, prior stream and valley back-fill deposits of the Murray Basin (Shepparton Formation) cover a small proportion of the south east of the JV area.

Where the sediments are sandstone dominant, localised brecciation in the fold hinges created conduits for gold arsenic antimony bearing fluids, which formed stockwork quartz vein hosted gold mineralisation, and disseminated gold arsenopyrite mineralisation in porous sandstones through reaction with iron present as Fe chlorite.

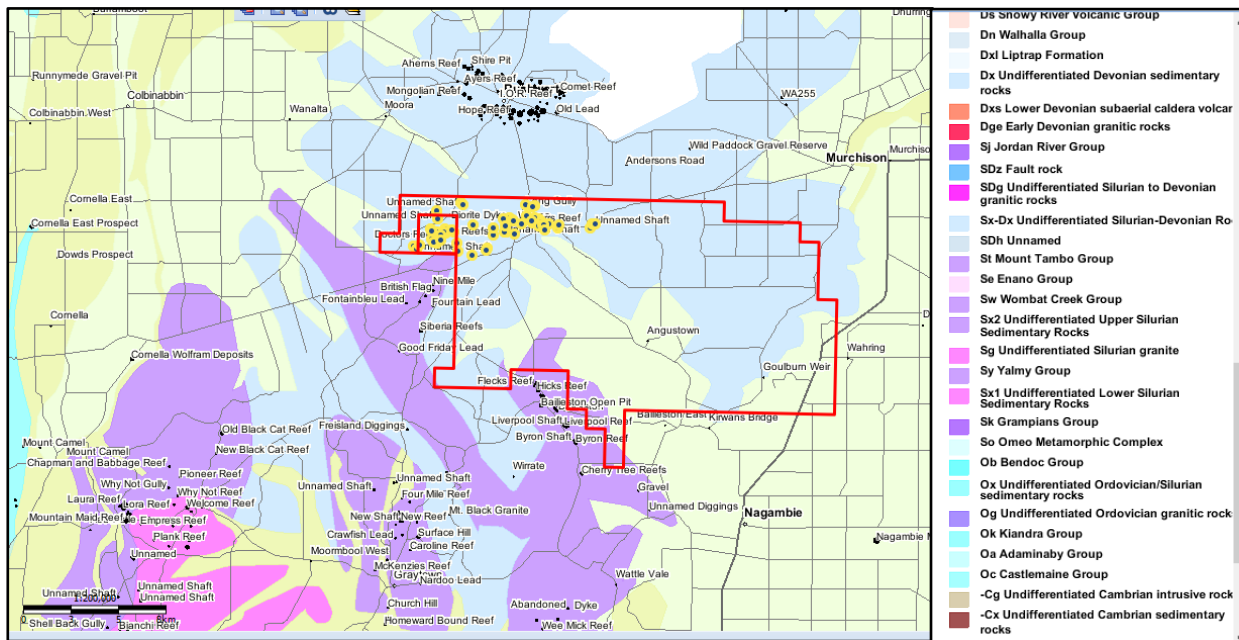


Figure 2-3 Local Geology Plan & Old Workings (Geovic, 2020)

### 2.3.3 Murray Basin Cover Depth

The project area lies adjacent to the margin of the Murray Basin. Approximately 19km<sup>2</sup> or 10% of the project area, in the south east is overlain by Murray Basin Sediments estimated to up to 25m thick and shown in the green shaded of Figure 2-4. For the purpose of valuation, no adjustments were required

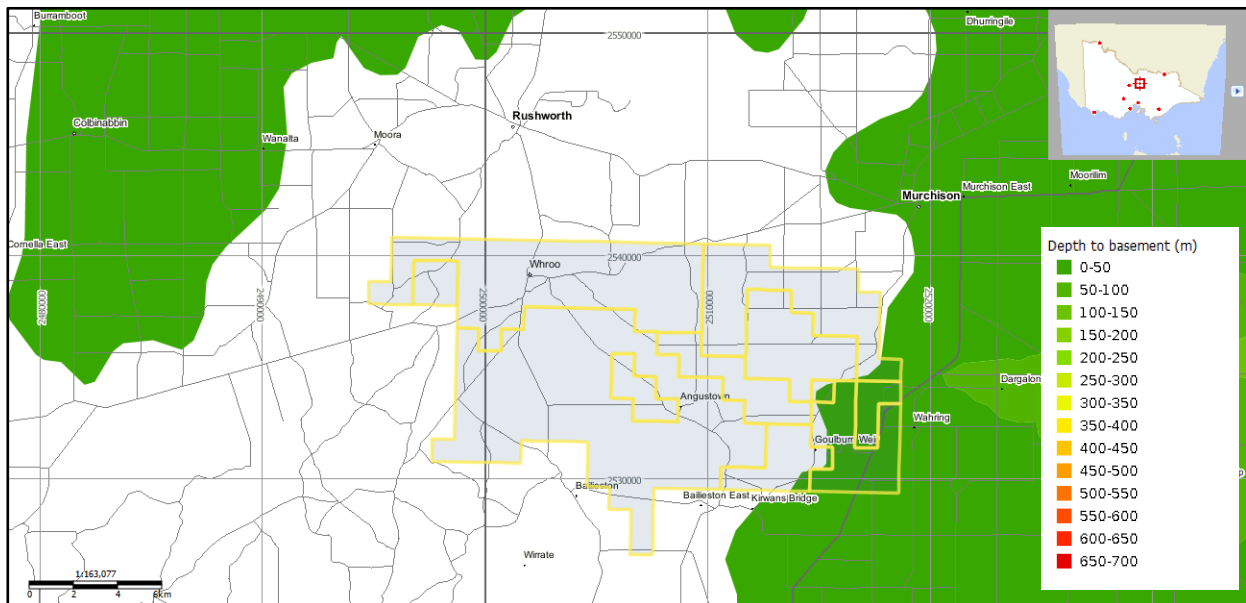


Figure 2-4 Murray Basin cover depth (Geovic, 2020)

### 2.3.4 Geophysics

Open-file aeromagnetic and gravity survey data obtained from (Geovic, 2020) was reviewed to assess the continuity of geological structures and lithologies from areas of known mineralisation into the exploration licence areas.

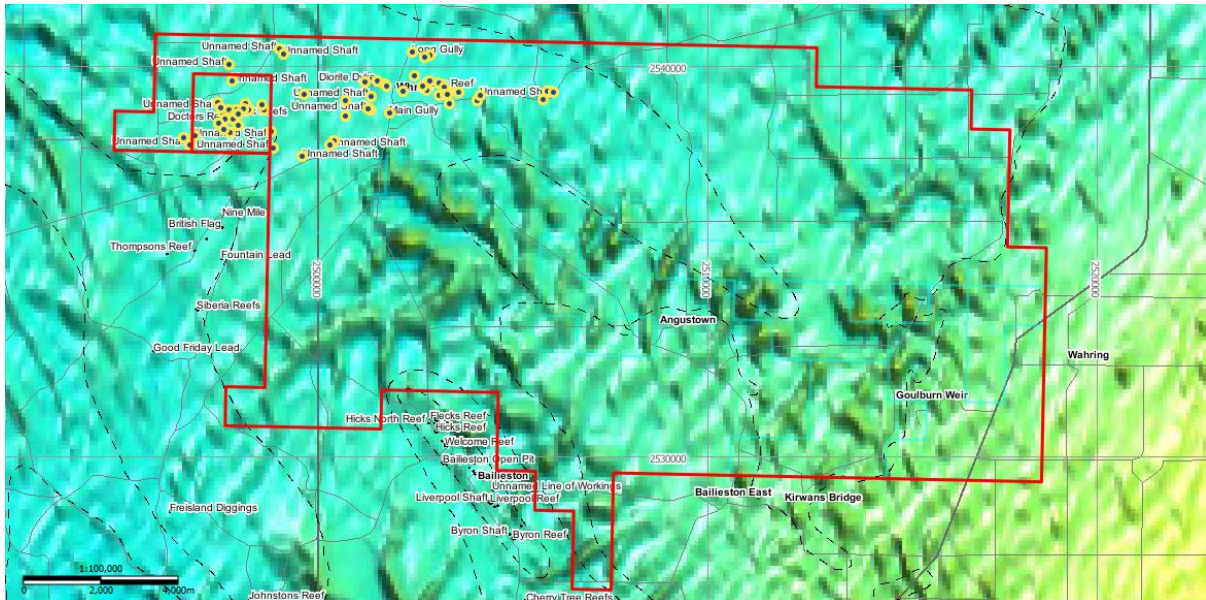


Figure 2-5 Total Magnetic Intensity (TMI) image - Whroo JV

Figure 2-5 is an image of the aeromagnetics of the Whroo JV area with historic workings and gravity survey trend lines shown in stipple. The image demonstrates continuity of geological features from the known area of mineralisation into the wider JV area.

### 2.3.5 Exploration History and Mining

According to the GeoVic database there are 65 recorded workings on the Whroo JV tenements highlighted in yellow of Figure 2-3. Adjacent and nearby historic working are also shown in black. Officially recorded production was approaching 25,900oz predominantly from the Ballaclava Hill (Whroo) Open-pit.

Prospect	Workings	# Workings	ounces
RL2019	Doctor's Reef, Black Reef	3	92
EL6518	Whroo, Albert Reef, Carr's, David, Stockyard, Peep 'O Day,	62	25,793
<b>Total</b>		<b>65</b>	<b>25,885</b>

### 2.3.6 Doctors Gully

The Doctor's Gully area has structural and stratigraphical similarities to the Nagambie gold deposit. East of Nagambie, fine disseminated gold was mined from Late Silurian to Early Devonian marine sediments of the Waranga Formation which also forms the basement within much of the area of RL2019.



The north-dipping Balaclava Fault at Whroo is the most significant reverse fault near the project area representing this south verging thrusting event.

A small area of the Late Silurian Broadford Formation outcrops in RL2019. It consists of submarine channel and upper fan deposits comprising medium to thickly bedded turbidite sandstone, massive quartz arenite, quartz-lithic arenite, polymict conglomerate and interbedded turbidite sandstones, siltstone and claystone. Dump and rock chip sampling show the north-south trending gold mineralisation being associated with elevated arsenic and antimony. The east-west gold mineralisation shows no evidence of antimony association but is elevated in arsenic.

An aeromagnetic survey was flown by Nagambie over the Doctors Gully Licence area on 200m line spacing and identified structures corresponding to a major lithological break, the Doctors Gully Thrust. This break is south of the main workings, and lines up with the south-western leg of the mapped conglomerate outcrop. The conglomerate outcrop shows a broadly folded nature, with no consistency in axial plane, so has been problematic in understanding the geology of the western Whroo Goldfield. The recognition of a thrust plane, parallel to the Balaclava Thrust explains the folded nature of the local stratigraphy.

### **2.3.7 Mineral Resource – Doctors Gully**

The Doctors Gully Retention Licence was granted in 2015 following the preparation of a JORC (2012) mineral resource prepared by Exploration Management Services in 2013 which declared an Inferred Resource containing 237,600t @1.1g/t gold for 8,660oz gold. The mineral resource was prepared to secure a Retention Licence over the area. The resource is uneconomic at current tonnes, grade and commodity prices.

The purpose of declaring a Mineral resource was to secure a Retention Lease for Doctor' Gully. For valuation purposes Doctor's Gully is treated as an exploration asset only and the valuation methodologies based around gold resource estimates have not been utilised. As a cross-check, the yardstick valuation method described in section 3.2 below confirms that the value of this resource is not material and falls well within the range of the valuations for the Whroo JV.



## 3 VALUATION

---

Valuation of mineral assets is not an exact science and a variety of approaches are possible, each with its advantages and disadvantages. While valuation is a subjective exercise, there are generally accepted procedures for establishing a mineral asset valuation. The VALMIN code requires that wherever possible a range of methods should be used.

The valuation is always presented as a range, with the preferred value identified, which may be the average, median or other intermediate price as determined by professional judgement.

The choice of valuation method applied to mineral assets depends on development stage of the project as defined by VALMIN and the amount and quality of data available at the time. The corresponding valuation methods used for each project are summarized in below.

### 3.1 Background

#### 3.1.1 Mineral Asset Classification

The choice of valuation method applied to mineral assets depends on development stage of the project as defined by VALMIN and the amount and quality of data available at the time. The corresponding valuation methods used for each project are summarized below.

VALMIN classifies Mineral Assets according to development status and recommends particular valuation methodologies for each. The VALMIN Mineral Asset Classifications are as follows:

**Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

**Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

**Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

**Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a PFS;

**Production Projects** – Tenure holdings – particularly mines, wellfields, and processing plants that have been commissioned and are in production.

#### 3.1.2 Valuation Approaches

Three widely accepted Valuation Approaches are:



**Market-based**, which is based primarily on the notion of substitution. In this Valuation Approach the Mineral Asset being valued is compared with the transaction value of similar Mineral Assets under similar time and circumstance in an open market. A variety of market-based valuation approaches are available:

- a) Comparable sale transactions
- b) Comparable enterprise value

**Cost-based**, which is based on the notion of cost contribution to Value. In this Valuation Approach the costs incurred on the Mineral Asset are the basis of analysis. Cost-based approaches include

**Sunk cost approach**, where historic expenditure on “in-ground activities” are compiled and modified by a Project Expenditure Multiple (PEM) which multiplies or discounts the expenditure depending on the extent to which the work increased or decreased the prospectivity of the target.

**Replacement cost approach**, also known as the Geoscientific Factor Method or Kilburn Valuation method where the Base Acquisition Cost (BAC) of a tenement from the State is then factored by a subjective assessment of the tenement prospectivity.

**Income-based**, which is based on the notion of cashflow generation. In this Valuation Approach the anticipated benefits of the potential income or cash flow of a Mineral Asset are analysed. Income-based valuation approaches include, but are not limited to:

- a) Discounted cashflow
- b) Multiples of earnings.

The Whroo JV assets are not sufficiently advanced to use income based valuation approaches

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	Sometimes	Yes	Yes
Cost	Yes	Sometimes	No	No

Table 3-1: VALMIN Preferred Valuation Method by Project Status

### 3.2 Yardstick Order of Magnitude Check

MCD Geo used the Yardstick method as an order of magnitude estimate for the Inferred Resource at Doctor’s Gully. The Yardstick order of magnitude check is very generalised and does not address project specific value drivers. Rather it takes an “industry-wide” view and provides a non-corroborative valuation check of other valuation methods applied, allowing MCD Geo to assess reasonableness of comparative valuation methods.

For the Yardstick order of magnitude check, MCD Geo used the spot price of gold as at 7 October of A\$2,650/oz (\$US1,890/oz) and the following industry standard yardstick factors:

- Inferred Mineral Resources 0.5% to 1% of spot price
- Indicated Mineral Resources 1.0% to 2% of spot price

Gold	Equity	Valuation
------	--------	-----------



Mineral Resource	Oz	%	Lo	Preferred	High
Doctors Gully	8,660	100%	114,000	172,000	229,000

Table 3-2 Yardstick order of magnitude valuation check Doctors Gully

### 3.3 Market Approaches

Three market-based valuation methods were applied to the Whroo exploration assets:

- Comparable Joint-Venture terms and Sale transactions
- Previous Mawson Transactions
- Enterprise Value based valuation

#### 3.3.1 Comparable JV & Sale Transactions

The Comparable Transactions valuation methodology estimates the value of exploration assets by comparing against the sale and implied joint venture value of similar projects on a transaction value per unit area of exploration licence. Valuation of mineral properties vary over time due to many factors including commodity price changes, risk appetite in the equity market, the application of new geological models and exploration techniques. The relative demand for exploration properties can also move on a regional basis due to local conditions. This is the case in Victoria following exploration success, most notably at Kirkland Lake's Fosterville mine. To avoid time-lag effects and regional impacts on transactions only transactions occurring in Victoria from 2018 onwards have been considered. Only cash and near cash consideration or exploration expenditure commitment is used for valuation purposes. Payment in shares is discounted by 50% to reflect non-current nature of the consideration. Contingent payments which rely on achievement of development milestones of uncertain probability are excluded. Royalties are also excluded. Transactions applied are listed in Appendix 1.

To be comparable transactions must satisfy the following selection criteria:

- Only transactions from 2018 onwards
- Located in Victoria
- Transaction between entities of similar commercial practice and means
- Cash or cash-equivalent consideration
- No contained advanced exploration or pre-development projects.
- Primary exploration target is Orogenic gold.

Ten No	Prospect	Sq Km	Valuation		
			Lo	Pref	Hi
EL 6158	Rushworth	46	84,871	<b>316,439</b>	496,914
RL 2019	Doctors Gully	4	7,380	<b>27,516</b>	43,210
EL 6212	Reedy Lake	17	31,365	<b>116,945</b>	183,642
EL 7205	Angustown	69	127,306	<b>474,659</b>	745,370
EL 7209	Goulburn West	34	62,731	<b>233,890</b>	367,284
EL 7237	Kirwans North 1	20	36,900	<b>137,582</b>	216,049





EL 7238	Kirwans North 2	9	16,605	<b>61,912</b>	97,222
<b>TOTAL</b>		<b>199</b>	370,000	<b>1,370,000</b>	2,150,000

Table 3-3 Comparable 3<sup>rd</sup> Transactions Valuation - Whroo JV

Mawson has concluded several transactions involving exploration tenements since 2018. Transactions include the Clonbinane Goldfields and Redcastle deals with Nagambie; and a project in the Cascade Range of the US. These recent transactions provide a reliable benchmark from which to compare the relative value of the proposed Whroo JV transaction and indicate that Mawson pay premium relative to other comparable transactions.

Ten No	Prospect	Sq Km	Valuation		
			Lo	Pref	Hi
EL 6158	Rushworth	46	250,711	<b>579,171</b>	876,190
RL 2019	Doctors Gully	4	21,801	<b>50,363</b>	76,190
EL 6212	Reedy Lake	17	92,654	<b>214,042</b>	323,810
EL 7205	Angustown	69	376,066	<b>868,757</b>	1,314,286
EL 7209	Goulburn West	34	185,308	<b>428,083</b>	647,619
EL 7237	Kirwans North 1	20	109,005	<b>251,814</b>	380,952
EL 7238	Kirwans North 2	9	49,052	<b>113,316</b>	171,429
<b>TOTAL</b>		<b>199</b>	1,080,000	<b>2,510,000</b>	3,790,000

Table 3-4 Comparable Mawson Transaction Valuations

### 3.3.2 Comparable Enterprise Value

Shares in publicly listed companies with a single comparable asset class can be used as a reliable metric for asset valuation of that asset class as shares trade on a daily basis at a price that reflects the Enterprise (EV) Value of the company. When a company has a single dominant asset, then the EV provides a measure of the underlying asset value. Comparable companies for EV based valuation of the Whroo JV Assets must satisfy the following criteria:

- Listed on the ASX,
- Non-producing exploration company with no material other business interests
- Located in Victoria Australia,
- Track record of exploration and project development work.

For valuation purposes, Nagambie is actively engaged in exploration work and has a relatively uniform portfolio of early to advanced stage exploration assets all located in the Waranga Structural Zone of the Lachlan Fold Belt, Victoria. Nagambie is listed on the ASX and has no



material cash generating businesses or assets. Nagambie has a total of 31 Exploration tenements covering a total area of 3,694.6km<sup>2</sup>.

Company & Ticker	Share Price	Shares on issue	Cash	Enterprise Value AUD	Landholding km <sup>2</sup>	EV per km <sup>2</sup>
North Stawell Minerals <ASX: NSM>	0.43	39.6M	14.6M	2.2M	550	4,000
Nagambie Resources <ASX:NAG>	0.06	500M	0.3M	28.7M	3,695	7,767
					<b>Mean</b>	<b>5,883</b>

Table 3-5 Comparable Exploration Company EVs and Land Values

Based on the EV multiple of comparable companies, the Whroo Tenement valuations are as follows:

Area	Prospect	Sq Km	Valuation A\$		
			Lo	Preferred	Hi
EL 6158	Rushworth	46	184,000	<b>270,640</b>	357,279
RL 2019	Doctors Gully	4	16,000	<b>23,534</b>	31,068
EL 6212	Reedy Lake	17	68,000	<b>100,019</b>	132,038
EL 7205	Angustown	69	276,000	<b>405,960</b>	535,919
EL 7209	Goulburn West	34	136,000	<b>200,038</b>	264,076
EL 7237	Kirwans North 1	20	80,000	<b>117,669</b>	155,339
EL 7238	Kirwans North 2	9	36,000	<b>52,951</b>	69,903
<b>TOTAL</b>		<b>199</b>	796,000	<b>1,170,000</b>	1,550,000

Table 3-6: Enterprise Value based valuation - Whroo JV



### 3.4 Cost Based Valuations

The cost-based valuation approach relies on a review of the past exploration expenditure incurred on the mineral assets to be valued. The approach implies that a mineral asset's value is related to the money spent on its acquisition and exploration a factor which corresponds to the degree in which the prospectivity of the asset has been enhanced by the exploration.

#### 3.4.1 Historic Exploration Expenditure Method

The historic exploration expenditure method is the broadest application of the cost method and considers the historic effective exploration costs incurred in exploration of the tenement and applying a premium (or discount) multiple depending on the success (or failure) of the exploration completed to date. The Prospectivity Enhancement Multiplier (PEM) represents that premium.

The multiplier is a subjective assessment by the assessor, however guidelines for the selection of PEM factors are well established (Onley, 2004). The PEM multiples applied in this valuation are shown in Table 3-7 below.

PEM	Criteria
0	Exploration past and present has confirmed off-target nature of terrain.
0.5	Exploration, (past & present) has downgraded the tenement prospectivity, no mineralisation identified.
1.0	Exploration has maintained, rather than enhanced, prospectivity
1.3	Exploration has slightly enhanced, reinforced target conceptual model
1.5	Exploration has considerably increased prospectivity. Requires positive indications geological mapping of gossan / alteration, geochemical anomalies, geophysical targets defined.
2.0	Scout drilling (RAB, aircore) has identified elevated intersections of mineralisation
2.5	Detailed drilling has defined targets with potentially economic grades
3	A JORC Exploration Target can be estimated - limited scope for expansion depth/strike constrained
4+	A JORC Exploration Target can be estimated - with scope for expansion. Inferred resource defined
N/A	Limited application of PEM method for projects with Inferred & Indicated Resources or better.

Table 3-7 Prospectivity Enhancement Multiplier(PEM) factors

MCD Geo has undertaken a high-level assessment of exploration work undertaken on the Whroo JV licence areas by Nagambie based on public domain information sourced principally from (Geovic, 2020) together with statutory technical reports prepared by Nagambie and submitted to the mines department. The assessment and resultant valuation are shown in Table 3-8 below.



Ten No	Dev Stage	Lic. Age	Work done	Expend	PEM			Valuation A\$		
					Lo	Pref	Hi	Lo	Pref	Hi
EL 6158	E Expl	3.5	mapping, consteaining,	56,295	1	1.5	2	56,295	<b>84,442</b>	112,590
RL 2019	Adv Expl	5.0	targeting, field mapping, dump sampling	213,555	1.5	2.3	3	320,332	<b>480,498</b>	640,664
EL 6212	E Expl	4.7	mapping, soils anomaly, aeromags	34,410	1	1.3	1.5	34,410	<b>43,013</b>	51,615
EL 7205	E Expl	0.2	desktop study	2,192	1	1.2	1.3	2,192	<b>2,521</b>	2,850
EL 7209	E Expl	0.2	desktop study	2,159	1	1.2	1.3	2,159	<b>2,483</b>	2,807
EL 7237	E Explo	0.0	desktop study	4,352	1	1.2	1.3	4,352	<b>5,004</b>	5,657
EL 7238	E Explo	0.0	desktop study	4,352	1	1.2	1.3	4,352	<b>5,004</b>	5,657
<b>PEM Valuation Range</b>								420,000	<b>620,000</b>	820,000

Table 3-8 Exploration Expenditure Multiple Valuation

MCD Geo considered the following factors in determining the value ranges and preferred values of the exploration tenure:

- RL2019, EL6158, and EL6212 have received the most exploration attention to date and have been actively explored by Nagambie for the longest period of time.
- EL7205, 7209, 7237, 7238 have received little on-ground exploration attention and form part of Nagambie's longer term strategic landholding in the Waranga Terrain.



### 3.4.2 Geoscience Factor Rating

The Geoscientific Factor method of valuation requires the consideration of geology-based factors which enhance or downgrade the underlying value of the property as an exploration asset. The method is widely applied in exploration asset valuation and is described in (Kilburn, 1990).

The valuation starts with an estimate of the average cost to identify, apply for and retain a unit of exploration tenure referred to as the Base Acquisition Cost (BAC). The BAC is considered to be the minimum value of an exploration asset otherwise it would relinquished.

The BAC for Victorian Exploration Licences is estimated from the following parameters:

Input	Unit	Value	Notes
Average Licence Size	km <sup>2</sup>	28.4	Average size of Whroo JV
Average Licence Age	years	1.9	Average age of Whroo JV
Application Fee & Adv	\$/licence	4,352	Actual for new tenements
Annual Rent	A\$/km <sup>2</sup>	12	Actual for mid-term tenement
Min Expend	A\$/km <sup>2</sup>	526	Actual for mid-term tenement
Landowner Expenses	A\$/lic	15,000	Estimate
Local Govt Rates	A\$/lic	15,000	Estimate
<b>BAC</b>	<b>\$/km<sup>2</sup></b>	<b>1,747</b>	

Table 3-9 Estimation of Victorian Base Acquisition Cost (BAC)

The valuation is then derived from the product of the BAC and the sum of the assessed geoscientific assessment factors relating to each tenement. The factors considered are

- **off-property factor** or proximity to areas with demonstrated exploration merit.
- **on-property factor** or maturity of the project based on previous level of activity.
- **geological factor** or prospectivity a non-uniform distribution of what is conceptually prospective, taking into account difficulty in exploration
- **anomaly factor:** whether the project is known to contain mineral anomalism.

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
<b>0.5</b>	Very little chance of mineralisation	Very little chance of mineralisation	Extensive previous exploration with poor results	Generally unfavourable lithology. No alteration of interest
<b>1.0</b>	Exploration Model Support. Concept validated, Indications of prospectivity	Exploration Model Support. Concept validated, Indications of prospectivity	Extensive previous exploration with encouraging results. Regional targets	Deep cover; Generally favourable lithology/alteration (70%)
<b>1.5</b>	Reconnaissance drilling with scattered favourable	Exploratory sampling with encouragement	Several early stage targets outlined from geochemistry and geophysics	Shallow cover; generally favourable lithology/alteration (50%-60%)



	results. Minor workings			
<b>2.0</b>	Several old workings. Significant RC drilling leading to advanced project	Several old workings; reconn RC drilling with encouraging intersections	Several well-defined targets supported by drilling data	Exposed favourable Lithology / alteration
<b>2.5</b>	Abundant workings; grid drilling with encouraging results on adjacent sections	Abundant working. Core drilling after RC with encouragement	Several well-defined targets with encouraging drill results	Strongly favourable lithology, alteration
<b>3.0</b>	Mineral Resource areas defined	Advance resource definition drilling	Several significant targets. No indication of size	Generally favourable lithology with structures along strike from a major mine
<b>3.5</b>	Abundant workings with significant historical production. Adjacent to mineralisation at PFS stage	Abundant workings with significant historical production. Mineral resource areas defined	Several significant sub economic target. Potential for significant "size. Early drill target	-
<b>4.0</b>	Along strike or adjacent to DFS Stage project	Along strike or adjacent to Resources at PFS Stage	Marginally economic targets of significant "size" advanced drilling	-
<b>4.5</b>	Adjacent to development stage project	Along strike or adjacent to DFS Stage project	Several significant correlateable intersections	-
<b>5.0</b>	Along strike from operating mine		Marginally economic targets of significant "size". Inferred Resources	

Table 3-10 Geoscience Factor Ranking after (Kilburn, 1990)

Tenement	Name	Area km <sup>2</sup>	BAC	Sum of Factors		Valuation		
				Hi	Lo	Lo	Pref	Hi
EL 6158	Rushworth	46		6	8	482,000	<b>560,000</b>	643,000
RL 2019	Doctors Gully	4		6	8	42,000	<b>50,000</b>	56,000
EL 6212	Reedy Lake	17		6	7	163,000	<b>190,000</b>	208,000
EL 7205	Angustown	69		6	8	723,000	<b>810,000</b>	904,000
EL 7209	Goulburn West	34		4	6	238,000	<b>280,000</b>	327,000
EL 7237	Kirwans North 1	20		3	5	87,000	<b>120,000</b>	157,000
EL 7238	Kirwans North 2	9		4	6	63,000	<b>70,000</b>	86,000
<b>Total</b>		<b>199</b>				<b>1,800,000</b>	<b>2,080,000</b>	<b>2,380,000</b>
<b>\$/km<sup>2</sup></b>						<b>9,045</b>	<b>10,452</b>	<b>11,960</b>



## 4 VALUATION SUMMARY

### 4.1.1 Technical Valuation Overview

MCD Geo has calculated a technical value for the exploration assets of Nagambie Resources. We have used a combination of market and cost methods including Joint Venture Comparable Transactions, Enterprise Value comparison, Project Expenditure Multiples and to ascribe a total technical value.

### 4.1.2 Technical Valuation Ranges and Preferred Value

The technical valuation ranges that were calculated for each project are summarized in Table 4-1 below, ranked from highest to lowest preferred value for each valuation method. Preferred ranges are highlighted in green. Focussing on the preferred values and methods shaded in green the valuation of the Whroo JV assets is between \$0.8M and \$2.2 M or \$4,000 to \$11,000 per km<sup>2</sup>.

Method	Total Valuation			Per Square km Valuation		
	Lo	Preferred	High	Lo	Pref	High
Mawson prev. Trans <sup>ts</sup>	1,080,000	2,510,000	3,790,000	5,427	12,613	19,045
Geoscience Valuation	1,800,000	2,080,000	2,380,000	9,045	10,452	11,960
<b>Comparable Transactions</b>	<b>370,000</b>	<b>1,370,000</b>	<b>2,150,000</b>	<b>1,859</b>	<b>6,884</b>	<b>10,804</b>
<b>Comparable Enterprise Value</b>	<b>796,000</b>	<b>1,170,000</b>	<b>1,550,000</b>	<b>4,000</b>	<b>5,879</b>	<b>7,789</b>
Prospectivity Exploration Multiple	420,000	620,000	820,000	2,111	3,116	4,121

Table 4-1: Whroo JV – Technical Valuation Summary

**MCD Geo preferred technical value for the assets**

**\$1.4 M**

Within the range of \$0.8M and 2.2M



## 5 REFERENCES

---

Geovic. (2020). Retrieved from Geovic: [www.gsv.vic.gov.au](http://www.gsv.vic.gov.au)

VandenBerg , A. H., Willman, C. E., Maher, S., & Simons, B. A. (2000). *The Tasman Fold Belt System in Victoria*. Geological Survey of Victoria Special Publication.







## 6 GLOSSARY

Aeromagnetic	An air-borne survey undertaken to recording magnetic characteristics of rocks
Alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
Alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic
Alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
Anomalies	An area where exploration has revealed results higher than the local background level.
Antiformal	An anticline-like structure.
Assayed	The testing and quantification metals of interest within a sample.
Au	Chemical symbol for gold.
Bedrock	Any solid rock underlying unconsolidated material.
Dolerite	A medium grained mafic intrusive rock
Felsic	An adjective indicating that a rock contains abundant feldspar and silica.
Foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
follow-up	A term used to describe more detailed exploration work over targets generated by regional exploration.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
Gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
Geochemical	Pertains to the concentration of an element.
Geophysical	Pertains to the physical properties of a rock mass.
GeoVic	Geological Survey of Victoria. Geological Database and mapping tool. .
Granite / Granodiorite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
Greywacke	A sequence of fine-grained sandstone and siltstones formed in an ocean floor setting.
Hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
Igneous	Rocks that have solidified from magma.
Infill sampling	Refers to sampling or drilling undertaken between pre-existing sample points.
Intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
Ironstone	A rock formed by cemented iron oxides.
Metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.



Mt	Million Tonnes.
Outcrops	Surface expression of underlying rocks.
Porphyries	Intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
ppb	Parts per billion; a measure of low-level concentration.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
Regolith	The layer of unconsolidated material which overlies or covers in situ basement rock.
Residual	Soil and regolith which has not been transported from its point or origin.
Schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
Shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
Sills	Sheets-like layer of igneous rock which is flat lying or has intruded parallel to bedding planes of sedimentary rocks.
Silts	Fine-grained sediments, with a grain size between those of sand and clay.
Soil sampling	The collection of soil specimens for mineral analysis.
Strata	Sedimentary rock layers.
Stratigraphic	Composition, sequence and correlation of stratified rocks.
Strike	Horizontal direction or trend of a geological structure.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralisation.
Tectonic	The forces involved in or the resulting structures of movement in the Earth's crust.
Veins	A thin infill of a fissure or crack, commonly bearing quartz.
Volcanics	Formed or derived from a volcano.



# Appendix 1

## Kilburn Valuation Tables



**Table A-1: Nagambie Resources Whroo JV Exploration Licences - Kilburn Valuation Matrix**

Tenement	Name	Equity	Area km2	Off-Property		On-Property		Anomaly		Geology		BAC \$/km2	Valuation Lo	Valuation			
				Lo	Hi	Lo	Hi	Lo	Hi	Lo	Hi			Preferred	High		
EL 6158	Rushworth	100%	46	2	3	2	2	1	2	2	2	1,747	482,000	<b>560,000</b>	643,000		
RL 2019	Doctors Gully	100%	4	2	3	2	2	1	2	2	2	1,747	42,000	<b>50,000</b>	56,000		
EL 6212	Reedy Lake	100%	17	2	2	1	2	2	2	2	2	1,747	163,000	<b>190,000</b>	208,000		
EL 7205	Angustown	100%	69	2	3	1	2	2	2	2	2	1,747	723,000	<b>810,000</b>	904,000		
EL 7209	Goulburn West	100%	34	1	2	1	2	1	1	2	2	1,747	238,000	<b>280,000</b>	327,000		
EL 7237	Kirwans North 1	100%	20	1	1	1	2	1	1	1	1	1,747	87,000	<b>120,000</b>	157,000		
EL 7238	Kirwans North 2	100%	9	1	2	1	2	1	1	1	2	1,747	63,000	<b>70,000</b>	86,000		
<b>Total</b>			<b>199</b>											<b>1,800,000</b>	<b>2,080,000</b>	<b>2,380,000</b>	
															9,045	10,452	11,960



## DOCUMENT INFORMATION

---

Status	Final
Version	1
Print Date	12th October 2020
Author(s)	Michael Conan-Davies

## DOCUMENT REVIEW AND SIGN OFF

---

Version	Reviewer	Position	Signature	Date
20201008	Subject			12/10
20201012	Client			

## ANNEXURE C – SUMMARY OF MATERIAL PROVISIONS OF NEW CONSTITUTION

New Clause	Old Clause (if applicable)	Purpose
1.5 (Definitions)	2.1	Refining and updating relevant definitions used in the Constitution (for example, updating references to ASTC Settlement Rules to relevant CS Facility operating rules).
2.7 (Restricted Securities)	3.7	Updating the restricted securities provisions in accordance with Listing Rule 15.12.
2.8 (Issue of and rights attaching to preference shares)	3.10	Provides further detail on the issue of preference shares.
7.1 (Securities clearing house authorisation)	N/A	Permits the Directors to do all things permitted under the Corporations Act and Listing Rules necessary in connection with the participation of the Company in any computerised or electronic system recognised or established by the Corporations Act or Listing Rules for the purposes of facilitating dealings in shares and the electronic registration of shares.
7.6 (Free registration of transfers)	N/A	Provides that the Company may charge a fee for registration of a paper-based transfer of shares, as permitted by the ASX Listing Rules.
9.1 (General meetings)	9.1	Permits the Company to hold general meetings (whether called by Directors or shareholder requisition) at two or more venues, including by way of hybrid or virtual (subject to the Corporations Act) meeting.
9.5 (Form of notice of meeting)	9.2	Refines and updates the manner in which the Company can provide notice of meetings to shareholders (including by way of electronic means).
10.6 (General conduct of meeting)	7.6	Refines and updates the manner in which the Company can hold general meetings, including by use of audio-visual communications which gives the general body of shareholders in the separate meeting places a reasonable opportunity to participate (e.g. virtually).
12.2 (Direct voting)	N/A	Allows shareholders to vote by way of direct vote, the form of which is to be determined by the Directors (can be by hand, fax or other electronic means). This will assist the Company in providing flexibility to its shareholders in respect of attendance at and voting for the purposes of general meetings.
18.2 (Meeting by telephone or other means of communication)	18.2	Refines and updates the manner in which the Directors can hold meetings (now including by way of technology), including by use of audio-visual communications which gives the general

		body of shareholders in the separate meeting places a reasonable opportunity to participate (e.g. virtually).
29 (Security Interests)	N/A	Provides the Company with the ability to not comply with relevant provisions of the <i>Personal Properties Securities Act 2009</i> (PPSA) that parties can otherwise contract out of in relation to security interests and restricts the exercise of shareholders' rights under the PPSA (to the extent permitted by law). Has the effect of reducing the Company's obligations in respect of compliance with the PPSA.



In line with government and ASIC recommendations during the COVID-19 pandemic, the AGM will be held online.

If you wish to attend the AGM online, please email your registered name and registered address to [info@nagambieresources.com.au](mailto:info@nagambieresources.com.au) and we will provide you details of the webconference link.

Holder Number:

Your proxy voting instruction must be received by **11:00am (AEDT) on Saturday, 28 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

#### All enquiries to Automic:

**WEBCHAT:** <https://automicgroup.com.au/>

**PHONE:** 1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

