

\$600,000 ISSUE OF CONVERTIBLE NOTES

Nagambie Resources Limited (ASX: NAG) is pleased to announce that it has received firm commitments from sophisticated and professional investors for the placement of 3,333,333 Series 5 unsecured convertible notes with a face value of \$0.18. An Appendix 3B will be lodged with the ASX upon the issue and allotment of the convertible notes.

The funds raised will add to working capital and increase the Company's flexibility to take advantage of additional opportunities that may arise.

Principal terms for the Series 5 unsecured convertible notes include:

- Issue price of 18.0 cents per note;
- 5-year term;
- 10% per annum interest rate payable every 6 months;
- Notes are convertible at any time within the 5-year term at the option of the noteholder into Nagambie Resources fully-paid ordinary shares on a 1 for 1 basis; and
- Notes are redeemable at 18.0 cents per note after 5 years if not previously converted.

11,575,000 remaining Series 2 convertible notes with a face value of \$0.04 (\$463,000 in total), due to expire on 2 September 2016, were all converted 1:1 into fully paid ordinary shares in the Company on 1 September 2016.

As a result, before the issue of the Series 5 convertible notes, Nagambie Resources has 367,879,776 fully paid ordinary shares, 39,969,447 unlisted convertible notes (all in-the-money) and 39,050,000 unlisted options (37,050,000 in-the-money). The issue of 3,333,333 new convertible notes therefore represents dilution, on an in-the-money diluted basis, of only 0.75%.

When the price of 18.0 cents was set for the Series 5 convertible notes, the ASX trading price for the fully paid ordinary shares was 12.0 cents. That is, the issue price for the notes was set at a 50% premium to the share price.



Mike Trumbull
Executive Chairman

NAGAMBIE RESOURCES

Underwater storage of sulphidic excavation material (PASS) in the two legacy pits at the Nagambie Mine represents an excellent environmental fit with the construction of Fishermans Bend / CBD high-rise buildings, the Melbourne Metro rail tunnels and the Western Distributor road tunnels.

The discovery and development of shallow, open-pit and heap-leachable gold deposits is being methodically advanced. The Company has 100% of tenements encompassing historic Victorian goldfields at Nagambie, Clonbinane, Rushworth and Redcastle.

Aggregates and gravel are being produced from the old heap leach pad and overburden dumps respectively.

The first landfill site is planned to take advantage of the 20 Ha of black plastic under the legacy heap leach pad.

Leasing and agistment of the freehold land at the Nagambie Mine is being maximised.

SHARES ON ISSUE

367,879,776

ASX CODE: NAG

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Board

Mike Trumbull (Exec. Chairman)
Geoff Turner (Exploration Dir.)
Kevin Perrin (Finance Director)
Alfonso Grillo (Company Sec.)

James Earle CEO