

CHAIRMAN'S ADDRESS

BY MR MICHAEL TRUMBULL AT THE ANNUAL GENERAL MEETING OF NAGAMBIE RESOURCES LIMITED HELD AT THE INSTITUTE OF CHARTERED ACCOUNTANTS, LEVEL 3, BOURKE PLACE, 600 BOURKE STREET, MELBOURNE AT 11.00 AM ON FRIDAY 24 NOVEMBER 2017

Good morning ladies and gentlemen.

A lot has happened in the last 12 months. I hope that you all have had a chance to read the 2017 Annual Report, in particular the Chairman's Letter and the CEO's Operations & Exploration Review. We do indeed have a wide range of assets.

PASS Management

Nagambie Resources remains very confident of being awarded large tonnages of PASS management in the tenders to come for major infrastructure projects in Melbourne. Continuously-operated tunnel boring machines (known as TBMs) are typically used for major infrastructure projects and the PASS generated by them requires uninterrupted handling, transport and reliable environmental management.

The major infrastructure projects that will be of particular interest to the Company for PASS Management will be the main Melbourne Metro Rail Project starting in CY2018, the North-East-Link Project starting in CY2019 and the East-West-Link Project, which is recommended by both Infrastructure Australia and Infrastructure Victoria.

Based on media reports, it would appear that the Metro Rail Project is significantly behind the original schedule indicated by the Victorian Government.

Quarrying

Mobile, track-mounted, diesel-hydraulic, multiple-frequency-screening, conveying units have recently become available in Australia. They can be operated on their own or in series, allowing great flexibility in operations.

They are capable of dry screening material down to around 0.4 mm (400 micron) in size and could be used at the Nagambie Mine to screen:

- ❖ 20mm minus gravel material from the overburden dumps, removing the fine dust;
- ❖ 20mm, 14mm, 10mm and 7mm rock aggregates and a rock sand product, all for concrete manufacture, from the heap leach material; and
- ❖ brickies sand, quartz concrete sand and quartz concrete aggregates from the proposed sand pits to the west of the West Pit.

Nagambie Resources has decided on the type of unit that it wishes to acquire and has ordered its first machine under a leasing arrangement. Once the first unit has been commissioned in January 2018 and is operating satisfactorily, consideration will be given to ordering a second one to operate in series when screening the heap leach material.

Geoff Turner

As announced, Geoff Turner is retiring as a Director at this AGM. I'd like to personally thank him for his 10 years of service to the Board. Understandably at his age, Geoff wants to leave behind all the boring, bureaucratic parts of business life and concentrate on the interesting bits.

Fortunately for the Company, Geoff includes continuing the overall direction of gold exploration for Nagambie Resources in his portfolio of interesting bits, along with more travel and hiking. Geoff has discovered four orebodies to date in Victoria, three of them gold, and thinks he has a real shot at finding many more gold orebodies in the Nagambie region.

Geoff Turner's Nagambie Regional Gold Model

Companies including Metana, Perseverance, Metex, Golden Shamrock, Barrick and Newcrest carried out gold exploration in the 80s, 90s and 00s in separate parts of the Nagambie region - all trying to find another Nagambie Mine after it was discovered in 1985.

A geological concept at the time was that north-west structures were very important in terms of gold mineralisation. In 2008, Geoff Turner mapped the walls of the East and West Pits at the Nagambie Mine and found no evidence of significant north-west structures. He concluded the critical structures for gold mineralisation were east-west.

In 2012, the Company publicly released Geoff's initial Nagambie Regional Gold Model. The model was instrumental in Nagambie Resources discovering in 2014 a virgin antimony-arsenic-associated gold deposit at Wandean, immediately adjacent to the east-west Wandean Thrust.

2017 Additional Element to Geoff Turner's Gold Model

After analysing the results of the 550 sq km Aeromagnetics Survey flown in late 2016, Geoff was able to add another important element to his model. He established that known gold mineralisation and anomalies in the Nagambie region are coincident with the intersection of deep, gravity-interpreted faults and the numerous shallower, aeromagnetic-interpreted east-west thrusts.

This was the extended "plumbing system" that allowed sulphide-gold, sourced from great depths, to be emplaced all the way to the surface of the host sedimentary rock formations. Rather than explore north and south of all the east-west structures for their entire length (and they can extend for over 30 km), the priority targets become the intersections of those structures with the known deep, gravity-interpreted faults.

Racecourse Gold Prospect

The Racecourse Gold Prospect occurs around 2.3 km north of the East and West Pits at the Nagambie Mine. Initially picked up by Nagambie Resources' proprietary surface soil sampling, wide-spaced Aircore drilling in 2011 established an antimony-arsenic-

associated gold zone in the basement sedimentary rocks, under around 32m of surface alluvials. The prospect is approximately the same size as the Nagambie Mine, measuring around 1.5 km east-west and 0.3 km north-south, and occurs immediately north of the aeromagnetic-interpreted Racecourse Thrust.

Given that the Racecourse Gold Prospect is covered by around 32m of surface alluvials, the Company put a lower priority on it in 2011 as regards a potential open-pit mine. However, Geoff Turner's 2017 intersection-of-structures element of his regional gold model puts Racecourse in clearer perspective.

The same deep gravity-interpreted fault that intersects the shallower east-west Nagambie Thrust, resulting in the Nagambie Gold Mine, has also intersected the shallower east-west Racecourse Thrust 2.3 km to the north, resulting in the Racecourse Gold Prospect.

The Final Remaining Element for Geoff Turner's Gold Model

Nagambie Resources is very confident that all the sulphide-gold deposits that have been located, and remain to be located, in the Nagambie region will extend for many kilometres in depth. The extended "plumbing system" is the very reason the deposits exist at surface.

At the Fosterville Gold Mine, 60 km to the west of Nagambie and 100% owned by Kirkland Lake Gold, it appears that with increasing depth, temperature and pressure conditions at the time of gold deposition became more ideal for the formation of visible, very-high-grade sulphide-gold mineralisation (averaging around two ounces of gold per tonne). Temperature and pressure underground both naturally increase with increasing depth below surface. Fluid inclusion studies indicate that the gold mineralisation at Fosterville formed as deep as 5.7 km and at temperatures up to 385°C.

The big remaining question to be answered is: "***Will the grade of the Nagambie region sulphide-gold deposits increase with depth as they do at Fosterville?***"

In a geological sense, it is very possible. In comparison to Fosterville's sulphide-gold orebodies, Nagambie region sulphide-gold orebodies:

- ❖ are in the same host rocks (silicified sandstone and siltstone sediments);
- ❖ have the same mineralisation style at surface (antimony-arsenic-associated, finely-disseminated-gold-in-sediments);
- ❖ were formed around the same geological time (roughly 377 million years ago);
- ❖ have temperature and pressure both naturally increasing with increasing depth; and
- ❖ have very similar, very deep, structural controls. Notably, the Nagambie region sediments were subjected to north-south compression which resulted in east-west faulting at surface (and east-west striking orebodies), while the Fosterville sediments were subjected to east-west compression which resulted in north-south faulting at surface (and north-south striking orebodies).

IP Surveys

Sulphide-sensing Induced Polarisation (IP) geophysical surveys, looking over 400 metres in depth, have been designed for the Nagambie Mine, Wandean and the Racecourse Prospect. The contractor is scheduled to start work next week on the Nagambie Mine IP survey and sectional plots should be available in January. The IP plots will hopefully highlight better mineralised splays as drill targets and indicate increasing sulphide mineralisation with depth.

The timing of the Wandean and Racecourse IP surveys will depend on logistical matters and, to some extent, the results of the Nagambie Mine IP survey. In a strategic sense, if both the Nagambie Mine and the Racecourse Prospect showed potential to be high-grade, sulphide-gold underground deposits, the two deposits would logically share an exploration/production access decline and ventilation shaft.

If the IP surveys do give the results hoped for, the value of Nagambie Resources' exploration tenements in the Nagambie region, now totalling over 1,000 sq km, will increase substantially. The \$1.8 million of funding raised last week means that the Company could very quickly commence diamond drilling the best underground sulphide-gold targets.

In summary for its Nagambie region gold exploration, Nagambie Resources now has:

- ❖ 100% control of all the silicified sandstone/siltstone outcropping and near-outcropping ground in the Waranga Domain of the Melbourne Zone, highly prospective for gold-in-sediments deposits;
- ❖ access to Geoff Turner and his enhanced Nagambie regional gold model;
- ❖ access to the best soil sampling protocols, the best geophysical contractors and the best drilling contractors; and
- ❖ access to sufficient funding to accelerate the exploration for "Fosterville look-alikes".

Finally, as usual I would again like to thank the Company's very supportive and patient shareholders, my fellow directors, our expert consultants, and the small but focused management team for their very productive efforts throughout the year.



Mike Trumbull
Executive Chairman