

## **HIGHLIGHTS**

- The permitting required for the Company's PASS Management Project at the Nagambie Mine is progressing positively. Nagambie Resources now expects full permitting in mid CY 2016.
- The potential scale of the Nagambie PASS Project is:
  - ❖ Total Capacity to Store PASS Under Water: 6.2 Million Tonnes
  - ❖ Potential Storage per Year: 1.0 Million Tonnes
  - ❖ Comparative Market Storage Charge: Over \$140 per Tonne
  - ❖ Nagambie Resources' Storage Charge: Commercially Less than \$140 per Tonne
- Advantages of the Nagambie PASS Project include:
  - ❖ Rehabilitation of the open pits to their original use as farming land;
  - ❖ Generation of significant employment opportunities in the region;
  - ❖ Future funding for proposed gold production, solid inert landfill storage and sand & gravel production at the Nagambie Mine – creating further employment opportunities in the region;
  - ❖ Best environmental outcome for PASS Management for Victoria;
  - ❖ Lowest cost outcome for PASS Management for Victoria; and
  - ❖ Clearly the best PASS Management solution for Melbourne's major development and infrastructure projects - including Fishermans Bend / CBD high-rise construction, the Western Distributor road tunnels and the Melbourne Metro rail tunnels.
- With the focus during the quarter being on the PASS Project, no soil sampling, drilling or costeaning was carried out on the various gold tenements.

## **COMMENTARY**

Nagambie Resources' Chairman, Mike Trumbull said: *"While the permitting process continues, we have been progressing the PASS Project in various ways.*

*"We are finalising the haul roads and the main truck tipping area for the West Pit PASS operations. The Company has been able to dry hire all the equipment required at excellent rates per hour from Shepparton, including a bulldozer (Caterpillar D7R), excavator (Kobelco SK225), mine truck (Caterpillar 740), grader (Caterpillar 140H), water truck (Caterpillar D350) and a vibrating roller (Dynapac CA512). Dry hiring means that we provide the operators and the diesel fuel, the equipment is only paid for when it is available and maintenance is the responsibility of the owner.*

*"We are proceeding with the design, tendering and construction of a state-of-the-art, unmanned, solar-powered, truck weighbridge system. The system will incorporate sensors, traffic lights, weight displays and cameras. A driver-controlled computer station will record all the required data and print entry and exit dockets for all drivers.*

*"Nagambie Resources is developing a PASS marketing program for Melbourne high-rise developers, architects and builders with the assistance of a boutique research and strategy consultancy."*

## **NAGAMBIE RESOURCES**

*Underwater storage of sulphidic excavation material (PASS) in the two 1990s-era open 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 being designed to take advantage of the 20 Ha of black plastic under the old heap leach pad.*

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

## **SHARES ON ISSUE**

347,238,110

## **ASX CODE: NAG**

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## **Board**

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

**PASS PROJECT** (100% Nagambie Resources Group)

The Company is proposing to backfill the East and West Pits at the Nagambie Mine (refer Photo 1) with sulphidic fill below the water level and overlying clay capping to rehabilitate the mined areas to their original use as farming land.

Sulphidic excavation material is known as potential acid sulphate soil or PASS. Major proposed Melbourne infrastructure projects that will involve the excavation of PASS include the Fishermans Bend / CBD high-rise developments, the Western Distributor road tunnels and the Melbourne Metro rail tunnels. Both the Western Distributor and Melbourne Metro projects have now been given the go ahead by the Victorian Government which will provide all the government funding required, with or without contributions from the Federal Government.

Underwater storage is the best environmental solution for Melbourne PASS as it prevents the oxidation of the pyrite (iron sulphide) in the material. The water in the Nagambie Mine open pits is naturally strongly saline and alkaline, making it ideal for PASS management. Impermeable clay and other non-sulphidic fill from the mine site will then be dozed into the pits to cap the PASS.

Water, air (dust), land, visual, odour and noise impacts from the proposed PASS Management operations will all be low to negligible for the local community.

The largest impact relates to increased truck movements between the Goulburn Valley Highway and the Nagambie Mine, involving sections of the Nagambie-Locksley, McDonalds and Zanelli Roads. These are sealed primary roads and already experience relatively frequent heavy vehicle movements following the construction of the Nagambie Bypass Freeway. Increased vehicle movements on Zanelli Road will improve the argument for VicRoads to install an already-designed overpass to allow direct access to Zanelli Road from the Nagambie Bypass.

Ahead of VicRoads constructing the Zanelli Road overpass, these increased truck movements will result in increased road maintenance costs for the Strathbogie Shire. Nagambie Resources is proposing to make contributions to the Shire when required to help defray the additional road maintenance costs incurred.

The potential scale of the Nagambie PASS Project is illustrated below:

- ❖ Total Capacity to Store PASS Under Water: 6.2 Million Tonnes
- ❖ Potential Storage per Year: 1.0 Million Tonnes
- ❖ Comparative Market Storage Charge: Over \$140 per Tonne
- ❖ Nagambie Resources' Storage Charge: Commercially Less than \$140 per Tonne

Advantages of Nagambie's proposed PASS Management project include:

- ❖ Low environmental impact for the area;
- ❖ Rehabilitation of the 1990s mined areas to their original use as farming land;
- ❖ Generation of significant employment opportunities in the Nagambie area;
- ❖ Future funding for proposed gold production, solid inert landfill storage and sand & gravel production at the Nagambie Mine – creating further employment opportunities in the region;
- ❖ Best environmental outcome for PASS Management for Victoria;
- ❖ Lowest cost outcome for PASS Management for Victoria; and
- ❖ Clearly the best PASS Management solution for Melbourne's proposed large infrastructure projects.

**Backfilling the Legacy Pits with PASS**

PASS truck tipping areas and access haul roads are shown in Figure 1. The West Pit will be filled first with PASS being trucked to Site 1 (shown in yellow in Figure 1) and tipped there. Bulldozers will then doze the tipped PASS into the pit within 24 hours. Any dozed PASS that may hang up on the pit wall above the water will be pushed under water using a long-armed excavator. A floating dredge will then distribute the PASS evenly around the pit so that no PASS comes closer than 1.0 metre of the water surface (the groundwater level).

**Photo 1 Aerial View of the Nagambie Mine Site**



Looking north east. Water-filled West Pit in foreground, East Pit in background

### **CLONBINANE GOLDFIELD** (100% Nagambie Resources Group)

The Clonbinane Goldfield is approximately halfway between Melbourne and Nagambie, close to the Hume Freeway (refer Appendix 1). With the focus being on the PASS Project, no drilling or costeaning was carried out at Clonbinane during the quarter.

### **WANDEAN GOLD DEPOSIT** (100% Nagambie Resources Group)

The Wandean deposit lies 9 km north west of the Nagambie Mine and 4 km north of the Nagambie township (refer Appendix 1). With the focus being on the PASS Project, no drilling or costeaning was carried out at Wandean during the quarter.

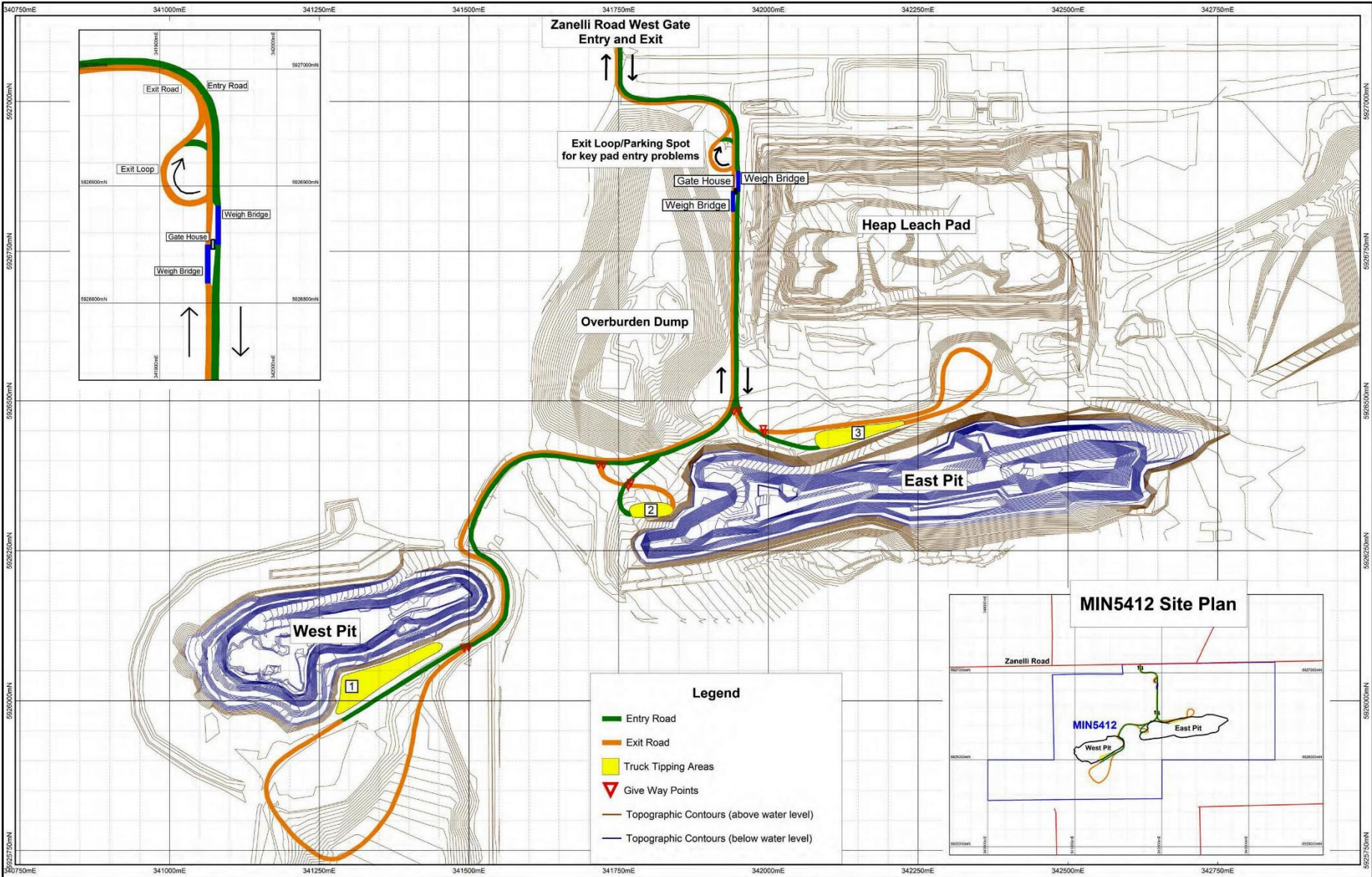
### **TENEMENT CHANGES**

Nagambie Resources group tenements as at 31 March 2016 are shown in Appendix 1 (plan and table). EL 6212, Reedy Lake North, was granted and EL 5327, Nagambie South, expired.

### **AGGREGATE SALES ROYALTY**

Nagambie Resources receives royalties on sales of gravel and aggregate that are produced by a contractor from the historic overburden dumps and heap leach pad respectively as part of mine rehabilitation.

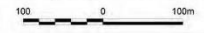
After extensive testing and small scale trials, the contractor was able to produce excellent screened aggregate products from the heap leach material. Trialling of large scale equipment began during the quarter. After encountering commissioning problems with one of the two screens, the contractor has ordered a replacement, vibrating screen.



Notes: West Pit will be filled first before filling of the East Pit commences.  
 Site 1 - 'Hard' and 'soft' PASS  
 Site 2 - 'Soft' PASS  
 Site 3 - 'Hard' PASS

Notes:  
 Topographic Contour Interval = 1m  
 Blue contour lines are below water level and brown contour lines are ground surface level.

Scale  
 1 : 4000  
 Plot Date  
 12-Jan-2016  
 Map Datum: MGA94, Zone 55.  
 Sheet  
 1 of 1



**PASS Truck Tipping Areas and Access Haul Roads**

Figure 1 Page 4

**CORPORATE**

At 31 March 2016, total cash held by the Company was \$747,000.

During the quarter, a total of 302,220 Nagambie Resources convertible notes with a total face value of \$12,089 were converted into shares. In addition, 400,000 employee options were exercised during the quarter at 10.0 cents each, raising \$40,000.

Approximately \$300,000 is expected to be raised during May and June 2016 from the exercising of directors' options and an R&D tax incentive payment.



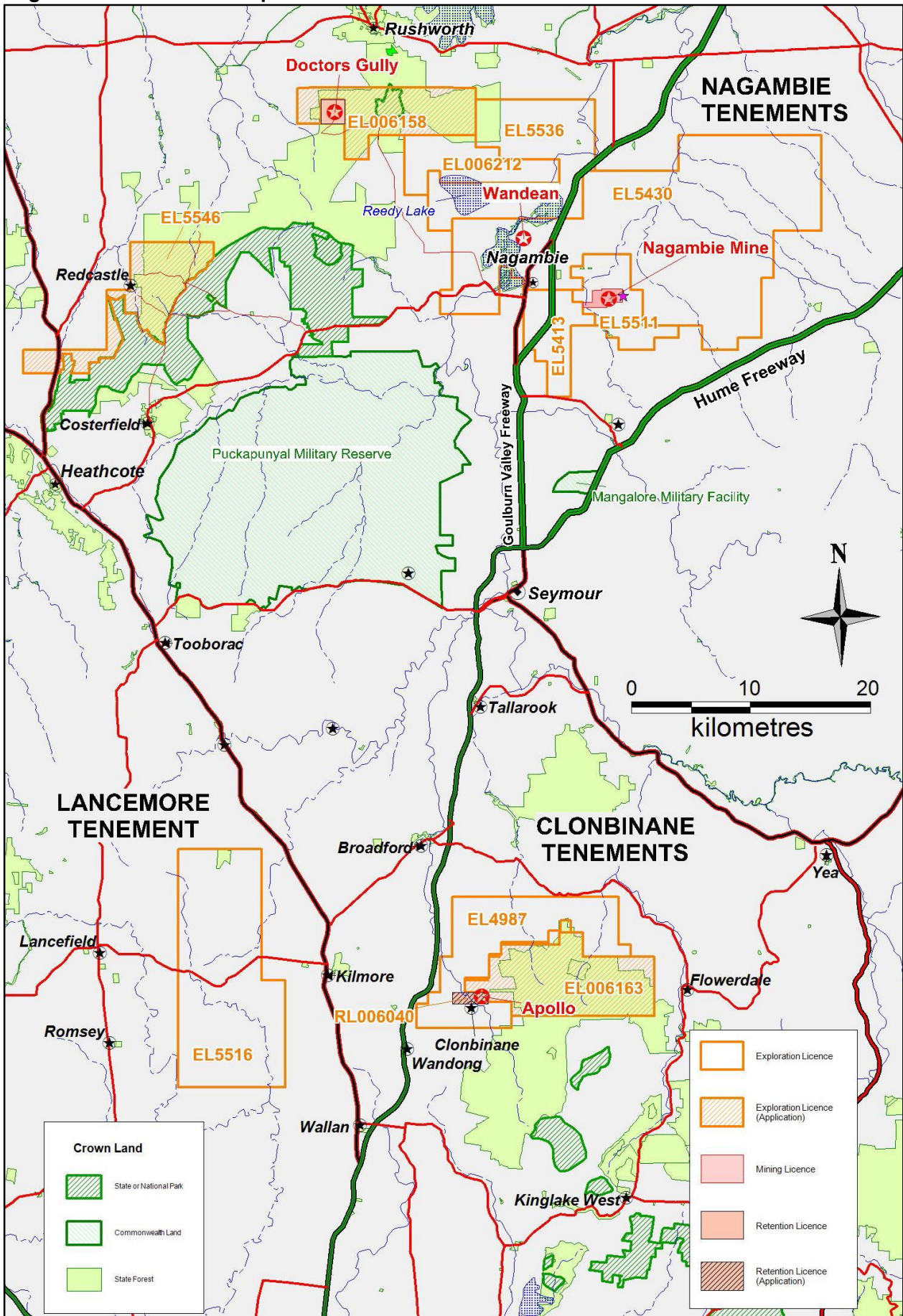
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**FORWARD-LOOKING STATEMENTS**

*This report contains "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Nagambie Mining and any of its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Exploration potential is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Readers are cautioned not to place undue reliance on forward-looking statements and Nagambie Mining assumes no obligation to update such information.*

**APPENDIX 1**

**Nagambie Resources Group Tenements as at 31 March 2016**



**APPENDIX 1** (Continued)

**Nagambie Resources Group Tenements as at 31 March 2016**

Tenement Number	Tenement Name	Area*	Holder**
<b>MIN 5412</b>	<b>Nagambie Mining Licence</b>	364.1 Hectares	NAG
<b>EL 5430</b>	<b>Bunganail Exploration Licence</b>	312 Graticules	NAG
<b>EL 5511</b>	<b>Nagambie Exploration Licence</b>	36 Graticules	NAG
<b>EL 5536</b>	<b>Wandean North Exploration Licence</b>	85 Graticules	NAG
<b>EL 5413</b>	<b>Nagambie West Exploration Licence</b>	33 Graticules	NAG
<b>EL 6212</b>	<b>Reedy Lake North Exploration Licence</b>	41 Graticules	NAG
<b>EL 4987</b>	<b>Clonbinane North Exploration Licence</b>	99 Graticules	CLO
<b>ELA 6163</b>	<b>Clonbinane South Exploration Licence Application</b>	79 Graticules	CLO
<b>RLA 6040</b>	<b>Clonbinane Retention Licence Application</b>	300 Hectares	CLO
<b>EL 5516</b>	<b>Lancemore Exploration Licence</b>	158 Graticules	NAG
<b>ELA 5546</b>	<b>Redcastle Exploration Licence</b>	69 Graticules	NAG
<b>RL 2019</b>	<b>Doctors Gully Retention Licence</b>	400 Hectares	NAG
<b>ELA 6158</b>	<b>Rushworth Exploration Licence Application</b>	56 Graticules	NAG

\* Graticules are mostly 1.0 square km or 100 hectares but can be less

\*\* NAG = 100% Nagambie Resources Limited

\*\* CLO = 100% Clonbinane Goldfield Pty Ltd