

HIGHLIGHTS

- ❖ A strategic partnership with the Canadian gold company Mawson Resources Limited (“Mawson”), announced on 30 January 2020, will allow for the optimal exploration and development of Nagambie Resources’ extensive tenement holdings in the Waranga Domain.
- ❖ Mawson will take up an initial 10.0% shareholding in Nagambie Resources (“NRL”) of 50.0 million fully-paid ordinary NRL shares. Under the agreement, Mawson’s NRL shares will be restricted from sale for two years and Mawson will have the right of first refusal to take up or match all proposals under consideration by NRL on its Waranga Domain tenements provided that Mawson continues to hold its original 50.0 million NRL shares. Mawson will also have anti-dilution rights provided it holds between 10.0% and 19.9% of NRL and the right to appoint a director to the NRL board provided it holds and maintains at least 15.0% of NRL.
- ❖ As consideration for the 50.0 million NRL shares, NRL will get 8.5 million shares in Mawson which had a value at the time of the announcement of approximately \$2,500,000.
- ❖ Mawson will acquire 100% of NRL’s Clonbinane tenements for \$500,000 cash and 1.0 million Mawson shares, valued at the time of the announcement at approximately \$295,000. Mawson will also pay NRL \$28,000 to cover the tenement bonds.
- ❖ Total consideration to NRL for the 50.0 million NRL shares and Clonbinane was valued at the time of the announcement at approximately \$3,323,000; \$528,000 in cash and approximately \$2,795,000 in 9.5 million Mawson shares.
- ❖ Mawson will also have the right to spend the next \$1,000,000 on each of NRL’s Redcastle exploration licence and NRL’s Doctors Gully retention licence to earn a 70% joint venture interest in each.
- ❖ Induced Polarisation (IP) ground survey completed over the intersections of the Wandean Crustal Fault and the Thrust Faults at Nagambie Mine West (NMW) – computer inversion results, and the analysis of them, pending. Strong IP chargeability anomalies at NMW would further validate the Company’s geological model for Fosterville-style sulphide-gold mineralisation and highlight the prospectivity of Nagambie Resources’ extensive tenement holding in the Waranga Domain

COMMENTARY

Nagambie Resources’ Chairman, Mike Trumbull said: *“The win-win deal with Mawson promises to be a game changer for our gold exploration in the Waranga Domain.*

“Mawson has a very experienced and successful geological team and their endorsement of our model-based use of geophysics, supported by the first ever deep diamond drilling in the Waranga Domain, is very gratifying.

“The Mawson Chairman has said that he looks forward to working with us to find Victoria’s next major Fosterville-style gold deposit in Victoria and I totally concur.”

NAGAMBIE RESOURCES

Exploration for Fosterville-style, structural-controlled, high grade sulphide-gold underground deposits within 2,000 sq km of Waranga Domain tenements is being methodically carried out using geophysical targeting techniques, diamond drilling and analysis for hydrothermal alteration of the sediments.

Underwater storage of sulphidic excavation material (WASS / PASS) in the two legacy gold pits at the Nagambie Mine is an excellent environmental fit with major infrastructure projects for Melbourne such as Metro Rail, West Gate Tunnel and North-East Link.

Recycling of the tailings and overburden dumps can produce aggregates for concrete and gravel products respectively.

Quarrying and screening of sand deposits at the mine to produce various sand and quartz aggregate products is planned.

The first landfill site is planned to take advantage of the 17 Ha of engineered black plastic under the mine tailings pad.

SHARES ON ISSUE

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Nagambie Resources Limited
ABN 42 111 587 163

**Registered, Operations &
Head Office**

533 Zanelli Road
Nagambie Vic 3608
(PO Box 339)

Tel: (03) 5794 1750

www.nagambieresources.com.au
info@nagambieresources.com.au

Board

Mike Trumbull (Exec Chairman)
Gary Davison (Director)
Alfonso Grillo (Dir/Company Sec)

James Earle CEO

GOLD EXPLORATION

Mawson Resources to become a Strategic Partner

On 30 January 2020, Nagambie Resources Limited (“NRL”) announced that it had signed initial agreements with a Toronto Stock Exchange (“TSX”)-listed gold exploration and development company, Mawson Resources Limited (“Mawson”) (TSX: MAW). In summary, the agreements provide for the following outcomes.

Mawson to become a Cornerstone Supportive Shareholder in NRL

Mawson will take up an initial 10.0% shareholding in NRL of 50.0 million fully-paid ordinary NRL shares, with the shares being restricted from sale for two years after issue. Mawson will have the right of first refusal to take up or match all future joint venture proposals, sales or royalties under consideration by NRL on its approximate 2,000 square kilometres of tenements in the Waranga Domain provided that Mawson continues to hold its original 50.0 million NRL shares. Subject to NRL obtaining a waiver of ASX Listing Rule 6.18, Mawson will also have the right to subscribe for shares in future NRL issues to avoid dilution, which right shall be extinguished if Mawson’s shareholding at any time falls below 10% (in which case Mawson would have 180 days to acquire additional NRL shares to avoid the extinguishment) or exceeds 19.9%. If Mawson increases and maintains its interest in NRL to at least 15.0%, Mawson will be entitled to nominate one director to the NRL board. The purchase of the NRL shares by Mawson remains subject to TSX approval.

NRL, as consideration for the 50.0 million NRL shares, will get 8.5 million shares in Mawson. The Mawson shares will be restricted from sale on issue and will be released in 25% tranches at intervals of 4 months, 10 months, 16 months and 22 months. Based on the 5-day volume-weighted average price for Mawson shares on the TSX and the then current exchange rate, the 8.5 million Mawson shares had a current value of approximately \$2,500,000. The average consideration per NRL share issued to Mawson therefore equated to approximately 5.0 cents, a 31.6% premium to the last ASX sale price for NRL shares on 29 January 2020 of 3.8 cents.

Mawson to Purchase 100% of NRL’s Clonbinane Tenements

Mawson will acquire 100% of the shares in Clonbinane Goldfield Pty Ltd, a 100% subsidiary of NRL and the holder of the Clonbinane tenements. Consideration to NRL will be \$500,000 cash and 1.0 million Mawson shares, valued at the time of the announcement, as for the other 8.5 million Mawson shares, at approximately \$295,000. Mawson will also pay NRL \$28,000 to cover Clonbinane Goldfield’s environmental bonding. Total consideration to NRL was therefore valued at approximately \$823,000. These 1.0 million Mawson shares will also be restricted from sale on issue and will be released in tranches of 250,000 shares at intervals of 4 months, 10 months, 16 months and 22 months.

Total Consideration for 10% NRL Shareholding and Clonbinane

Total consideration to NRL for the 50.0 million NRL shares and Clonbinane was therefore valued at the time of the announcement at approximately \$3,323,000; \$528,000 in cash and approximately \$2,795,000 in 9.5 million Mawson shares, approximately 4.7% of the then total issued Mawson shares.

Redcastle and Doctors Gully Joint Ventures

Mawson will have the right to spend the next \$1,000,000 on each of NRL’s Redcastle exploration licence and NRL’s Doctors Gully retention licence to earn a 70% joint venture interest in each.

For each tenement, Mawson will be committed to spend \$100,000 in the first year for no interest, and then have the right to spend cumulative amounts of \$250,000 to earn 25%, \$500,000 to earn 50% and \$1,000,000 to earn 70%. After Mawson earns 70%, NRL could then contribute its 30% share of further expenditure or, if it chooses to not contribute, dilute to less than a 5% interest over time, in which case it would be deemed to have no interest in the joint venture and instead have a 1.5% net smelter return (NSR) royalty on gold revenue. In the case of NRL ending up with a 1.5% NSR royalty, Mawson will have a once-off right to acquire the tenement royalties for \$4,000,000 each.

Timing

NRL and Mawson have agreed to a short due diligence period ending 14 February 2020 and are targeting the execution of final definitive agreements on or before 10 March 2020.

Benefits to NRL from Mawson Agreements

The agreements will provide significant benefits to both NRL and Mawson. For NRL, the main benefits will be:

- ✓ A source of immediate, medium-term and potentially longer-term funding to allow NRL to focus on gold exploration and development in its highly prospective 2,000 sq km of tenements in the Waranga Domain;
- ✓ Ongoing funding by Mawson, up to \$2,000,000 in total, on the Redcastle and Doctors Gully tenements before NRL needs to consider contributing to further joint venture expenditure;
- ✓ The initiation of Canadian investors' interest in NRL and the potential for Fosterville-style gold mineralisation in the Waranga Domain in central Victoria;
- ✓ Mawson's significant shareholders include well-known international gold investors including affiliates and clients of the Sprott Group;
- ✓ Industry endorsement of NRL's Waranga Domain tenements, gold model and exploration methodologies demonstrated by a Canadian gold company's approach to NRL seeking a strategic investment and relationship; and
- ✓ A supportive cornerstone shareholder in NRL that is incentivised to maintain and increase its holding over time.

About Mawson

Mawson Resources Limited is a Canadian resource company. Its head office is in Vancouver and it is listed on the Main Board of the Toronto Stock Exchange (TSX). Engaged in the acquisition, exploration and development of unproven mineral interests, it has exploration assets in Finland, USA and Australia.

Mawson's principal exploration asset is the 100%-owned Rajapalot gold-cobalt project in northern Finland. In December 2018, Mawson announced a maiden resource comprising a pit and underground Constrained Inferred Mineral Resource of 424,000 ounces of gold at 3.1 g/t gold equivalent (4.3 million tonnes at 2.3 g/t gold, 430 ppm cobalt). During a 15,000 metres drilling program in 2019, Mawson doubled the metres drilled into resource areas and estimated an exploration target of 0.8-1.0 million ounces between 3-5 g/t gold equivalent. 15,000m of diamond drilling in 2020, utilising 5 rigs, has commenced and is being directed by the geological controls of known high-grade gold zones, fixed loop electromagnetic ("EM") conductors, and further refined by down hole EM ("DHEM").

WTD002 Diamond Hole

As previously announced, Wandean hole WTD002 traversed 15m below the Induced Polarisation (IP) target at around 770m downhole but failed to intersect significant sulphide mineralisation that would have explained the strong IP chargeability anomaly (refer Figure 1).

As Figure 1 shows, the anomalous IP chargeability zone extends fully across all the six north-south lines surveyed. However, the east-west-trending zone is not a straight-line anomaly, indicating possible secondary faulting in addition to the primary thrust faulting. If this secondary faulting is as indicated in plan view, it will also likely occur in a sectional (vertical) view and could explain the failure of WTD002 to intersect significant sulphides as being due to displacement.

Assays for the geological and lithochemical core samples selected for WTD002 are still awaited, the timing being impacted by the Christmas / New Year seasonal break.

IP Survey over Intersections of Wandean Crustal Fault and Thrust Faults at Nagambie Mine West

As soon as local cropping allowed, in mid January 2020, Zonge commenced 21.1 line km of IP over seven north-south survey lines at Nagambie Mine West (refer Figure 2). Zonge completed the ground survey work on 29 January 2020 and Nagambie Resources is planning to release the computer inversion results, and the analysis of the results, by mid February 2020.

Strong IP chargeability anomalies at Nagambie Mine West would further validate the Company's geological model for Fosterville-style sulphide-gold mineralisation and highlight the prospectivity of Nagambie Resources' extensive tenement holding in the Waranga Domain.

Figure 1 WTD002 Plan – Wandean Sulphide-Gold Target, Thrust Faults and Wandean Crustal Fault

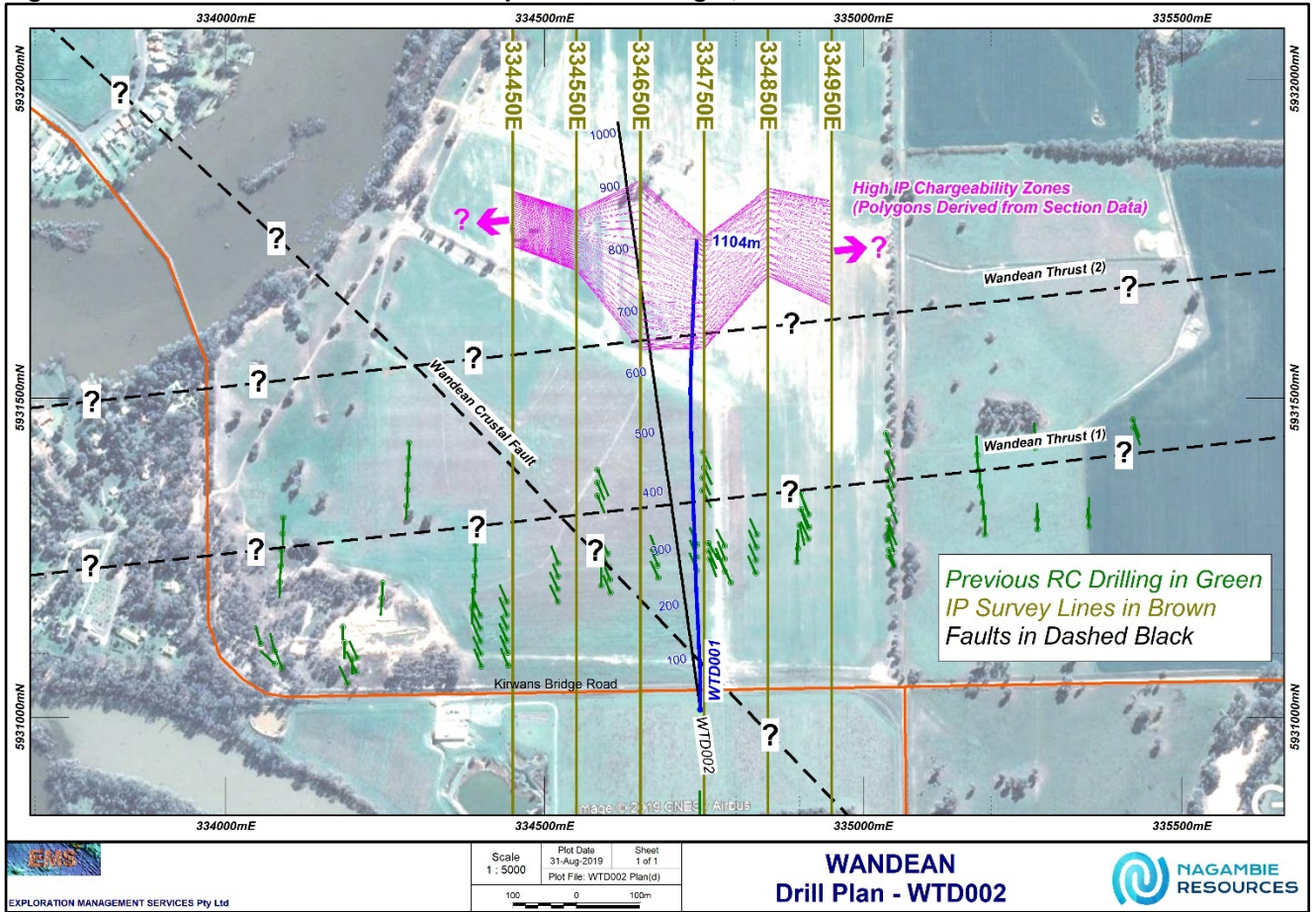
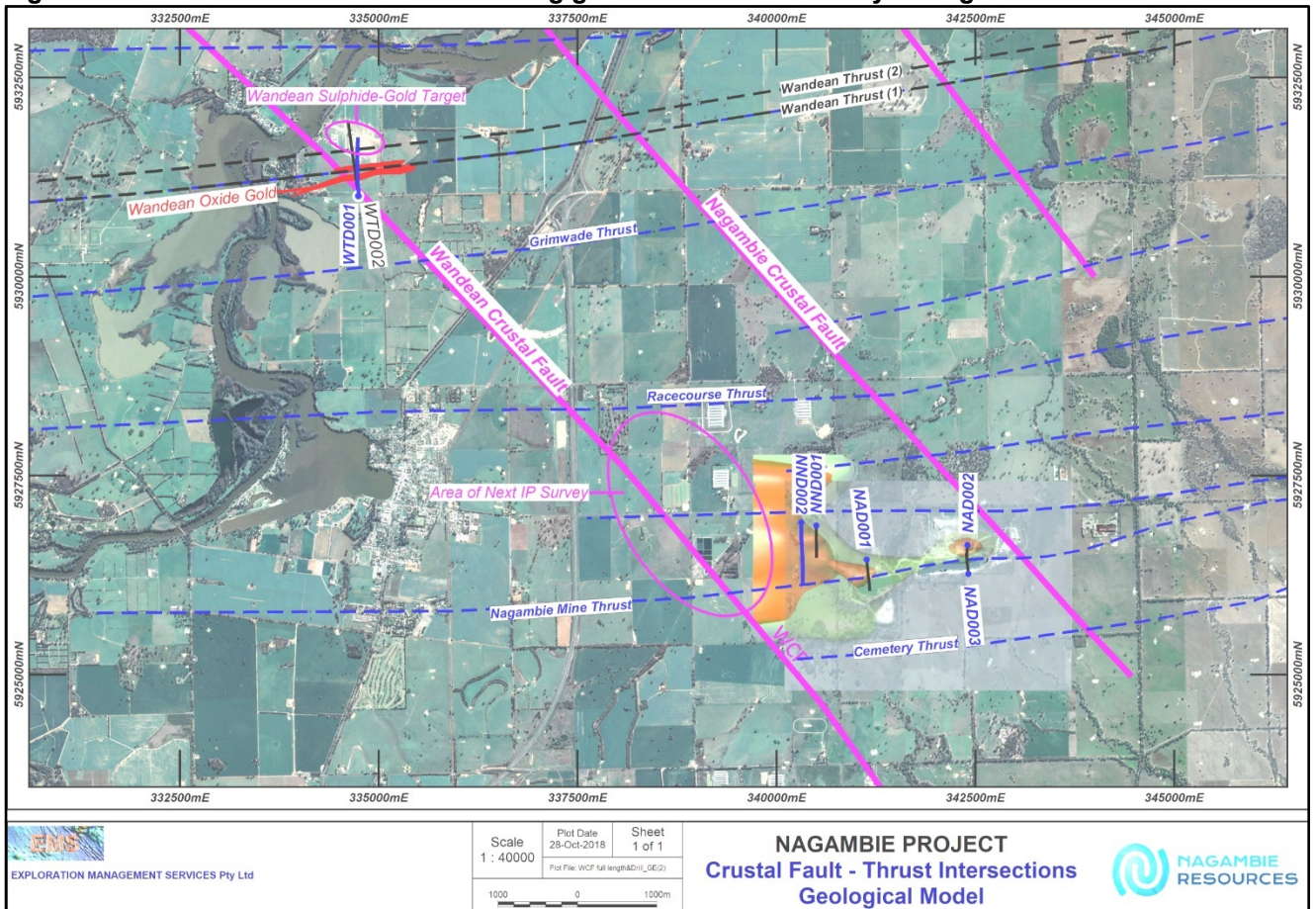


Figure 2 Wandean Crustal Fault – showing general area of IP Survey at Nagambie Mine West



Gold Tenements and Changes

Nagambie Resources’ group tenements as at 31 December 2019 are listed in Table 1.

EL 5430 “Bunganail” was reduced in size from 181 sq km to 160 sq km during the quarter; EL 6508 “Tabilk” was reduced in size from 84 sq km to 63 sq km; and EL 6731 “Arcadia” was reduced in size from 493 sq km to 416 sq km.

Table 1 Nagambie Resources Group Tenements as at 31 December 2019

Tenement Number	Tenement Name	sq km
MIN 5412	Nagambie Mining Licence	3.6
EL 5430	Bunganail Exploration Licence	160.0
EL 5511	Nagambie Exploration Licence	24.0
EL 5536	Wandean North Exploration Licence	27.0
EL 6212	Reedy Lake North Exploration Licence	17.0
EL 6158	Rushworth Exploration Licence	46.0
RL 2019	Doctors Gully Retention Licence	4.0
EL 6352	Miepoll Exploration Licence	414.0
EL 6421	Pranjip Exploration Licence	94.0
EL 6508	Tabilk Exploration Licence	63.0
EL 6606	Gowangardie Exploration Licence	120.0
EL 6719	Euroa Exploration Licence	132.0
EL 6720	Tatura Exploration Licence	214.0
EL 6731	Arcadia Exploration Licence	416.0
EL 6748	Waranga Exploration Licence	136.0
ELA 6877	Nagambie Exploration Licence Application	8.0
EL 6937	Nagambie East Exploration Licence	10.0
Subtotal Waranga Domain		1,888.6
EL 6163	Clonbinane South Exploration Licence	59.0
RL 6040	Clonbinane Retention Licence	3.0
EL 5546	Redcastle Exploration Licence	51.0
Total		2,001.6

WASS / PASS PROJECT

Waste acid sulfate soil and rock (WASS) can be either potential acid sulfate soil (PASS) or actual acid sulphate soil and rock (AASS). PASS exists below the water table and, if it is excavated and then stored above ground, it naturally oxidises into AASS with attendant acid drainage environmental issues. Best practice management of PASS is to store it under water, preventing oxidation and acid formation.

Nagambie Resources has an Environment Protection Authority of Victoria (EPA)-approved Environment Management Plan (EMP) to store PASS in the legacy water-filled pits at the Nagambie Mine as part of the proposed rehabilitation of those pits. PASS capacity of the pits is around 5.0 million tonnes. The water in the Nagambie Mine open pits is naturally saline and alkaline, making it ideal for PASS management, particularly for PASS rock.

Total PASS rock to be generated from the proposed North East Link Project road tunnels in north-east Melbourne will be approximately 5.4 million tonnes, all of it from tunnelling by large-diameter tunnel boring machines (TBMs). In September 2019, the Victorian Government announced the three consortiums that will be bidding for the construction of North East Link, with tenders to close in mid 2020. Recent media reports have indicated that one of the three consortiums may have withdrawn from the upcoming tendering process.

Nagambie Resources envisages that the TBM-generated PASS rock from the North East Link will average around 1.0 million tonnes per year and that the two TBMs required will be operating continuously 24/7 as the tunnelling is the major critical path activity. At any particular time, both the TBMs could be tunnelling through PASS rock which would create significant operational issues in terms of PASS management.

When both the TBMs are simultaneously excavating PASS 24/7, the PASS rock will need to be trucked away continuously and managed 24/7 in accordance with the EMP procedures that apply at the receiving sites.

Nagambie Resources considers that only underwater storage sites can accommodate such a large-scale 24/7 requirement by the project managers.

Lime treatment of PASS rock on a continuous 24/7 basis would have to cope with issues such as heavy rainfall, rainfall runoff, consistent lime blending / retention in rock piles, and effective pH testing of all the product heaps as they progress through treatment. Another significant environmental issue is the emissions produced by the lime treatment sites in Melbourne. Nagambie Resources has calculated that they produce more than four times the total equivalent carbon emissions than an underwater storage site such as the Nagambie Mine. The equivalent carbon emissions from the production of lime needed to treat the PASS, and the lime blending process itself, are more than five times greater than the additional equivalent emissions resulting from the longer trucking distance to Nagambie.

CORPORATE

Cash

At 31 December 2019, total cash held by the group was \$978,000.

\$200,000 was raised in January 2020 from the placement of new Nagambie Resources' convertible notes. On 30 January 2020, the Company announced agreements with Mawson Resources Limited ("Mawson"), with finalisation to occur on or before 10 March 2020, under which total consideration to Nagambie Resources will be \$528,000 in cash and 9.5 million Mawson shares.

2019 Research and Development Cash Rebate

A Research and Development cash rebate for the 2018/2019 financial year of \$728,000 was received by the Company in October 2019.

2019 Share Purchase Plan and Placement

In November 2019, \$603,000 was raised under the Nagambie Resources 2019 Shareholder Share Purchase Plan (SPP) and \$60,000 from a placement, all at 5.3 cents per share. All three directors subscribed the maximum subscription allowable per shareholder under the SPP of \$30,000.



James Earle
Chief Executive Officer

STATEMENT AS TO COMPETENCY

The Exploration Results in this report have been compiled by Dr Rod Boucher and Mr Geoff Turner. Rod Boucher has a PhD in Geology, is a Member and RPGeo of the Australian Institute of Geoscientists and is a Member of the Australian Institute of Mining and Metallurgy. Geoff Turner is a Fellow of the Australian Institute of Geoscientists. Both Rod Boucher and Geoff Turner have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Both consent to the inclusion in this report of these matters based on the information in the form and context in which it appears.

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", "target", "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 Resources assumes no obligation to update such information.