

MAWSON RESOURCES TO BECOME A STRATEGIC PARTNER

Nagambie Resources Limited (“NRL”) (ASX: NAG) is pleased to advise that it has 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 current exchange rate, the 8.5 million Mawson shares will have a current value of approximately \$2,500,000. The average consideration per NRL share issued to Mawson therefore will equate to approximately 5.0 cents, a 31.6% premium to the last ASX sale price for NRL shares 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, currently valued, 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 will therefore be 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 will therefore be currently valued 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.

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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Board

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

James Earle CEO

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").



Mike Trumbull
Executive Chairman
Nagambie Resources Limited