NAGAMBIE RESOURCES

DECEMBER 2015 QUARTERLY REPORT **29 JANUARY 2016**

HIGHLIGHTS

- The Company applied to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) in late January 2016 to vary the way that Nagambie Resources rehabilitates the 1990s-era water-filled pits at the Nagambie Mine. The plan submitted to DEDJTR involves receiving sulphidic excavation material (known as potential acid sulphate soils or PASS) from construction sites in Melbourne and storing it under the water in the open pits. Clay and other fill from the site would then be dozed into the pits to cap the PASS.

- Nagambie Resources is hopeful that its plans to backfill the open pits will receive approval from DEDJTR in the near term, allowing operations to commence in early to mid CY 2016. However, there is no guarantee that the Company's application will be approved and, if it is, how long that approval will take.

- Attached to the plan submitted to DEDJTR was an independently prepared Environmental Management Plan (EMP). The EMP addresses all the EMP requirements of the Environment Protection Authority of Victoria (EPA) in regards to the receipt of PASS.

- The potential scale of the PASS Project is illustrated below:
  - ❖ Total Capacity to Store PASS Under Water: 6.2 Million Tonnes
  - ❖ Potential Life of PASS Project: 6.2 Years
  - ❖ Potential Average Storage per Year: 1.0 Million Tonnes
  - ❖ Comparative Market Storage Charge: Over $140 per Tonne
  - ❖ Company Storage Charge: Commercially Less than $140 per Tonne

- The Company completed a costeaning program (four costeans totalling 313 metres in length) at the Apollo-Gladys area at Clonbinane. The assay data for the costeans supported and complemented the results obtained from the earlier shallow trenching program, confirming the folding of the gold mineralisation that had been interpreted by Nagambie Resources and clearly defining the mineable ore at surface.

COMMENTARY

The Company Chairman, Mike Trumbull said: *"A lot of work has gone into optimising the environmental and operational aspects of backfilling the 1990s-era open pits with PASS. PASS storage, and the subsequent capping of the PASS, will greatly enhance the rehabilitation of the old mine site, provide significant employment opportunities in the Nagambie area, and generate revenue of scale for shareholders.*

"Shareholders overwhelmingly supported the change of name to Nagambie Resources, which better reflects the broadening nature of the Company's assets, at the 2015 AGM. The Company is planning to use a proportion of PASS revenue to advance its other targeted activities – particularly gold exploration & production, sand and gravel exploration & production, and solid inert landfill development."

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 development of Fishermans Bend, the Melbourne Metro Rail Project and the newly-proposed tunnel for the Western Distributor Project.

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
344,669,223

ASX CODE: NAG

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PASS PROJECT (100% Nagambie Resources Group)

Application Submitted

The Company applied to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) in late January 2016 to vary the way that Nagambie Resources rehabilitates the West and East Pits at the Nagambie Mine. The plan submitted to DEDJTR involves receiving sulphidic excavation material (known as potential acid sulphate soils or PASS) from construction sites in the Melbourne metropolitan area and storing it under the water in the pits. Clay and other non-sulphidic fill from the site would then be dozed into the pits to cap the PASS.

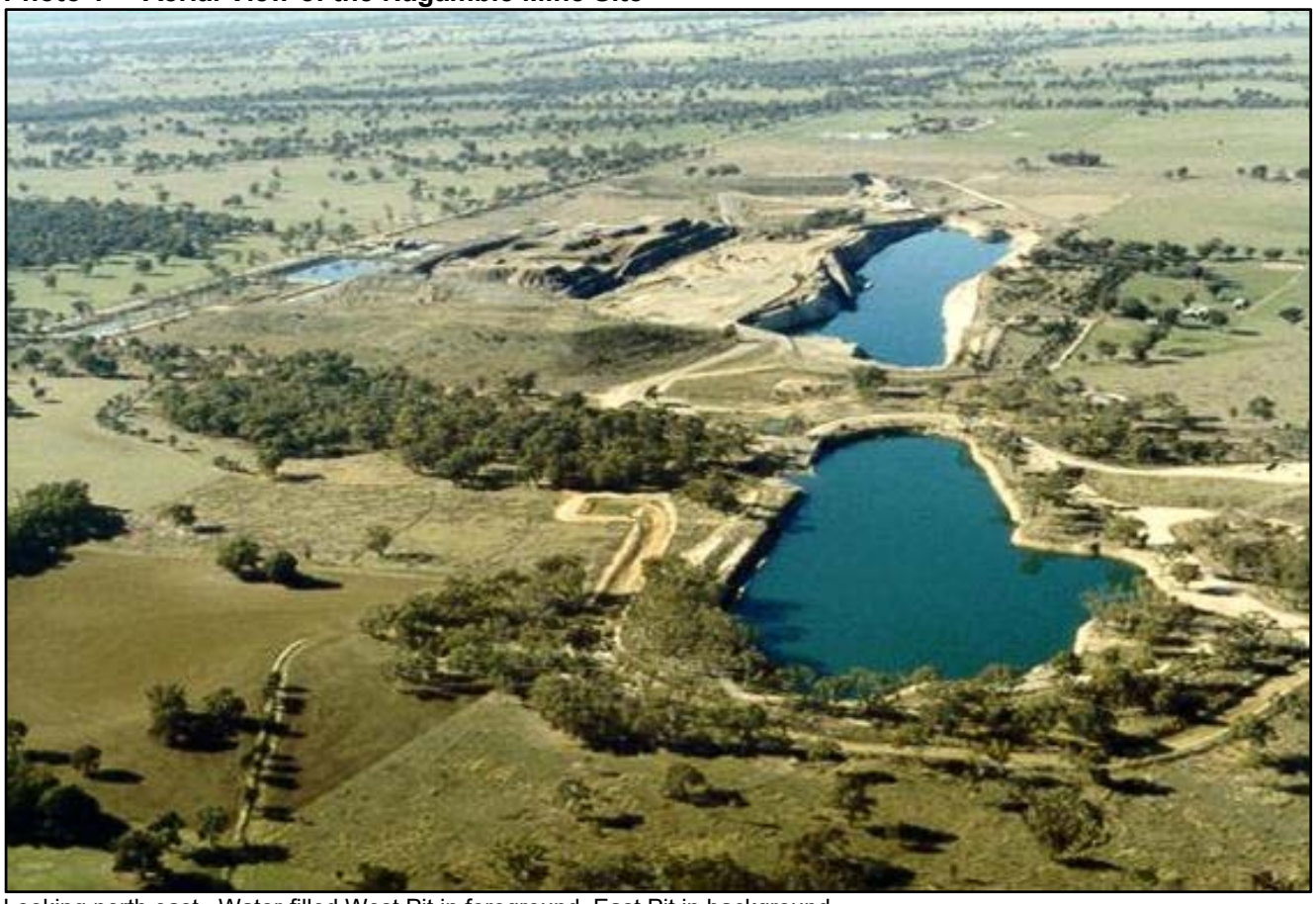
The West Pit, the first pit proposed to be filled, would be backfilled to surface and revegetated to return it to its previous use as farming land. A potential final use for the East Pit, after the capping material was at least two metres above the groundwater table, could be as a long term solid inert landfill site to service central Victoria and north-east Melbourne.

Attached to the plan submitted to DEDJTR was an Environmental Management Plan (EMP) prepared by an independent Melbourne environmental consulting firm. The EMP addresses all the EMP requirements of the Environment Protection Authority of Victoria (EPA) in regards to the receipt of PASS.

It identifies the risks associated with managing PASS at the Nagambie site, details the significance of these risks and outlines how the risks would be mitigated and managed. Risks addressed in the EMP include water, air/dust, land and noise pollution. Other areas covered include fire management, pest animals, habitat loss and heritage protection.

The Company is hopeful that its plans to backfill the open pits will receive approval from DEDJTR in the near term, allowing operations to commence in early to mid CY 2016. However, there is no guarantee that Nagambie Resources' application will be approved and, if it is, how long that approval will take.

Photo 1 Aerial View of the Nagambie Mine Site



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

Background

PASS storage is a very exciting development for the Company and could be operational at the Nagambie Mine in early to mid CY 2016 subject to approval by DEDJTR and the subsequent award of PASS contracts.

The sulphidic material is known as PASS because of the potential for the sulphides to break down into acids and sulphates if stored above ground. By far the best environmental storage solution for PASS is to put it under water, preventing the formation of acids and sulphates due to atmospheric oxidation.

PASS from Melbourne excavations can be "hard" PASS (sandstones and siltstones with pyrite) or "soft" PASS (silts with pyrite, such as Coode Island Silt).

The two 4.4 km long East-West tunnels, that were to be part of the now-cancelled East-West Project, were estimated to contain a total of around 2.25 million tonnes of “hard” Pass (the winning tenderer for that project had been in discussion with Nagambie Resources in regards to using the water-filled open pits at the Nagambie Mine). All the excavations for the proposed high-rise buildings at Fishermans Bend and the newly-proposed tunnel for Transurban’s Western Distributor Project will contain “soft” PASS. Excavations for some of the larger proposed high-rise buildings in the Melbourne CBD will contain “hard” PASS. The proposed Melbourne Metro Rail Project, two 9 km long tunnels and five new underground stations, will contain large quantities of both “hard” and “soft” PASS (in total, possibly multiples of the 2.25 million tonnes estimated for the East-West tunnels).

The open pits at the Nagambie Mine could accept a total of around 6.2 million tonnes of PASS under water, with water depths in the West Pit and the East Pit being up to 40 metres and 50 metres respectively.

Photo 2 View of the East Pit at the Nagambie Mine

Looking east

Nagambie Mining has investigated whether there are any alternative large under-water sites that could accept PASS and has concluded that none exist. PASS can be stored above ground in Melbourne landfill sites, after treatment with lime, but that alternative is a poor environmental outcome for Victoria.

Where Melbourne PASS has been Stored: “15% Cover Material” Arrangement

While no figures are publicly available, a total of around 300,000 tonnes per annum of PASS is understood to be taken in collectively by the 17 Melbourne landfill sites under a “15% cover material” arrangement with the EPA. This PASS avoids payment of the EPA landfill levy on entry, is treated with lime at the particular landfill site and is then used as cover material for each compacted bench at the landfill site. Because it avoids the need for the landfill operators to pay to import normal types of cover material, this “cover material” PASS is accepted by the landfill sites for $50 per tonne and less.

PASS in excess of the collective 300,000 tonnes or so per annum for Melbourne can still be taken in by Melbourne landfill sites but it then has to compete with "normal" landfill. Landfill charges in Melbourne are typically $140 to $150 per tonne. On top of that, PASS customers would have to pay a premium to the landfill operators to cover the PASS mitigation costs of lime addition, mixing and handling. Hence they would be paying over $150 per tonne.

Melbourne's Looming Landfill Storage Problem

At the Victorian Waste Expo in October 2015, several industry speakers in a panel discussion said that developed landfill space in Melbourne was now at a critical level and that they were concerned that the new guiding principal for landfill planning in Victoria had become "Environmental Justice".

With the spread of suburbia in Melbourne and the growing public attitude towards new landfill sites or expansions of "not in my backyard", the waste industry can only see the current landfill capacity problems getting worse.

Melbourne's Looming PASS Storage Problem

Melbourne in recent years has been finding space for collectively around 300,000 tonnes per annum of "15% cover material" PASS in the city's 17 landfill sites. If there is no space for additional PASS in Melbourne's developed landfill sites, where will the big expansion of probably over 1,000,000 tonnes per annum of excavated PASS go? If there isn't a solution, it is not clear how the rapid development of Fishermans Bend, the Western Distributor Project and the Melbourne Metro Rail Project can proceed.

Nagambie Resources considers that the best environmentally-friendly, economic solution for Victoria's looming PASS problem is to take advantage of the 1990s-era, water-filled open pits at the degraded Nagambie Mine site.

Nagambie Resources PASS Storage Charge

Nagambie Resources doesn't intend to compete for the storage of the baseload circa 300,000 tonnes per annum of Melbourne PASS that currently finds a home spread across the 17 metropolitan landfill sites under the "15% cover material" EPA arrangement. The Company is only interested in bidding for the large quantities of PASS that is proposed to come from the rapid development of Fishermans Bend, certain large CBD high-rise buildings, the Western Distributor tunnel and the Melbourne Metro Rail tunnels.

If Melbourne landfills could take some of the PASS from the new developments, the cost to the developers would be over $150 per tonne plus around $15 per tonne for trucking. The cost of trucking to Nagambie is around $25 per tonne, giving an additional trucking cost to Nagambie of around $10 per tonne.

Nagambie Mining considers that, if it bids commercially less than $140 per tonne to store PASS under water, it has the capacity to build up to and accept an average of around 1.0 million tonnes per year over a 6.2 year life.

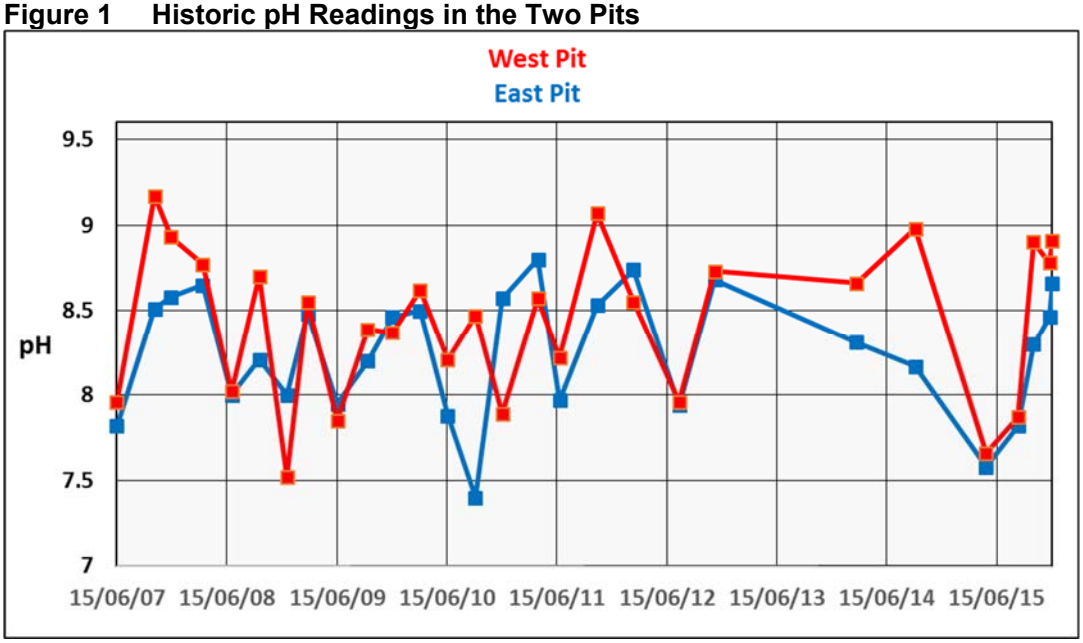
The potential scale of the PASS Project is illustrated below:

- Total Capacity to Store PASS Under Water: 6.2 Million Tonnes
- Potential Life of PASS Project: 6.2 Years
- Potential Average Storage: 1.0 Million Tonnes per Year
- Comparative Market Storage Charge: Over $140 per Tonne
- Nagambie Resources Storage Charge: Commercially Less than $140 per Tonne

Environmental Aspects of Backfilling the Pits with PASS

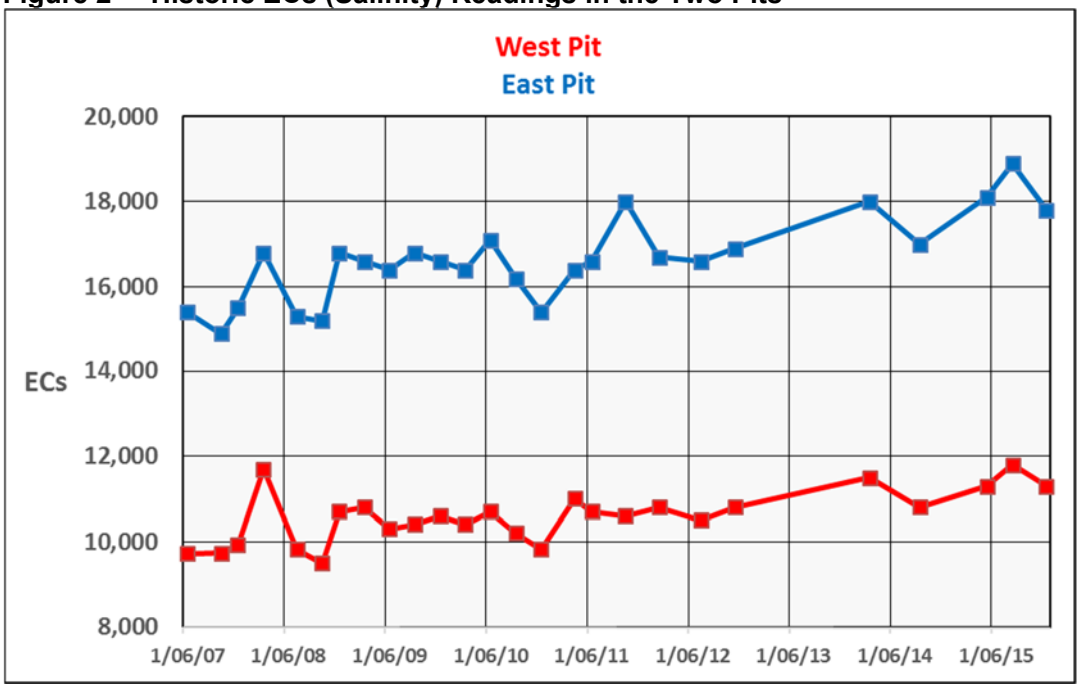
The water in the two pits is strongly alkaline and provides a natural buffer for PASS storage. pH data (7.0 is neutral) from 2007 to the present is shown in Figure 1. pH measurements would be taken every week during PASS storage and agricultural lime would be added to the water if required to ensure the water remained alkaline.

Figure 1 Historic pH Readings in the Two Pits



The water in the two pits is also strongly saline: not potable and not suitable for irrigation or stock-water. Salinity data (measured as Electrical Conductivity units or ECs) from 2007 to the present is shown in Figure 2.

Figure 2 Historic ECs (Salinity) Readings in the Two Pits



Operational Aspects of Backfilling the Pits with PASS

PASS truck tipping areas and access haul roads are shown in Figure 3.

The West Pit will be filled first with both "hard" and "soft" PASS being trucked to Site 1 (shown in yellow in Figure 3) and tipped there. Bulldozers will then doze the tipped PASS into the pit every day. Any dozed PASS that may hang up on the pit wall above 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).

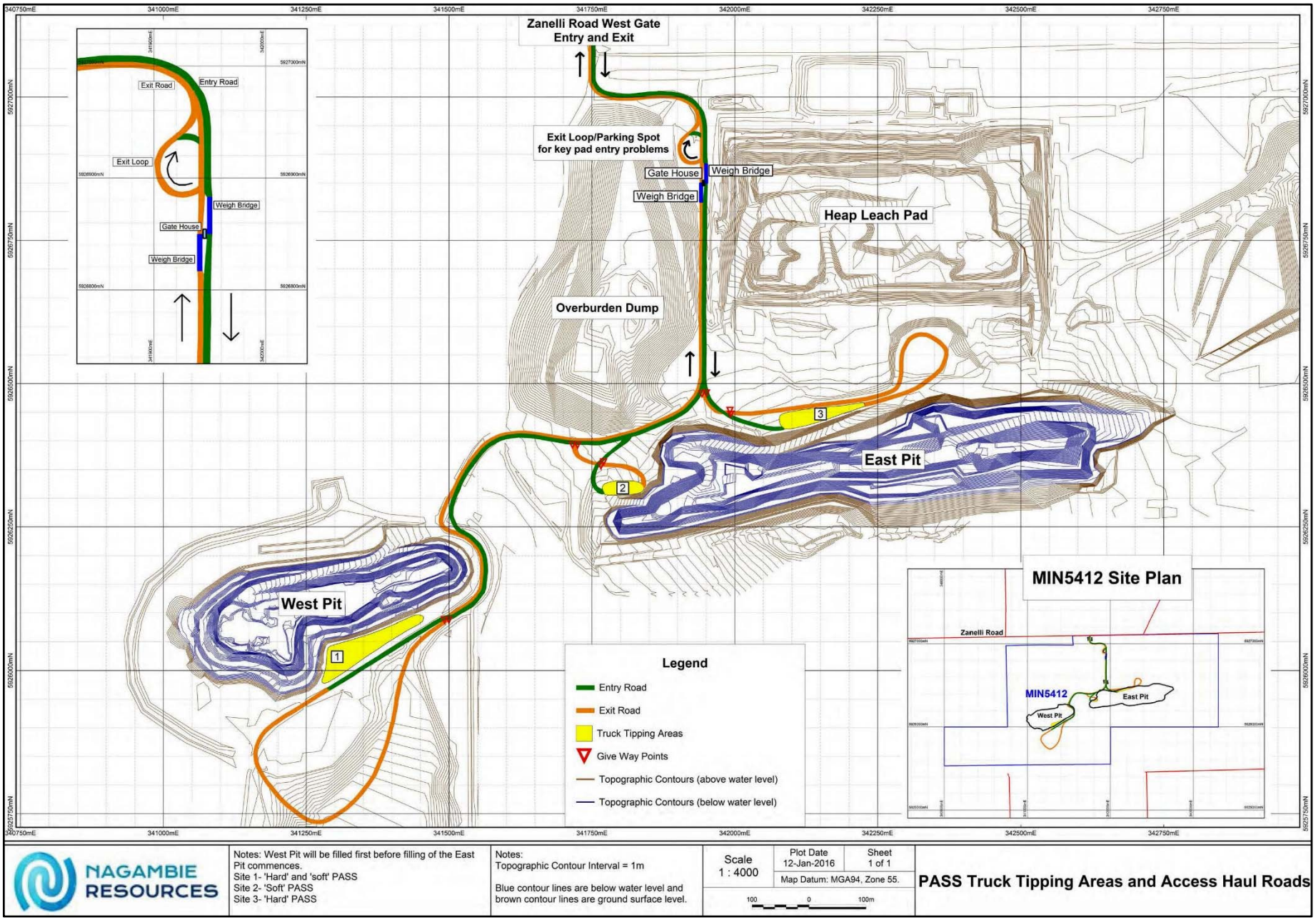

Zanelli Road West Gate
Entry and Exit
Exit Loop/Parking Spot
for key pad entry problems
Gate House
Weigh Bridge
Weigh Bridge
Heap Leach Pad
Overburden Dump
East Pit
West Pit
1
2
3
Exit Road
Entry Road
Exit Loop
Weigh Bridge
Gate House
Weigh Bridge
MIN5412 Site Plan
Zanelli Road
MIN5412
East Pit
West Pit
Legend
Entry Road
Exit Road
Truck Tipping Areas
Give Way Points
Topographic Contours (above water level)
Topographic Contours (below water level)
NAGAMBIE RESOURCES
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
Sheet
1 of 1
Map Datum: MGA94, Zone 55.
100 0 100m
PASS Truck Tipping Areas and Access Haul Roads

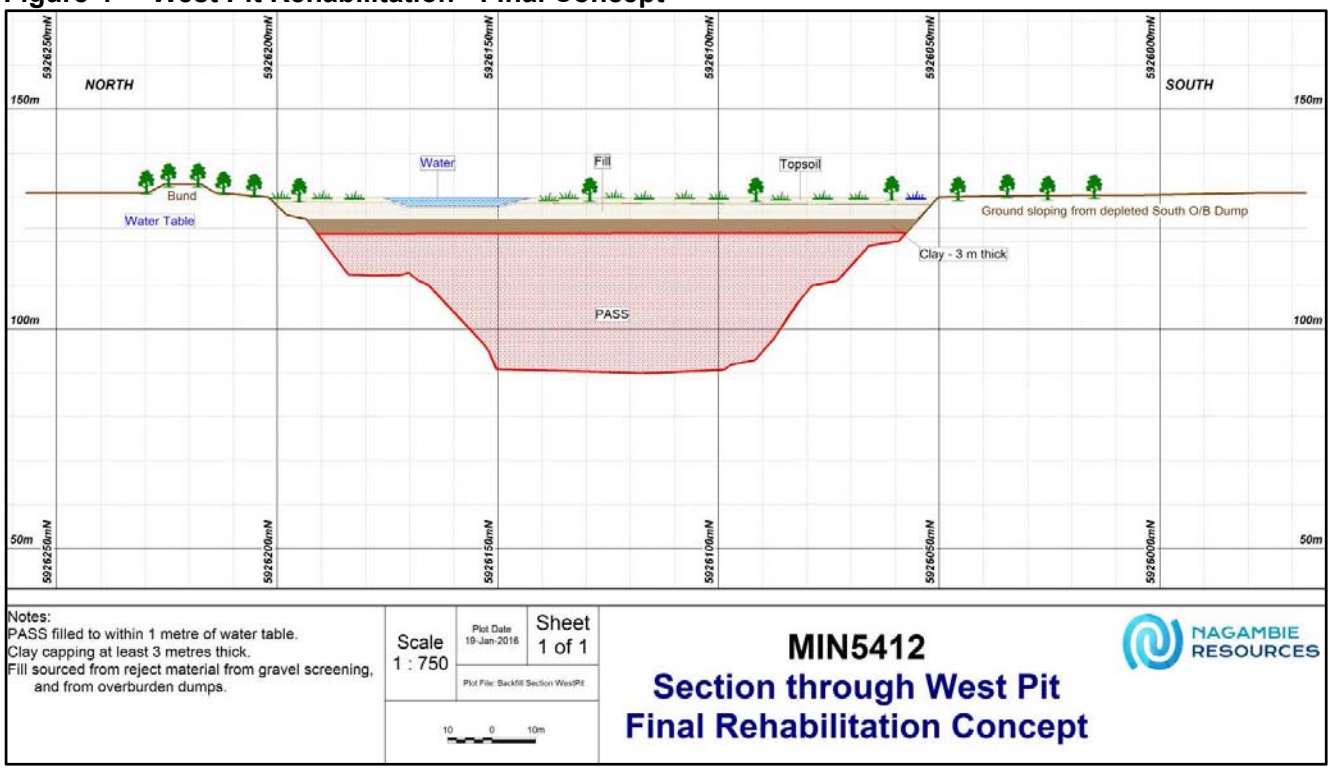
Figure 3

Once the West Pit is full of PASS below water, a compacted clay capping at least 3.0 metres thick will then be put on top of the PASS so that the clay capping reaches at least 2.0 metres above the groundwater level. This clay will be sourced on site.

All the unsaleable stockpiled fines from the screening of the heap leach material (to produce aggregates for use in concrete and asphalt) would then be used to complete the backfilling of the West Pit to ground level. The surface would be covered with top soil and seeded with grasses, shrubs and trees to return the area to its pre-1990s use as farming land with interspersed wetlands.

Figure 4 shows a schematic cross section of the West Pit with the final rehabilitated landform.

Figure 4 West Pit Rehabilitation - Final Concept



The procedure for the East Pit will then be the same as for the West Pit except that two truck tipping areas, 2 and 3 (shown in yellow in Figure 3), will be used. "Soft" PASS will be tipped at truck tipping area 2 where an old surface ramp will assist the dozing of the PASS under water (with the assistance if required of a long-armed excavator). "Hard" PASS will be tipped at truck tipping area 3 where a longer old surface ramp will assist the dozing of the PASS under water (with the assistance if required of a long-armed excavator).

The final use for the East Pit could be as a long term solid inert landfill site to service central Victoria and north-east Melbourne. In that case, the top of the compacted clay layer, at least 2.0 metres above water level, would be graded to an engineered, EPA-approved design and covered with black plastic to collect all future landfill effluent.

DOD UETF Leased Area

In October 2014, the Company leased the far eastern end of the East Pit (refer Figure 5) to the Australian Department of Defence (DOD) under a 20-year agreement at $150,000 per year plus uncapped CPI. DOD are in the process of constructing an Underwater Explosives Testing Facility (UETF) on the site.

When “hard” PASS is dozed into the East Pit at truck tipping area 3, the floating dredge will use the material to construct a causeway under the water to commence sealing off the DOD UETF leased area. This causeway, roughly following the old alignment of the Avenel-Murchison Road, will be completed and raised at least 1.0 metre above the water level by the floating dredge distributing non-sulphidic gravel from an underwater stockpile at the bottom of the old surface ramp at truck tipping area 3.

Figure 5 DOD Lease Area (in red) for UETF Site

Haulroad Operations

All the gravel access roads for the trucks carrying PASS will be at least 5.0 metres wide for one-way travel and at least 10.0 metres wide for two-way (passing) travel. Truck widths will vary between 2.0 metres and 2.5 metres.

To eliminate dust as much as possible for drivers:

- the gravel roads will be regularly redressed with large gravel;
- water trucks will operate on all dry days; and
- use will be made of dust suppressants such as Dustex.

Traffic management road signs will be installed where appropriate and will include signage for: maximum speed; no entry; stop; give way; caution etc

All PASS trucks will be prevented from tipping directly into the pits. Rock bunds or safety barricades will be installed along the pit edge at all the truck tipping areas to ensure that no truck driver attempts to do so. Truck entry to, and exit from, tipping areas is always anti-clockwise so that the driver is always on the pit side.

CLONBINANE GOLDFIELD (100% Nagambie Resources Group)

The Clonbinane Goldfield is approximately halfway between Melbourne and Nagambie, close to the Hume Freeway. Nagambie Resources main focus to date has been on the Apollo-Gladys area where significant drilling has been carried out by previous explorers.

Heap-leach testing on Apollo-Gladys oxide bulk samples by a previous owner has indicated 80% to 85%

gold recoveries, which is very high by industry standards.

Apollo-Gladys Prospect

A costeaning program was completed at Clonbinane during the quarter, with four costeans completed over the Gladys-Apollo Prospect for a combined length of 313 metres. Costean location data are presented in Appendix 2, Table 2. All gold results are shown graphically shown in Figure 6 below. All gold values greater than 0.5 g/t are listed in Appendix 2, Table 3.

Figure 6 Gladys-Apollo Plan of Costeans with Gold Results

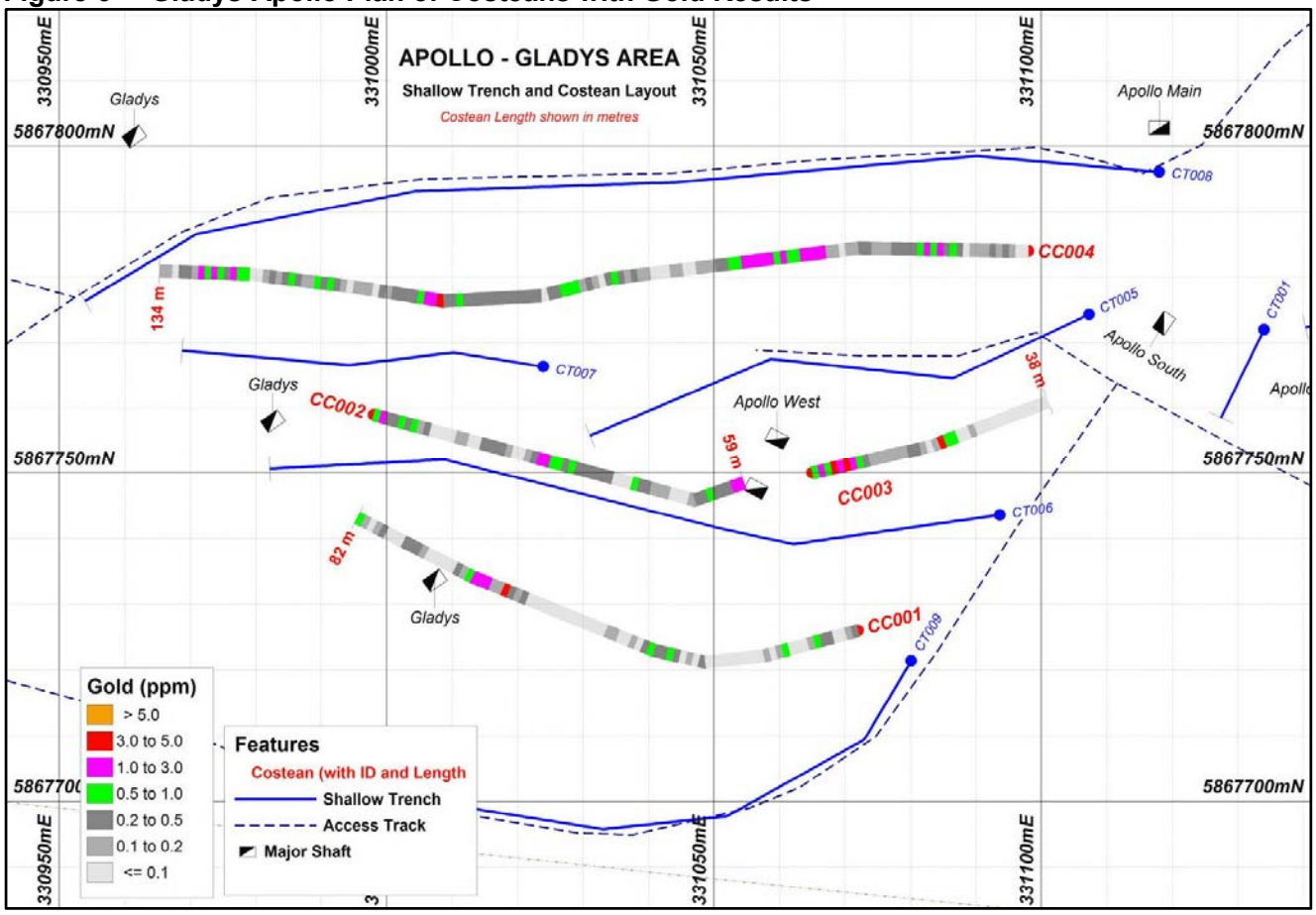


Table 1 lists the significant intersections using a gold cut-off grade (cog) of 1.0 g/t and an internal cog of 0.5 g/t.

Table 1 Costean Program - Significant Intersections

Trench	From (m)	To (m)	Thickness (m)	Gold (g/t)
CC001	56	63	7	1.36
CC002	0	2	2	1.13
CC002	26	30	4	1.17
CC002	57	59	2	1.19
CC003	0	8	8	1.94
CC003	20	23	3	2.13
CC004	13	17	4	1.15
CC004	31	46	15	1.21
CC004	87	94	7	1.18
CC004	121	128	7	1.00

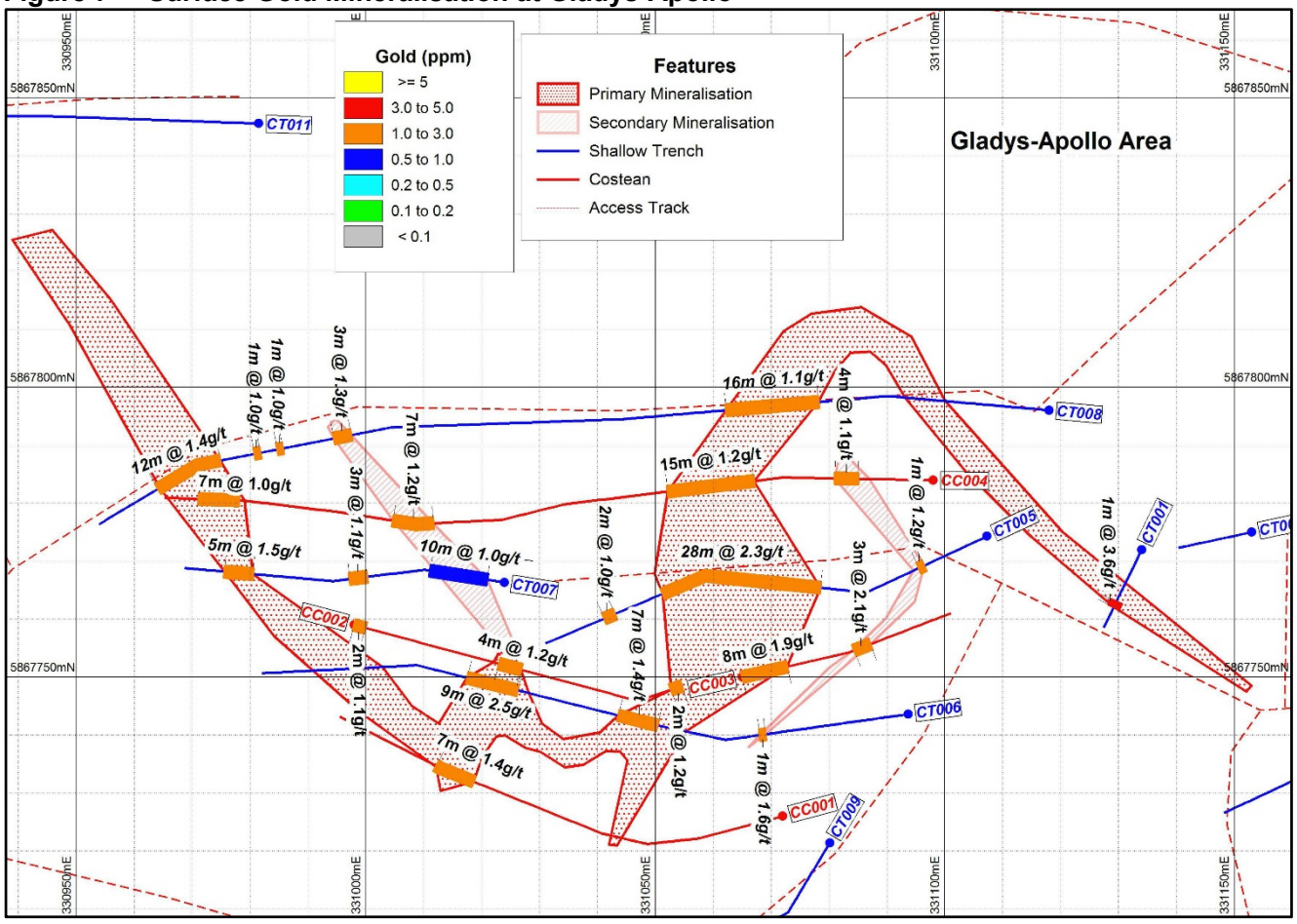
using a gold cut-off grade (cog) of 1.0 g/t and an internal cog of 0.5 g/t

Figure 7 shows the significant gold intersections (>1.0 g/t) from this costean program, together with those reported in the June 2015 quarterly report for the previous shallow trenching program. The results for both programs complement each other and clearly indicate the mineable ore at surface. The results also confirm the folded gold mineralisation model developed for Apollo-Gladys by Nagambie Resources based on detailed analysis of all the historical drilling. This folding of the orebody results in various mineralised limbs and will act to reduce the final waste:ore strip ratio in an optimised open pit design.

The most easterly interpreted limb only has one intersection at surface (1.0 metre at 3.6 g/t). This limb is expected to become mineable at depth.

The mineable grades at surface are clearly economic in terms of a heap leach operation but are lower than the average grade for the deposit based on all the historical drilling. This probably reflects the ability of the miners in the late 1800s to scavenge all the better grade mineralisation at surface but the inability of them to do so much below surface.

Figure 7 Surface Gold Mineralisation at Gladys-Apollo



All costeans were excavated with a 21 tonne excavator, indicating that future mining operations could be by excavator only with no apparent requirement for drilling and blasting.

The presence of continuous gold mineralisation over wide intervals with relatively few gold “spikes” points to the gold being very fine grained and evenly disseminated throughout the mineralised zones. The gold distribution fits with the very high indicated heap-leach gold recovery of 80% to 85% as indicated by previously reported metallurgical tests.

A section of the existing heap leach pad at the Nagambie Mine has been selected to treat Clonbinane gold ore. This new heap leach section would also be used to treat Wandean gold ore and possibly gold ore from Doctors Gully (Rushworth) and Redcastle.

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).

A costeaning program is being planned for Wandean. A bulldozer will be used to prepare the surface of the Wandean costeans to test the extent of ripping that would be required during mining. The assay results and geological logging for the costeans will enable the estimation of an initial oxide gold resource for Wandean, the design of an initial open pit, and other work necessary to apply for a Mining Licence.

TENEMENT CHANGES

Nagambie Resources group tenements as at 31 December 2015 are shown in Appendix 1 (plan and table). An application was made for ELA 6212 in the Rushworth area and RL 2019 (Doctors Gully) was granted.

AGGREGATE SALES ROYALTY

Nagambie Mining 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. The products, with various size ranges between 5mm and 20mm, are particularly suitable for concrete and asphalt manufacture.

The contractor is now trialling large scale equipment to test the indicated demand from buyers. Royalties to Nagambie Mining in CY 2016 could be in the range of $300,000 to $500,000.

CORPORATE

On 18 November 2015, the Company changed its name from Nagambie Mining Limited to Nagambie Resources Limited to reflect both the mining and non-mining assets under development.

At 31 December 2015, total cash held by the Company was $1,043,000.

On 26 November 2015, the three Company directors each exercised 1,000,000 expiring Nagambie Resources unlisted options at 10.0 cents per option. The total raised of $300,000 added to the Company's working capital.

During the quarter, a total of 5,216,666 Nagambie Resources convertible notes (CNs), with a total face value of $209,000, were converted into shares:

1. 1,966,666 CNs on 9 November 2015 at 3.0 cents per CN ($59,000);
2. 1,250,000 CNs on 17 November 2015 at 4.0 cents per CN ($50,000); and
3. 2,000,000 CNs on 11 December 2015 at 5.0 cents per CN ($100,000).

Mike Trumbull
Executive Chairman
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Email: mike@nagambieresources.com.au

STATEMENT AS TO COMPETENCY

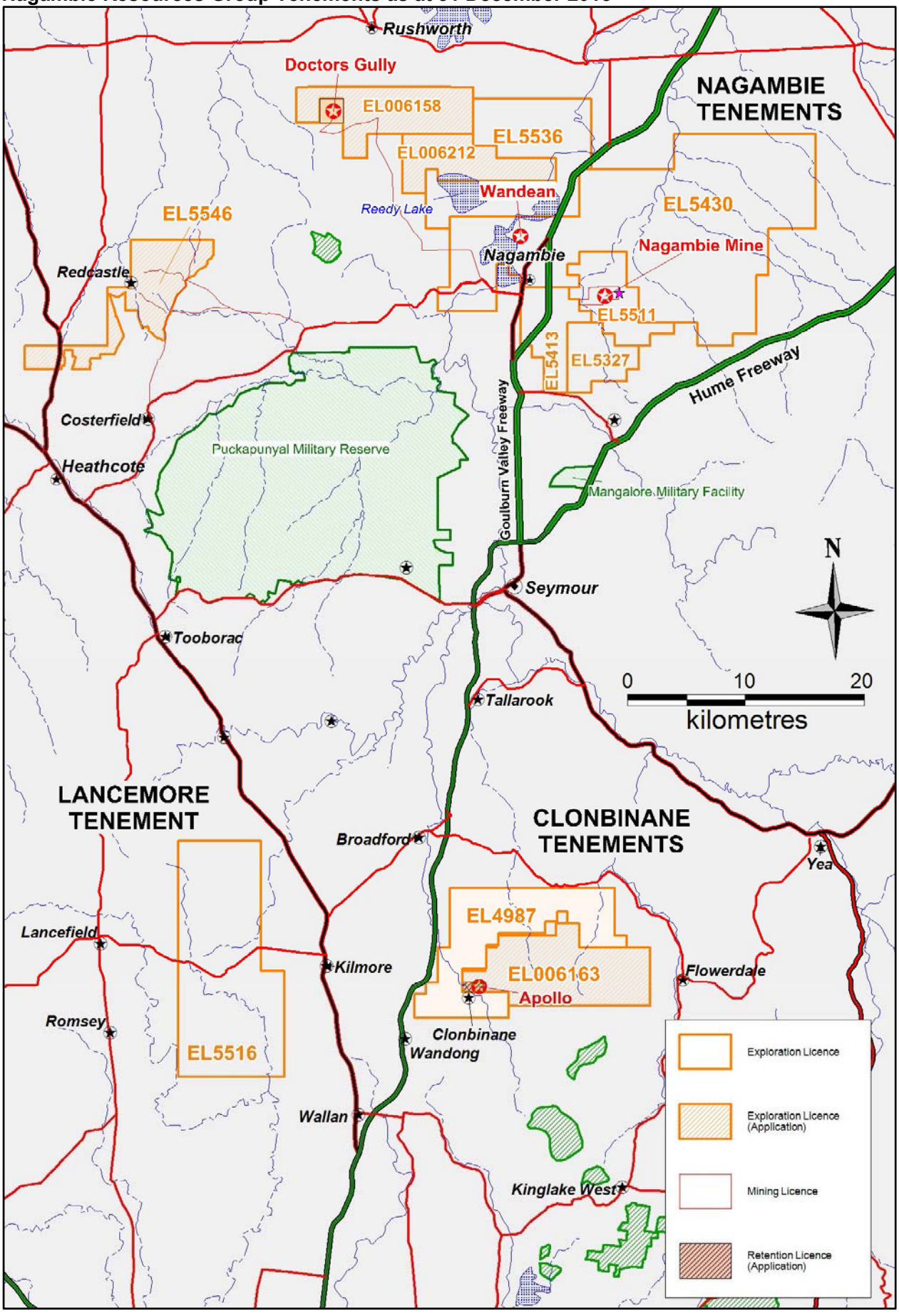
The Exploration Results in this report have been compiled by Mr Geoff Turner, who is a Fellow of the Australian Institute of Geoscientists, has more than ten years in the estimation, assessment, and evaluation of mineral resources and ore reserves, and has more than 20 years in exploration for the relevant style of mineralisation that is being reported. In these regards, Geoff Turner qualifies as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Geoff Turner is a Director of Nagambie Mining Limited and consents 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", "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 December 2015



APPENDIX 1 (Continued)

Nagambie Resources Group Tenements as at 31 December 2015

Tenement Number	Tenement Name	Area*	Holder**
MIN 5412	Nagambie Mining Licence	364.1 Hectares	NAG
EL 5430	Bunganail Exploration Licence	312 Graticules	NAG
EL 5511	Nagambie Exploration Licence	36 Graticules	NAG
EL 5536	Wandean North Exploration Licence	85 Graticules	NAG
EL 5413	Nagambie West Exploration Licence	33 Graticules	NAG
EL 5327	Nagambie South Exploration Licence	26 Graticules	NAG
EL 4987	Clonbinane North Exploration Licence	99 Graticules	CLO
ELA 6163	Clonbinane South Exploration Licence Application	79 Graticules	CLO
RLA 6040	Clonbinane Retention Licence Application	300 Hectares	CLO
EL 5516	Lancemore Exploration Licence	158 Graticules	NAG
EL 5546	Redcastle Exploration Licence Application	69 Graticules	NAG
ELA 6158	Rushworth Exploration Licence Application	56 Graticules	NAG
ELA 6212	Rushworth Exploration Licence Application	41 Graticules	NAG
RL 2019	Rushworth Retention Licence Application	400 Hectares	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*

APPENDIX 2

Table 2 Costean Location Data

Costean ID	Start Easting (MGA)	Start Northing (MGA)	RL (AHD)	Dip (Degrees)	Bearing (Degrees grid)	Segment Length (m)	Final Length (m)
CC001	331072	5867726	322.7	4.8	255	15	
CC001				0.4	264	9	
CC001				-2.6	283	8	
CC001				-3.8	292	30	
CC001				-9.4	297	20	82
CC002	330998	5867759	317.7	5.3	105	51	
CC002				-3.0	71	8	59
CC003	331065	5867750	322.0	-5.7	77	19	
CC003				-6.2	69	19	38
CC004	331098	5867784	314.7	1.2	271	26	
CC004				0.0	263	38	
CC004				0.7	256	11	
CC004				-1.3	267	15	
CC004				-3.5	279	13	
CC004				-6.6	277	17	
CC004				-9.2	272	14	134

Table 3 Significant Gold Results (>0.5 g/t with >1.0 g/t highlighted)

Costean ID	From (m)	To (m)	Sample Number	Gold (g/t)
CC001	6	7	36467	0.691
CC001	11	12	36472	0.943
CC001	29	30	36490	0.801
CC001	32	33	36494	0.513
CC001	**56**	**57**	36527	**3.02**
CC001	**59**	**60**	36530	**1.52**
CC001	**60**	**61**	36531	**1.37**
CC001	**61**	**62**	36533	**2.34**
CC001	62	63	36534	0.992
CC001	81	82	36552	0.501
CC002	0	1	36553	0.546
CC002	**1**	**2**	36554	**1.71**
CC002	4	5	36557	0.937
CC002	6	7	36559	0.542
CC002	**26**	**27**	36580	**2.32**
CC002	**27**	**28**	36581	**1.16**
CC002	28	29	36582	0.573
CC002	29	30	36583	0.606
CC002	31	32	36585	0.51
CC002	41	42	36596	0.625
CC002	53	54	36608	0.72
CC002	**57**	**58**	36612	**1.04**

Costean ID	From (m)	To (m)	Sample Number	Gold (g/t)
CC002	**58**	**59**	36613	**1.34**
CC003	0	1	36614	0.69
CC003	**1**	**2**	36615	**1.02**
CC003	2	3	36616	0.631
CC003	**3**	**4**	36617	**4.52**
CC003	**4**	**5**	36618	**2.96**
CC003	**5**	**6**	36619	**3.24**
CC003	**6**	**7**	36620	**1.54**
CC003	7	8	36621	0.932
CC003	**20**	**21**	36634	**4.74**
CC003	21	22	36635	0.739
CC003	22	23	36636	0.915
CC004	11	12	36664	0.674
CC004	**13**	**14**	36666	**1.08**
CC004	14	15	36667	0.62
CC004	**15**	**16**	36668	**2.1**
CC004	16	17	36669	0.778
CC004	**31**	**32**	36684	**1.01**
CC004	**32**	**33**	36685	**1.79**
CC004	**33**	**34**	36686	**1.09**
CC004	**34**	**35**	36687	**1.28**
CC004	35	36	36688	0.946
CC004	36	37	36689	0.722
CC004	**37**	**38**	36690	**1.96**
CC004	38	39	36691	0.872
CC004	**39**	**40**	36692	**1.46**
CC004	**40**	**41**	36693	**1.19**
CC004	**41**	**42**	36694	**1.76**
CC004	**42**	**43**	36695	**1.72**
CC004	**43**	**44**	36696	**1.12**
CC004	44	45	36697	0.523
CC004	45	46	36698	0.66
CC004	63	64	36716	0.559
CC004	69	70	36722	0.908
CC004	70	71	36723	0.731
CC004	71	72	36724	0.912
CC004	87	88	36740	0.774
CC004	**90**	**91**	36743	**3.08**
CC004	**91**	**92**	36744	**1.68**
CC004	**92**	**93**	36745	**1.15**
CC004	93	94	36746	0.804
CC004	107	108	36760	0.896
CC004	109	110	36762	0.692
CC004	113	114	36766	0.614
CC004	120	121	36773	0.514

Costean ID	From (m)	To (m)	Sample Number	Gold (g/t)
CC004	121	122	36774	0.715
CC004	**122**	**123**	36775	**1.76**
CC004	124	125	36777	0.774
CC004	**125**	**126**	36778	**1.22**
CC004	126	127	36779	0.685
CC004	**127**	**128**	36780	**1.55**

JORC 2012 Edition, Table 1 Checklist

Part I

Sampling Techniques and Data **Criteria**	**Explanation**
Sampling techniques	• Channel samples taken from costeans dug 1 to 2 metres deep. • Samples taken at 1 metre intervals from floor of costean after loose material had been removed. • Every second sample was sent for assay, retained samples stored in locked shed. • Retained samples sent for assay where neighbouring sample recorded more than 0.1 g/t gold. • Approximately 1 to 2 kg of material collected and sent to ALS Laboratories in Adelaide. Samples dried, pulverised to -75µm and 25 gm digested for gold determination by Aqua Regia digestion and ICP-MS
Trenching techniques	• Excavator used to dig costeans, from 1 to 2 metres deep
Sample recovery	• Channel samples taken by pick along floor of costean
Logging	• Costean floor geologically logged on continuous lengths. • Entire costean lengths logged and sampled.
Sub-sampling techniques and sample preparation	• Dry sampling throughout. • Sample preparation is appropriate for this method of sample collection and style of mineralisation. • Quality control procedures consisted of duplicate samples taken approximately every 30 samples. • Sample sizes are appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	• Gold determined by Aqua Regia digestion and ICP-MS. Experience has shown this method to be applicable for fine grained disseminated gold mineralisation in sediments. • Laboratory QC and external QC by duplicates and CRMs show good correlation and repeatability.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. none • The use of twinned costeans. Costean CC002 followed line of Trench CT006 with comparable results. • Data logged onto paper and transcribed and verified.
Location of data points	• Costean start points determined by 12-channel GPS over minimum recording interval of 10 minutes. • Direction and inflection points determined by compass and chain. • Coordinates in MGA94 (Zone 55). • Topographic control from surveyed points creating a DTM.
Data spacing and distribution	• Costeans dug at 15 to 35 metre variable spacing. • This spacing is of sufficient density to allow the estimation of a mineral resource to shallow depths. • Sample compositing has not been applied.
Orientation of data in relation to geological structure	• Costeans dug across probable strike of mineralisation.

Sampling Techniques and Data Criteria	Explanation
Sample security	• All samples were controlled by the responsible geologist, and stored in locked facility prior to despatch to laboratory. • Retained samples stored inside a locked facility.
Audits or reviews	• None of the data have been subject to an audit or review by non-company personnel or contractors.

Part II

Reporting of Exploration Results Criteria	Explanation
Mineral tenement and land tenure status	• The Clonbinane Project is within Exploration Licence 4460, owned by Clonbinane Goldfield Pty Ltd, a wholly owned subsidiary of Nagambie Resources Limited.
Exploration done by other parties	• Costeans were dug across areas of historic gold workings.
Geology	• Disseminated gold (+arsenic & antimony) mineralisation in oxidised sediments intruded by thin diorite dykes. • Strong supergene gold mineralisation component.
Costean Information	• A summary of all information material to the understanding of the exploration results is provided in: o Table (Location data), and o Table (Significant gold results).
Data aggregation methods	• Table **1** - along costean weighted average gold grades were calculated using a 1.0 g/t gold cut off and internal cog of 0.5 g/t. • High grades not cut.
Relationship between mineralisation widths and intercept lengths	• The geometry of the mineralisation with respect to the costean direction angle is not fully established at this stage. • Only sample lengths reported, true widths are not estimated.
Diagrams	• Figure shows a plan of all costeans at the Apollo-Gladys Prospect.
Balanced reporting	• Locations of all trenches shown in Table, including those reporting no significant results.
Other substantive exploration data	• No other exploration results that have not previously been reported are material to this report.
Further work	• Further investigations planned, a review of the saprolite mineral resource at Apollo-Gladys leading to an application for a Mining Licence.

APPENDIX 3

EXPLORATION & DEVELOPMENT OF GOLD ASSETS

The Nagambie Resources Group's key gold strategies in Victoria are:

- Focus on Central Victoria, particularly the Melbourne Zone;
- Focus on open-pit gold deposits – underground mining costs are fast becoming prohibitive in Victoria;
- Focus on disseminated, non-nuggetty, oxide, heap-leachable gold;
- Take advantage of the lower capital and operating costs associated with heap leaching;
- Take advantage of the heap-leach facilities remaining from the 1990s operation at the Nagambie Mine – truck all ore from the Company's deposits back to the Nagambie Mine for treatment;
- Only take on 100% ownership of gold properties – joint ventures are inefficient and expensive;
- Don't take on production royalties – royalties become problematic with multiple sources of heap-leach ore;
- Don't take on bank project finance – banks insist on acting in the interest of their shareholders ahead of the interests of their clients;
- Develop Resources (under the JORC Code) but not Reserves – the money spent on drilling out reserves is better used on dividends to shareholders;
- Focus strongly on mine bench grade control to minimise waste dilution and maximise ore head grade; and
- Use local contractors wherever possible to minimise up-front capital costs and provide operational flexibility – except for mine bench grade control and gold room operations.

Nagambie Resources's preference for exploring and developing gold assets in the Melbourne Zone of Victoria:

- **Melbourne Zone is Noted for Disseminated, Non-Nuggetty Gold:**
  - ✧ Extremely fine gold couldn't be panned by the "Old Timers" – outcrop still exists;
  - ✧ Gold in samples is evenly distributed – the opposite of nuggetty;
  - ✧ Reliable drilling results for disseminated gold versus problematic drilling of Bendigo and Ballarat-style nuggetty quartz veins;
  - ✧ Reliable evaluation of each open-pit, heap-leachable deposit;
  - ✧ Reliable bench grade control sampling during open-pit mining;
  - ✧ Minimal quartz in disseminated oxide deposits can mean no drilling and blasting is required; and
  - ✧ Fine, evenly-distributed gold means excellent heap-leach recovery.
- **Melbourne Zone has Outstanding Existing Infrastructure:**
  - ✧ Hume and Goulburn Valley Freeways connect the Nagambie and Clonbinane Goldfields;
  - ✧ Operators for the mining and heap-leach operations could come from Shepparton, Nagambie, Seymour, Broadford, Kilmore, Wallan, Wandong etc.; and
  - ✧ Operators would drive themselves to the gates of the operations each day – the exact opposite, in terms of costs, of fly-in, fly-out operations in outback Australia.