

HIGHLIGHTS

- ❖ Induced Polarisation (IP) surveys carried out in January and March 2020 were very successful. The two strongest IP chargeability anomalies generated to date in the Nagambie Mine area, Racecourse and Nagambie Mine West, straddle the Racecourse Thrust and the Nagambie Mine Thrust respectively and are most intense at or near the respective intersections with the Wandean Crustal Fault, strongly supporting Nagambie Resources' Mineralisation Model for Fosterville-style gold deposits in the Waranga Domain.
- ❖ Diamond drilling of the first hole into the Racecourse sulphide-gold target, RAD002, commenced in April. The first hole into the Nagambie Mine West target, NWD001, is planned to commence immediately after RAD002 is completed.
- ❖ Nagambie Resources Limited (NRL) and Mawson Resources Limited (Mawson) (TSX: MAW) completed the following transactions:
 - 1) Subscription by Mawson for 50.0 million shares in NRL at a price of 5.0 cents per share, which consideration was applied to the issue of 8.5 million shares in Mawson to NRL;
 - 2) Acquisition by Mawson of NRL's wholly-owned subsidiary Clonbinane Goldfield Pty Ltd and its environmental bonding, for which NRL received approximately \$0.529 million cash and 1.0 million shares in Mawson; and
 - 3) Option agreements pursuant to which Mawson is granted options to earn up to a 70% interest in NRL's Redcastle exploration licence and Doctors Gully retention licence by spending the next \$1.0 million on exploration on each licence, and enter into a joint venture with NRL in respect of each licence.
- ❖ \$934,000 of Series 4 (5.0 cent) Nagambie Resources' Convertible Notes, which were due to expire in April 2020, were redeemed in January and replaced by new Series 8 (5.0 cent) Notes which expire in January 2025. At the same time, \$200,000 of funding was raised from the placement of additional Series 8 Notes. The 5.0 cent issue price of the total 22,680,000 Series 8 Notes represented a 38.9% premium to the last sale price on market for the Nagambie Resources fully-paid ordinary shares of 3.6 cents at the time of issue.

COMMENTARY

Nagambie Resources' Chairman, Mike Trumbull said: *"The Company has never been better positioned to make a major gold discovery than it is currently. We have patiently and methodically advanced our gold vision and exploration techniques over the last seven years, all the while improving and refining our gold model for the Waranga Domain - to the point where an internationally-successful Canadian explorer approached us as their preferred entry to the rapidly-developing central Victorian gold story.*

"After two years of trialling IP in the Nagambie area to locate sulphide-gold mineralisation beneath deep Murray Basin cover, we developed the confidence, together with the financial support from Mawson, to peg the remaining available ground in the Waranga Domain. To move to holding the largest contiguous landholding for Fosterville-style sulphide-gold deposits in Victoria is a big step for us – one that could handsomely reward our shareholders in the future."

NAGAMBIE RESOURCES

Exploration for Fosterville-style, structural-controlled, high grade sulphide-gold underground deposits within 3,600 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

499,932,346

ASX CODE: NAG

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Gary Davison (Director)
Alfonso Grillo (Dir/Company Sec)
James Earle CEO

GOLD EXPLORATION

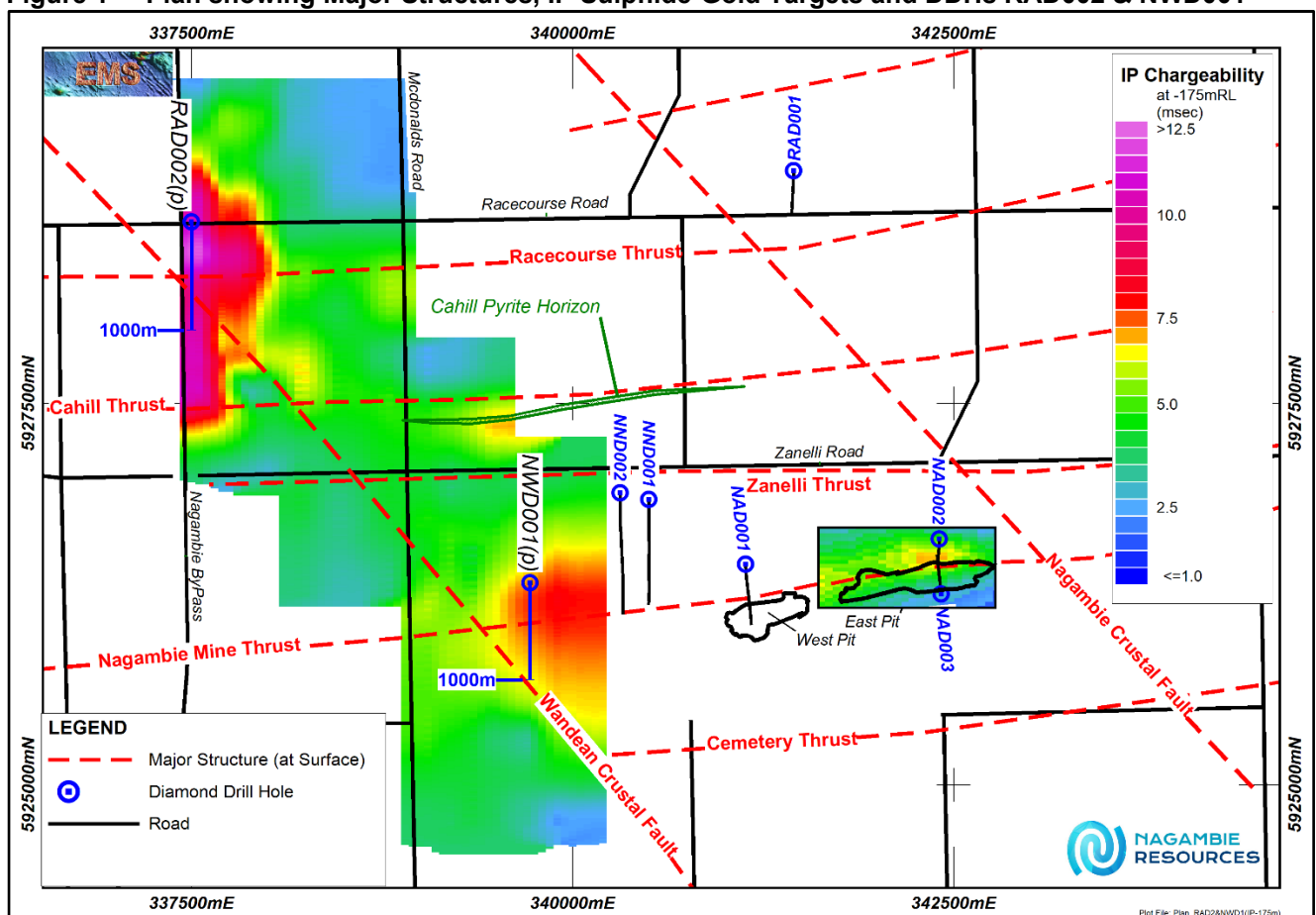
Nagambie Resources cemented a key strategic partnership, pegged over 1,800 sq km of Waranga Domain tenements and carried out very promising Induced Polarisation (IP) surveys during the quarter.

Racecourse and Nagambie Mine West Gold Targets

IP surveys in January and March 2020 were very successful. Key outcomes included (refer Figure 1):

- ❖ **Racecourse** – Very strong IP chargeability anomaly located exactly at the intersection of the Racecourse Thrust Fault with the Wandean Crustal Fault. Diamond drilling of the first hole into the Racecourse sulphide-gold target, RAD002, commenced in April, immediately to the east of the intersection of the two major structures;
- ❖ **Nagambie Mine West** – Highest priority drilling at Nagambie Mine West now should commence east of the intersection of the Nagambie Mine Thrust Fault with the Wandean Crustal Fault. The first hole, NWD001, is planned to commence immediately after RAD002 is completed;
- ❖ **Priority IP** – Additional survey lines at Racecourse to the west of the intersection with the Wandean Crustal Fault;
- ❖ **Mineralising Wandean Crustal Fault** – The two strongest IP chargeability anomalies generated to date in the Nagambie Mine area, Racecourse and Nagambie Mine West, straddle the Racecourse Thrust and the Nagambie Mine Thrust respectively and are most intense at or near the respective intersections with the Wandean Crustal Fault, strongly supporting Nagambie Resources’ Mineralisation Model for Fosterville-style gold deposits in the Waranga Domain.

Figure 1 Plan showing Major Structures, IP Sulphide-Gold Targets and DDHs RAD002 & NWD001



The only IP chargeability anomaly representing hydrothermal quartz-pyrite-arsenopyrite-stibnite-gold mineralisation that has been validated to date by Nagambie Resources’ diamond drilling (holes NAD001 and NAD002 in 2018) occurs under the northern edge of the East Pit (refer Figure 1). This anomaly, which had moderate grades of around 1.0 g/t gold, is miniscule in strike length and intensity when compared to the Nagambie Mine West and Racecourse sulphide-gold targets.

Agreements with Mawson Resources

In late March 2020, Nagambie Resources Limited (NRL) and Mawson Resources Limited (Mawson) (TSX: MAW) completed the transactions announced on 30 January 2020, being:

- 1) Subscription by Mawson for 50.0 million shares in NRL at a price of 5.0 cents per share, which consideration was applied to the issue of 8.5 million shares in Mawson to NRL. The price of 5.0 cents represented a 31.6% premium to the last ASX sale price for NRL shares of 3.8 cents at the time;
- 2) Acquisition by Mawson of NRL's wholly-owned subsidiary Clonbinane Goldfield Pty Ltd and its environmental bonding, for which NRL received approximately \$0.529 million cash and 1.0 million shares in Mawson; and
- 3) Option agreements pursuant to which Mawson is granted options to earn up to a 70% interest in NRL's Redcastle exploration licence and Doctors Gully retention licence by spending the next \$1.0 million on exploration on each licence, and enter into a joint venture with NRL in respect of each licence.

Benefits to NRL from the Strategic Partnership with Mawson

The partnership arrangements provide significant benefits to both NRL and Mawson. For NRL, the main benefits are:

- ✓ 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 3,600 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.

WTD002 Diamond Hole at Wandean

As reported in the December 2019 quarterly report, assays for the detailed geological and lithogeochemical core samples selected for WTD002 were still awaited, the timing being impacted by the Christmas / New Year seasonal break.

All the results were received and analysed during the March 2020 quarter. No significant gold assays occurred throughout WTD002 with the only anomalous results being beneath the surface oxide-gold mineralisation. The lithogeochemical results indicated hydrothermal alteration of the sediments beneath the surface gold mineralisation but not towards the end of the hole where the IP chargeability anomaly had been recorded. The lithogeochemical analysis did indicate the possibility of carbonaceous material within the siltstone beds that could have resulted in the IP anomaly. Such a sedimentary carbonaceous IP response could be expected to extend for many kilometres east-west, similar to the Cahill sedimentary pyrite IP anomaly to the north west of the Nagambie Mine.

Given the strong IP chargeability anomalies generated at Racecourse and Nagambie Mine West, both of which appear to be hydrothermal pyrite/arsenopyrite anomalies and not "false positive" sedimentary anomalies, further exploration at Wandean is now lower priority. The next step would logically be to carry out an IP survey to the north and west of the Goulburn River at Wandean.

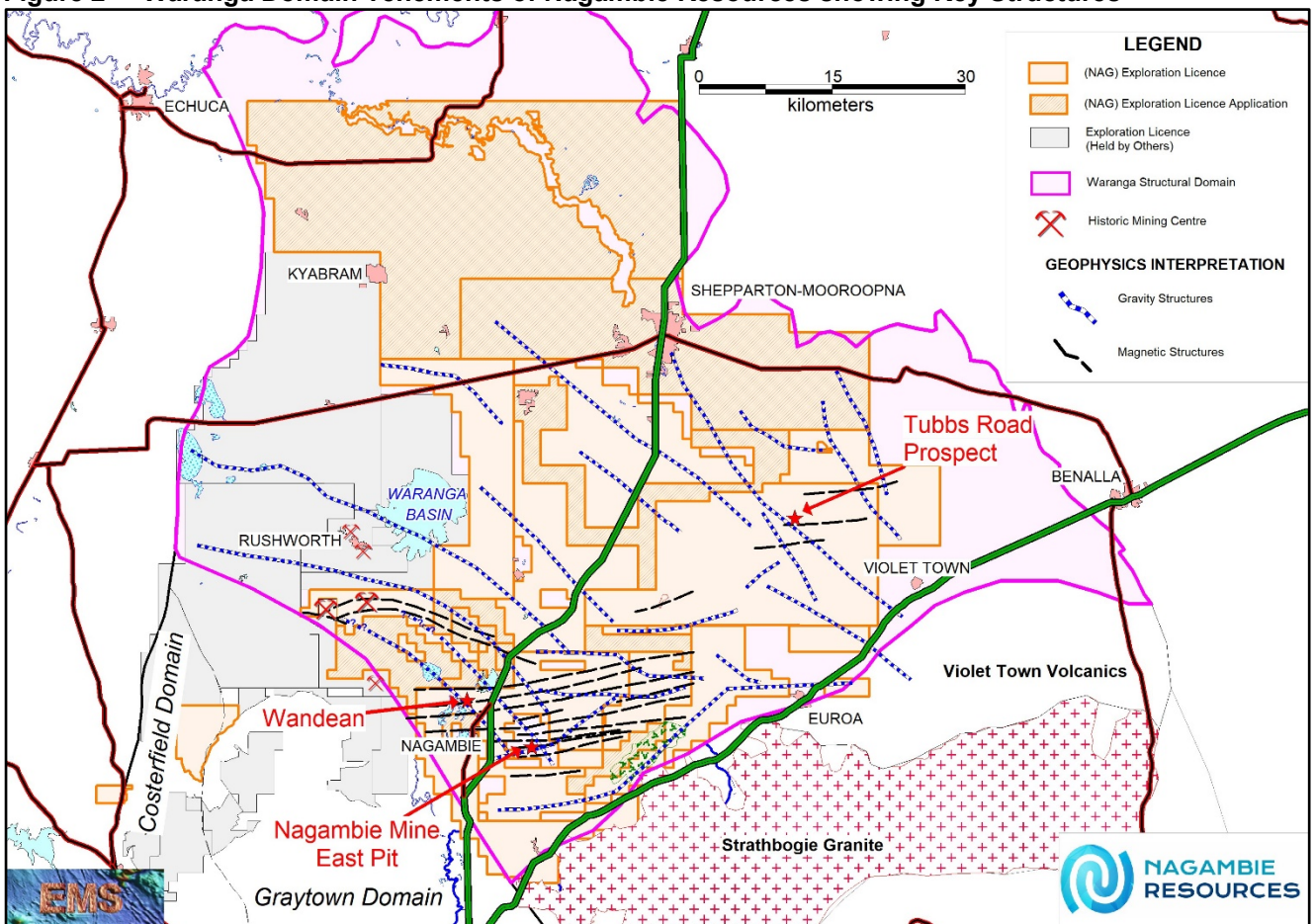
Gold Tenements and Changes

The Company's tenements as at 31 March 2020 are listed in Table 1. During the quarter, Nagambie Resources applied for 10 exploration licences in the Waranga Domain totalling 1,855 sq km and sold its two Clonbinane tenements which totalled 62 sq km. The total holding in the Waranga Domain of 3,600 sq km is the largest contiguous group of tenements in Victoria prospective for Fosterville-style gold mineralisation (refer Figure 2).

Table 1 Nagambie Resources Group Tenements as at 31 March 2020

Tenement Number	Tenement Name	sq km
MIN 5412	Nagambie Mining Licence	3.6
EL 5430	Bunganail Exploration Licence	160.0
EL 5511	Nagambie Central Exploration Licence	24.0
EL 6158	Rushworth Exploration Licence	46.0
EL 6212	Reedy Lake North Exploration Licence	17.0
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	199.0
EL 6731	Arcadia Exploration Licence	386.0
EL 6748	Waranga Exploration Licence	136.0
EL 6937	Nagambie East Exploration Licence	10.0
ELA 6877	Nagambie Exploration Licence Application	8.0
ELA 7205	Augustown Exploration Licence Application	79.0
ELA 7207	Arcadia Exploration Licence Application	156.0
ELA 7208	Cullens Road Exploration Licence Application	29.0
ELA 7209	Goulburn West Exploration Licence Application	34.0
ELA 7210	Locksley Exploration Licence Application	26.0
ELA 7211	Shepparton Exploration Licence Application	498.0
ELA 7212	Shepparton North Exploration Licence Application	321.0
ELA 7213	Pederick Exploration Licence Application	683.0
ELA 7237	Kirwans North (1) Exploration Licence Application	20.0
ELA 7238	Kirwans North (2) Exploration Licence Application	9.0
RL 2019	Doctors Gully Retention Licence	4.0
Total Waranga Domain		3,671.6
EL 5546	Redcastle Exploration Licence	51.0
Total		3,722.6

Figure 2 Waranga Domain Tenements of Nagambie Resources showing Key Structures



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 that three consortiums would be bidding for the construction of North East Link, with tenders to close in mid 2020. Recent media reports indicate that only one of the three consortiums, the SPARK consortium, will now be submitting a conforming tender.

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 soil and rock piles, and effective pH measuring of all the product heaps as they progress through treatment in order to test for acid drainage formation. 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 March 2020, total cash held by the group was \$1,111,000.

\$200,000 was raised in January 2020 from the placement of new Nagambie Resources' convertible notes. In late March 2020, the Company received approximately \$529,000 from Mawson Resources Limited ("Mawson") and 1.0 million Mawson shares as total consideration for Mawson acquiring 100% of the Clonbinane tenements. Mawson also subscribed for 50.0 million Nagambie Resources shares at a price of 5.0 cents per share, which consideration was applied to the subscription by Nagambie Resources for 8.5 million Mawson shares.

Mawson Shares (TSX: MAW)

At 31 March 2020, the value of the 9.5 million Mawson shares held by Nagambie Resources was approximately \$2,100,000. Total cash held by the Company plus the value of the Mawson shares at the end of the quarter was approximately \$3,211,000.

Convertible Notes

At the same time as \$200,000 of funding was raised from the placement of new Series 8 (5.0 cent) Nagambie Resources' convertible notes, the remaining \$934,000 of Series 4 (5.0 cent) Notes, which were due to expire in April 2020, were redeemed and replaced by new Series 8 Notes.

The 5.0 cent issue price of the total 22,680,000 Series 8 Notes represented a 38.9% premium to the last sale price on market for the Nagambie Resources fully-paid ordinary shares of 3.6 cents at the time of issue.

Principal terms for the Series 8 Notes include:

- Issue price of 5.0 cents per note;
- 5-year term ending January 2025;
- 10% per annum interest rate payable every 6 months;
- Notes are convertible at any time within the 5-year term at the option of the noteholder into Nagambie Resources fully-paid ordinary shares on a 1 for 1 basis; and
- Notes are redeemable at 5.0 cents per note in January 2025 if not previously converted.



James Earle
Chief Executive Officer

STATEMENT AS TO COMPETENCY

The Exploration Results in this report have been compiled by Mr Geoff Turner. Geoff Turner is a Fellow of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. He 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”, “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 Resources 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.