

HIGHLIGHTS

- 1) The Company submitted a conforming tender during the quarter for the management of the PASS in the CBD North “Pre-Works” excavations for the Melbourne Metro Rail Project (MMRP). The PASS will be in the lower sections of the two 35 metre deep shafts and also in the excavations from the bottom of those shafts. Nagambie Resources is awaiting the result of the tender.
- 2) The CBD South “Pre-Works” excavations for the MMRP are centred on the Melbourne City Square. It is expected that tenders for the PASS in these excavations will be called for in coming months.
- 3) The Government is expected to announce the winning consortium for the main MMRP, as distinct from the Pre-Works, in mid CY 2017.
- 4) The construction of the West Gate Tunnel (previously known as the Western Distributor) Project (WGTP) has been awarded to the John Holland / CPB Contractors consortium. The quantity of PASS in the WGTP will be known when its EES is released in mid CY 2017.
- 5) Nagambie Resources successfully completed its first road-topping gravel contract with the Strathbogie Shire during the quarter. The total contract value was \$329,450 (including GST).
- 6) The Company submitted a conforming tender for the supply of significant quantities of clay and fill material to a neighbouring Shire during the quarter and is awaiting the result of that tender.
- 7) Preliminary soil sampling has verified the structural intersection model for gold mineralisation in the broader Nagambie region, as developed through interpretation of aeromagnetic and gravity data. Follow-up soil sampling programs will be conducted on close-spaced grid patterns across private land when weather conditions permit. Given the success of the recent 550 sq km aeromagnetic survey, a second survey is being planned over the remaining 450 sq km of Nagambie Resources’ tenements in the region.
- 8) The Company raised a total of \$862,000 during the quarter, \$720,000 from a Shareholder Share Purchase Plan (SPP) at 6.0 cents per share and \$142,000 from a placement to a sophisticated and professional investor, also at 6.0 cents per share.

COMMENTARY

Nagambie Resources’ Chairman, Mike Trumbull said: “PASS from the “Pre-Works” MMRP will likely require management later in CY 2017 and early in CY 2018. PASS from the WGTP road tunnels and the main MMRP rail tunnels will likely require management from early CY 2018.

“To successfully tender for and carry out the first gravel-supply contract with the Strathbogie Shire was a significant milestone for the Company.

“The Nagambie structural intersection gold model has been supported by the initial soil sampling and aeromagnetic surveying of the balance of the approximate 1,000 sq km tenement holding is now being planned.

“The 2017 SPP was well supported by shareholders, raising \$720,000 compared with \$269,000 raised in the previous SPP in 2015.”

NAGAMBIE RESOURCES

Underwater storage of sulphidic excavation material (PASS) in the two legacy gold pits at the Nagambie Mine represents an excellent environmental fit with the construction of CBD high-rise buildings, the Melbourne Metro rail tunnels and the West Gate Tunnel road tunnels.

The discovery and development of shallow, open-pit and heap-leachable gold deposits is being methodically advanced. The Company has tenements encompassing historic Victorian goldfields at Nagambie, Clonbinane, Rushworth and Redcastle.

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

Recycling of the overburden and tailings dumps produces road base material and road topping gravel for local roads.

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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PASS PROJECT

PASS stands for **Potential Acid Sulphate Soil** (or silt or rock). PASS occurs naturally in an anaerobic state below the water table. It is soil, silt or rock containing sulphidic material, principally pyrite (iron sulphide). It is free of any anthropogenic (human made) contamination. PASS is not contaminated soil, nor is it toxic. PASS only becomes a problem when it is excavated from below the water table and exposed to the air for a significant period of time. If excavated PASS is stored above the water table and not thoroughly mixed with sufficient lime, the pyrite will oxidise over time into sulphuric acid and sulphates, resulting in acid drainage.

Underwater storage is the most preferred solution for Melbourne PASS as it prevents the oxidation of the pyrite in the material. The water in the two Nagambie Mine open pits is naturally saline and alkaline, making it ideal for PASS management. Total PASS storage capacity at the site is approximately 6.0 million tonnes, of which 2.5 million tonnes in the West Pit is already fully developed.

Actual developed PASS storage at alternative sites in Melbourne appears to be small by comparison.

Full permitting of the Project as part of mine rehabilitation is progressing well. Nagambie Resources has received feedback on its Draft Work Plan from Earth Resources Regulation (ERR) (part of the Victorian Department of Economic Development, Jobs, Transport and Resources) which is responsible for assessing and approving such projects. The Company is preparing a Final Work Plan for approval by ERR.

Current and Upcoming PASS Management Tenders

Refer to paragraphs 1), 2), 3) and 4) under “Highlights” on page 1.

QUARRYING

First Contract for the Supply of Gravel to Strathbogie Shire

This contract was successfully completed during the quarter. Refer to paragraph 5) under “Highlights” on page 1.

Photo 1 Crushing and Screening Unit in Operation at the East Overburden Dump



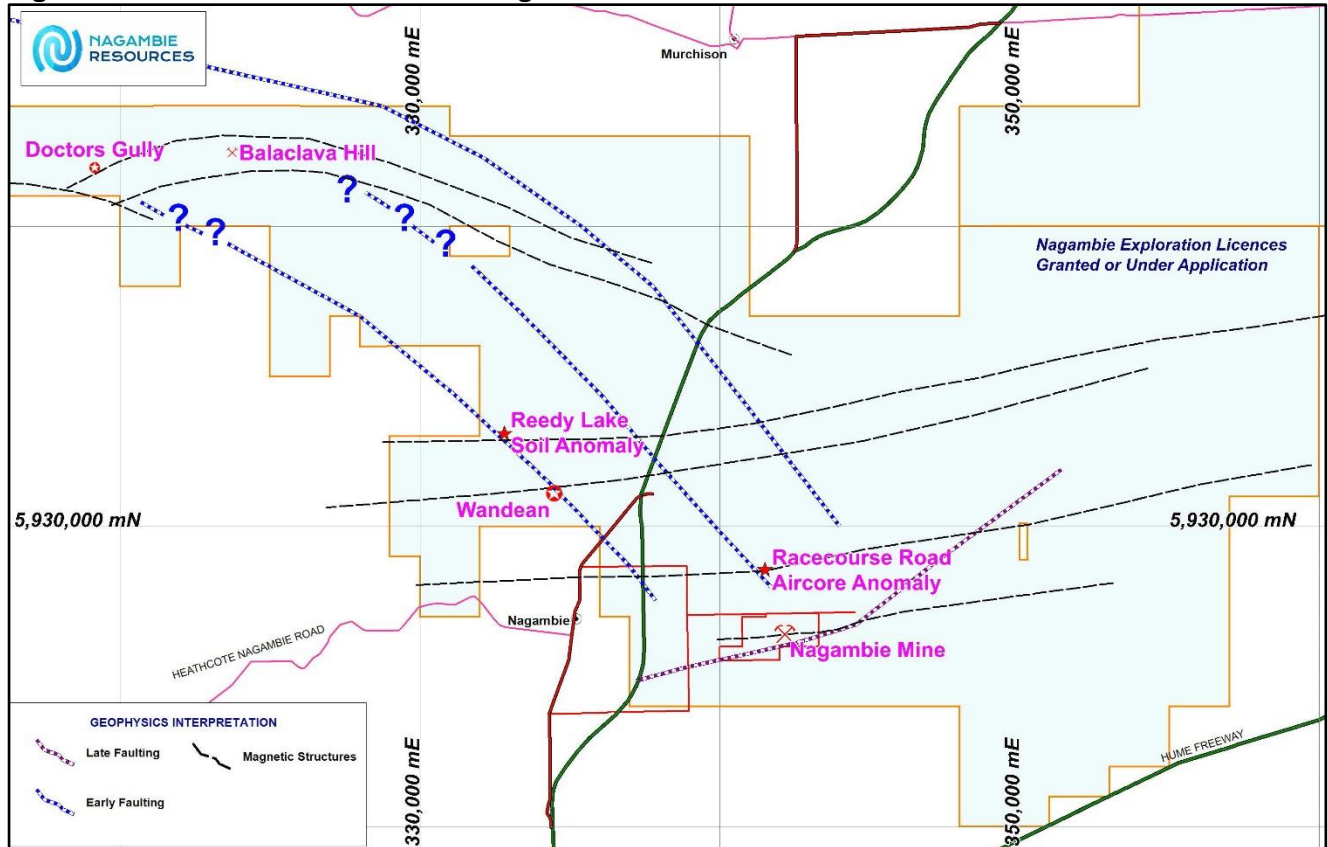
Sand and Quartz Aggregates

Nagambie Resources continued to prepare an application to ERR for a quarry licence to mine, wash and screen sand and quartz aggregates around the West Pit.

GOLD EXPLORATION

As previously announced, Nagambie Resources has established that known gold mineralisation and anomalies in the Nagambie region are coincident with the intersection of deep, gravity-interpreted faults and more shallow, aeromagnetic-interpreted structures (refer Figure 1).

Figure 1 Mineralisation at Intersecting Structures



For simplicity, only relevant interpreted structures for Doctors Gully, Balaclava Hill, Reedy Lake, Wandean, Racecourse Road and the Nagambie Mine are shown. Major roads shown for location purposes.

Soil Sampling

A preliminary soil sampling program was carried out during the quarter to test 7 of the 16 priority targets identified by intersecting aeromagnetic and gravity structures. These locations were selected based primarily on ease of access by roadside sampling. Samples were collected using the in-house proprietary sampling and assay protocols developed specifically for testing for gold mineralisation undercover by Nagambie Resources, which proved successful in locating the Wandean gold mineralisation.

6 of the 7 target areas showed elevated arsenic responses (up to 2.7 times background), while 4 areas showed elevated gold responses (up to 2.5 times background). Antimony responses were lower, but elevated antimony values coincided with elevated arsenic in most areas, indicating a strong relationship between the two metals.

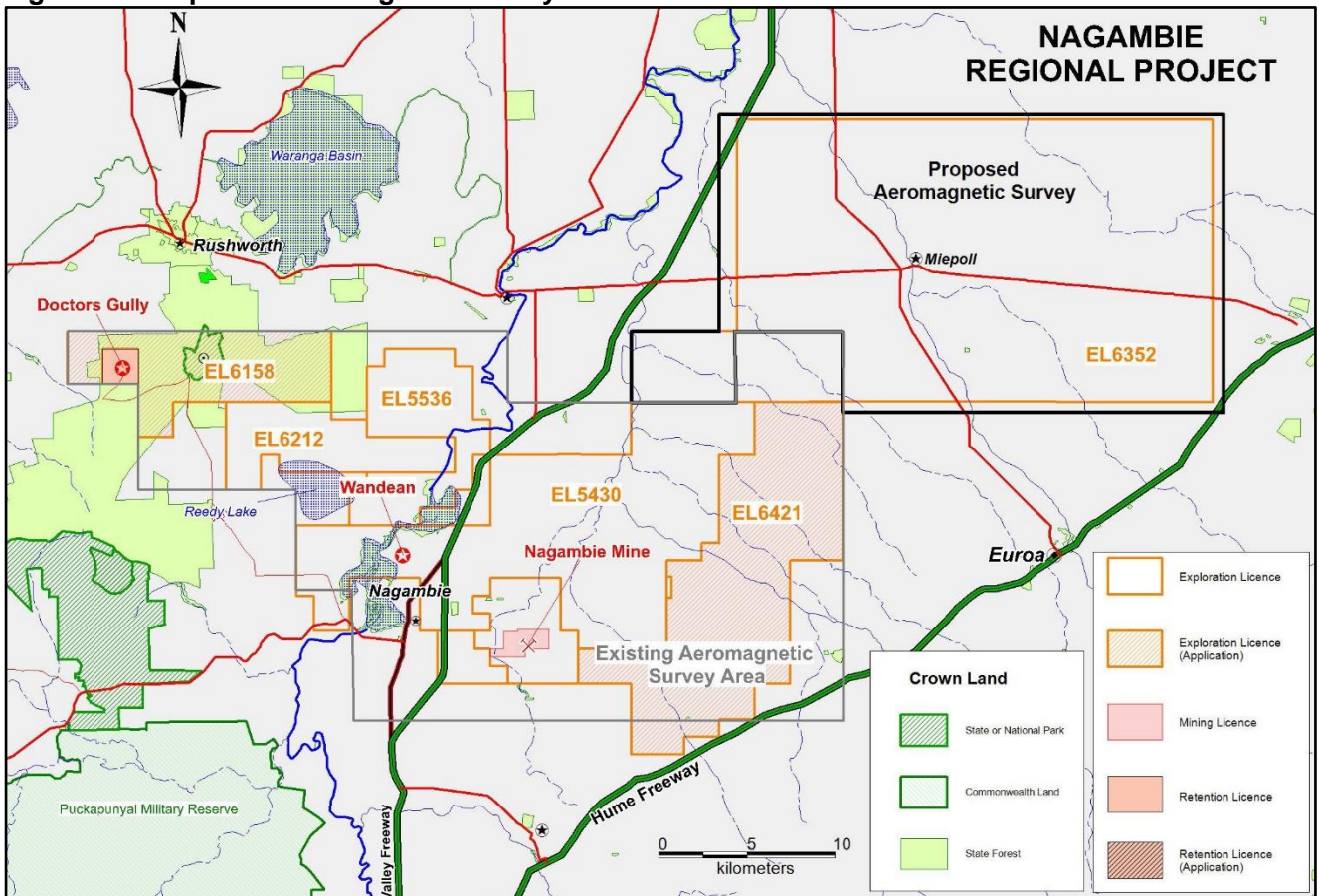
One area, where a fault disrupted granitic body has been interpreted, returned a wide (1.8 km long) zone of elevated arsenic, with up to 1.6 times background values. This area is interesting in that it may be indicating possible gold-arsenic mineralisation related to the buried granite body.

Follow-up soil sampling programs will be conducted on close-spaced grid patterns across private land when weather conditions permit.

Aeromagnetic Survey

Given the success of the first 550 sq km aeromagnetic survey, a second survey is being planned over the balance of Nagambie Resources’ tenements in the region (refer Figure 2). The planned survey covers over 450 sq km and will require the flying of approximately 2,700 line km.

Figure 2 Proposed aeromagnetic survey



GOLD TENEMENT CHANGES

Nagambie Resources group tenements as at 31 March 2017 are shown in Appendix 1 (plan and table). EL 6352, Miepoll, was granted during the quarter.

CORPORATE

Cash

At 31 March 2017, total cash held by the group was \$1,156,000.

2017 Shareholder Share Purchase Plan (SPP)

The 2017 SPP at 6.0 cents per share raised a total of \$720,000, a strong show of support from the 871 eligible shareholders.

Placement of Shares

The Company also raised \$142,000 from a placement to a sophisticated and professional investor at 6.0 cents per share at the time of the SPP.



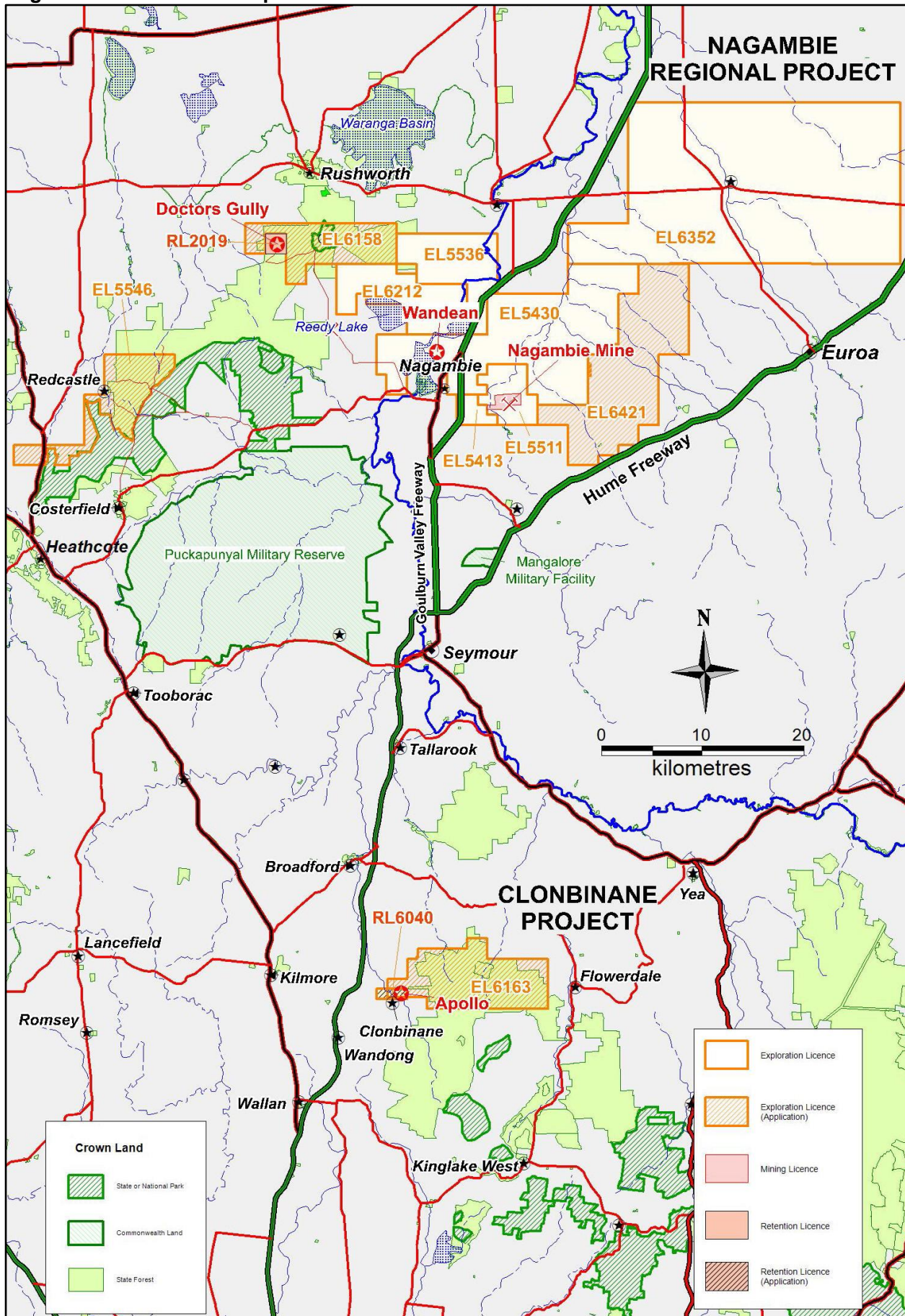
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FORWARD-LOOKING STATEMENTS

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 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.

APPENDIX 1

Nagambie Resources Group Tenements as at 31 March 2017



APPENDIX 1 (Continued)

Nagambie Resources Group Tenements as at 31 March 2017

Tenement Number	Tenement Name	sq.km
MIN 5412	Nagambie Mining Licence	3.64
EL 5430	Bunganail Exploration Licence	182.00
EL 5511	Nagambie Exploration Licence	27.89
EL 5536	Wandean North Exploration Licence	75.00
EL 5413	Nagambie West Exploration Licence	9.11
EL 6212	Reedy Lake North Exploration Licence	41.00
ELA 6158	Rushworth Exploration Licence Application	56.03
RL 2019	Doctors Gully Retention Licence	4.00
EL 6352	Miepoll Exploration Licence	456.00
ELA 6421	Pranjip Exploration Licence Application	139.00
		990.03
EL 4987	Clonbinane North Exploration Licence	1.46
EL 4460	Clonbinane South Exploration Licence Application	1.54
ELA 6163	Clonbinane South Exploration Licence Application	78.21
RLA 6040	Clonbinane Retention Licence Application	3.00
ELA 5546	Redcastle Exploration Licence Application	53.66
		1,131.54