

25 July 2022

Company Announcements Office
Australia Securities Exchange

CLEANSING NOTICE

Issued under section 708(12C)(e) of the *Corporations Act 2001 (Cth)* (as inserted by ASIC Corporations (Sale Offers: Securities Issued On Conversion of Convertible Notes) Instrument 2016/82)

1. INTRODUCTION

This Cleansing Notice has been prepared by Nagambie Resources Limited (ACN 111 587 163) (**Company**) for the purposes of section 708A(12C)(e) of the *Corporations Act 2001 (Cth)* (**Corporations Act**) (as inserted by *ASIC Corporations (Sale Offers: Securities Issued On Conversion of Convertible Notes) Instrument 2016/82*). Issuing this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**), issued on the conversion of the convertible notes issued by the Company on the terms described below, to be on-sold to retail investors without further disclosure.

This Cleansing Notice is important and should be read in its entirety.

2. BACKGROUND AND CONTENTS OF CLEANSING NOTICE

2.1 Issue of Convertible Notes

On 25 July 2022, the Company redeemed 18,000,000 Series 6 Convertible Notes with a face value of \$1,800,000 into 22,500,000 new Series 10 Convertible Notes with a face value of \$1,800,000, alongside issuing 15,712,500 convertible notes to investors who are sophisticated, experienced or professional investors for the purposes of section 708 of the Corporations Act, in respect of \$1,257,000 in funding received (**Series 10 Convertible Notes**).

The terms of the Series 10 Convertible Notes are set out in a convertible note deed poll (**Deed Poll**) executed by the Company and binding on the subscribing noteholders (**Noteholders**), and include the key terms summarised below:

TERM	DESCRIPTION
Issuer	Nagambie Resources Limited (ACN 111 587 163) (Company)
Issue/Subscription Date	25 July 2022
Eligibility	The Series 10 Convertible Notes were offered to sophisticated, experienced and professional investors for the purposes of section 708 of the Corporations Act as at the date of acceptance of the offer.

Face Value	Each Series 10 Convertible Note has a face value of \$0.08.
Maturity Date	25 July 2027
Ranking	The Series 10 Convertible Notes rank equally with all other existing convertible notes.
Interest	10% per annum, payable in cash, six-monthly in arrears.
Security	None.
Conversion Rights	Series 10 Convertible Notes may be converted at any time up until the Maturity Date.
Conversion Price	Each Series 10 Convertible Note may be converted into one Share at a price of \$0.08 per Share.
Conversion Shares	Shares issued upon conversion of a Series 10 Convertible Note will be fully paid ordinary Shares and rank equally with all other fully paid Shares from their date of issue. If all of the Series 10 Convertible Notes are converted, a total of 38,212,500 Shares will be issued.
Redemption	All Series 10 Convertible Notes which are not converted must be redeemed on the Maturity Date. Any number of Series 10 Convertible Notes held may be redeemed by the Noteholder giving the Company notice within 60 days' of an Event of Default occurring.
Events of Default	It is an event of default where: <ul style="list-style-type: none"> (a) the Company does not pay any money that becomes payable by the Company under the Deed Poll on its due date for payment and does not rectify that failure to pay within ten business days of receipt of a notice from the Noteholder stating that payment has not been made; (b) the Company becomes insolvent; (c) the Company is in breach of any covenant or undertaking contained in the Deed Poll, and does not rectify that breach within ten business days of receipt of a notice from the Noteholder stating that the breach has occurred and providing reasonable details of the breach.
Transferability	The Noteholder is entitled to transfer the notes and shares issued pursuant to conversion of a note in accordance with the Deed Poll, provided any applicable requirements of Chapter 6D of the Corporations Act are complied with.
Rights of Noteholder	Except as otherwise provided in the Deed Poll, the Series 10 Convertible Notes will not entitle the Noteholder to vote at general meetings of the Company, to receive dividends or other distributions or participate in any issue of securities other than in accordance with the terms of the Deed Poll.

ASX Listing	The Company will apply for official quotation by ASX of Shares issued on conversion of Series 10 Convertible Notes.
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2.2 The rationale for the convertible note raising

The Company's directors (**Directors**) consider that the raising of capital by the issue of the Series 10 Convertible Notes is in the best interests of the Company as it will:

- (a) enable the redemption of all the Series 6 Convertible Notes that were otherwise due to mature on 17 November 2022;
- (b) continue the successful drilling program for Costerfield-Mine-style, antimony-gold mineralisation at the Nagambie Mine; and
- (c) add to the working capital of the Company.

This Cleansing Notice sets out the following:

- (a) in relation to the issue of the Series 10 Convertible Notes:
 - i. the effect of the issue on the Company;
 - ii. a summary of the rights and liabilities attaching to the Series 10 Convertible Notes; and
 - iii. a summary of the rights and liabilities attaching to the Shares that will be issued on conversion of the Series 10 Convertible Notes; and
- (b) any information that:
 - i. has been excluded from continuous disclosure notice in accordance with the ASX Listing Rules;
 - ii. is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - B. the rights and liabilities attaching to the Shares; and
 - iii. any other information relating to the Company's status as a disclosing entity and where documents may be obtained.

3. THE EFFECT OF THE ISSUE ON THE CAPITAL STRUCTURE OF THE COMPANY

3.1 Effect of the issue on the Company

The principal effects of the issue of the Series 10 Convertible Notes on the Company will be to:

- (a) increase the Company's cash reserves by \$1,257,000 (before any expenses associated with the issue of the Series 10 Convertible Notes);
- (b) decrease current liabilities by \$1,800,000 via the reinvestment of all the Convertible Notes Series 6;
- (c) increase the number of Shares on issue in the Company by up to 38,212,500 Shares on conversion of the Series 10 Convertible Notes; and
- (d) give rise to the Company having liability for the amount of the face value of the Series 10 Convertible Notes being \$3,057,000.

3.2 Pro forma balance sheet of the Company taking into account issue of the Convertible Security

- (a) Set out below is a pro forma consolidated Statement of Financial Position as at 31 December 2021 for the Company based on the consolidated Statement of Financial Position as at 31 December 2021 for the Company.
- (b) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future.

Pro-forma statement of Financial Position (Consolidated)

	31 Dec 2021	Adjustments	Pro-forma
	\$	\$	\$
Current assets			
Cash and cash equivalents	190,106	1,257,000	1,447,106
Prepayments	70,337	-	70,337
Trade and other receivables	46,792	-	46,792
Equity investments at fair value	508,464	-	508,464
Total current assets	815,699	1,257,000	2,072,699
Non-current assets			
Security deposits	739,694	-	739,694
Property, plant and equipment	1,197,408	-	1,197,408
Right of use assets	452,121	-	452,121
Exploration and evaluation assets	13,875,805	-	13,875,805
Total non-current assets	16,265,028	-	16,265,028
Total assets	17,080,727	1,257,000	18,337,727
Current liabilities			
Borrowings	1,511,631	(1,800,000)	(288,369)
Trade or other payables	238,162	-	238,162
Lease liabilities	165,974	-	165,974
Provisions	58,112	-	58,112
Contract liability	41,876	-	41,876
Total current liabilities	2,015,755	(1,800,000)	215,755
Net Current Assets	(1,200,056)	3,057,000	1,856,944
Non-current liabilities			
Borrowings	4,172,964	3,057,000	7,229,964
Lease liabilities	-	-	-
Provisions	25,670	-	25,670
Total non-current liabilities	4,198,634	3,057,000	7,255,634
Total liabilities	6,214,389	1,257,000	7,471,389
Net assets	10,866,338	-	10,866,338
Equity			
Issued capital	27,284,103	-	27,284,103
Reserve	4,245,464	-	4,245,464

Accumulated losses	(20,663,229)	-	(20,663,229)
Total equity	10,866,338	-	10,866,338

3.3 Potential effect on Share Structure

- (a) As at the date of this Cleansing Notice the issued capital of the Company comprises of 513,146,176 issued ordinary shares.
- (b) The capital structure of the Company will be affected by the conversion of the Series 10 Convertible Notes, which will result in up to an additional 38,212,500 Shares being issued and the liability position of the Company decreasing accordingly. The actual effect on the share capital of the Company will depend on how many Series 10 Convertible Notes are converted.
- (c) The Series 10 Convertible Notes can be converted at any time prior to the maturity date at the request of the Noteholder.

4. RIGHTS AND LIABILITIES ATTACHING TO THE CONVERTIBLE NOTES

A summary of the key terms of the Series 10 Convertible Notes is set out in Section 2.1 above.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF CONVERTIBLE NOTES

The Shares to be issued to Noteholders on the conversion of the Series 10 Convertible Notes will rank equally in all respects with all of the Company's existing Shares. The rights attaching to the Company's Shares are set out in the Company's constitution (**Constitution**) and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law. A copy of the Constitution can be inspected, free of charge, at the Company's registered office during normal business hours, and is available via the Company's website.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution.

The following is a general description of the more significant rights and liabilities attaching to the Shares and is not an exhaustive summary.

Voting Rights

Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.

Dividend Rights

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

Variation of Rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

Transfer of Shares

Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and the Listing Rules, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.

General Meetings

Each shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

Rights on Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution;

- divide among the shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the shareholders.

6. THE COMPANY IS A "DISCLOSING ENTITY"

The Company is a "disclosing entity" under the Corporations Act and, accordingly, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company has an obligation under ASX Listing Rule 3.1 and section 674 of the Corporations Act (subject to certain limited exceptions) to notify the ASX immediately once it is or becomes aware of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

7. COPIES OF DOCUMENTS

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2021 (**2021 Financial Report**);
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the 2021 Financial Report and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure documents given by the Company to ASX after the lodgement of the 2021 Financial Report and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after the lodgement of the 2021 Financial Report and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Announcement
13 July 2022	Proposed issue of Securities - NAG
13 July 2022	Convertible Note Raising
11 July 2022	Trading Halt
7 July 2022	Confirmation of Costerfield-Mine-Style Gold-Antimony

25 May 2022	Update on Drilling of C1 Target Below the West Pit
24 May 2022	Update on Drilling of C1 Target Below the West Pit
29 April 2022	Appendix 5B
23 March 2022	March 2022 Quarterly Activity Report
18 March 2022	Top 20 Holders
18 March 2022	Cleansing Notice of Placement
16 March 2022	Application for quotation of Securities -NAG
15 March 2022	Half Yearly Report and Accounts
15 March 2022	\$700,000 Fund Raising & Drilling of C1 Target
3 March 2022	Costerfield-Mine-Style Gold-Antimony Target at Nagambie Mines
23 February 2022	Redcastle Gold-Stibnite Epizonal Targets
18 February 2022	Update – Proposed issue of securities – NAG
18 February 2022	Balaclava Hill Drilling Results and Extension of 2022 SPP
3 February 2022	Update – Proposed issue of securities – NAG
3 February 2022	Proposed issue of securities – NAG
31 January 2022	Second Quarter Activities Report
31 January 2022	Appendix 5B (Second Quarter Cash Flow Report)
28 January 2022	Share Purchase Plan Terms and Conditions
25 January 2022	Security Purchase Plan
25 January 2022	SPP Cleansing Notice
30 December 2021	Change in substantial holding
30 December 2021	Becoming a substantial holder
1 December 2021	Change of Directors Interest Notice x 3
1 December 2021	Notification of cessation of securities – NAG
29 November 2021	Notification regarding unquoted securities – NAG
26 November 2021	Results of Meeting
26 November 2021	CEO's Presentation to Shareholders
26 November 2021	Chairman's Address to Shareholders
17 November 2021	Change of Director's Interest Notice
17 November 2021	Mawson Drilling under the Balaclava Mine at Whroo
29 October 2021	Quarterly Activities Report
29 October 2021	Appendix 5B
29 October 2021	Appendix 4G
28 October 2021	Corporate Governance Statement

8. INFORMATION EXCLUDED FROM THE CONTINUOUS DISCLOSURE NOTICES

The Company advises that:

- (a) there are no new disclosures required; and
- (b) it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and that other than the information referred to in paragraph (a) above, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:
 - i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

- ii. the rights and liabilities attaching to the Series 10 Convertible Notes and Shares.



Mike Trumbull
Executive Chairman