

PASS PROJECT UPDATE

- **Total Capacity to Store Pass: 6.2 Million Tonnes**
- **Potential Average Storage per Year: 1.0 Million Tonnes**

The 1990s-era West and East Pits at the Nagambie Mine are currently being prepared to accept sulphidic fill from Melbourne excavations.

PASS storage is a very exciting development for the Company and could be operational at the Nagambie Mine by early CY 2016 subject to approval by the Victorian Department of Economic Development, Jobs, Transport and Resources and the subsequent award of contracts.

Background

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

The open pits 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. Underwater topography for the two pits is indicated in Figure 1. A view of the East Pit is shown in Photo 1.

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 but that alternative is a poor environmental outcome for Victoria and a very expensive solution, typically costing around \$150 per tonne plus the cost of trucking. The additional trucking cost to the Nagambie Mine of around \$10 per tonne is quite small in comparison to the cost of landfill storage.

Construction of numerous, large high-rise buildings in the Melbourne CBD and at Fishermans Bend, immediately south west of the CBD, are planned to commence in CY 2016. The large excavations required for solid foundations and underground car parking levels can result in large quantities of PASS that must be managed according to EPA policy.

Potential PASS in the excavations of all currently approved high-rise buildings in the CBD and Fishermans Bend would amount to millions of tonnes. In the medium term, the Victorian Government has to date committed \$4.5 billion to the Melbourne Metro Rail Project, with construction planned to commence in CY 2018. This involves the excavation of five new underground rail stations and two nine-kilometre rail tunnels from South Kensington to South Yarra. Geotechnical drilling for the route is currently being carried out and is expected to indicate that millions of tonnes of PASS will need to be trucked away and stored.

Potential Revenue

The potential revenue from the storage of PASS is very large for a small ASX-listed company such as Nagambie Mining with a market capitalisation of around \$15 million currently (last traded share price of 4.4 cents).

Storage of PASS under water at the Nagambie Mine will always be a better environmental outcome than storing the material above ground in Melbourne landfill sites. To be the preferred solution in terms of direct cost, the Company will need to bid a storage charge that is less than around \$140 per tonne, being the Melbourne landfill cost of around \$150 per tonne less the additional trucking cost to Nagambie of around \$10 per tonne.

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

NAGAMBIE MINING

Nagambie Mining is focussed on the discovery and development of shallow, open-pit and heap-leachable gold deposits.

The Company has 100% of tenements encompassing historic Victorian goldfields at Nagambie, Clonbinane, Rushworth and Redcastle.

A preliminary Inferred Resource of 47,000 ounces of gold, 609,000 tonnes at 2.4 g/t, was estimated in 2008 for Clonbinane.

Underwater storage of sulphidic excavation material (PASS) in the two 1990s open pits at the Nagambie Mine is being advanced.

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

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Figure 1 Underwater Topography for the West and East Pits



Photo 1 View of the East Pit at the Nagambie Mine



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