



**NAGAMBIE
RESOURCES**

Stibnite Needles Specimen in Quartz Drill Core



2023 Annual Report

CORPORATE DIRECTORY

NAGAMBIE RESOURCES LIMITED ABN 42 111 587 163
NAGAMBIE DEVELOPMENTS PTY LTD ABN 37 130 706 311
NAGAMBIE LANDFILL PTY LTD ABN 90 100 048 075

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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DIRECTORS

Michael W Trumbull (Executive Chairman)
Alfonso M G Grillo (Non-Executive Director)
William T Colvin (Non-Executive Director)
Warwick R Grigor (Non-Executive Director)
appointed 4 October 2022
Kevin J Perrin (Non-Executive Director)
appointed 13 September 2023

CHIEF EXECUTIVE OFFICER

James C Earle

COMPANY SECRETARY

Alfonso M G Grillo

PRINCIPAL LEGAL ADVISER

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SECURITIES EXCHANGE LISTING

Nagambie Resources Limited shares are listed on the Australian Securities Exchange
ASX Code: NAG

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Note: Corporate Governance Statement

The Corporate Governance Statement was approved by the Board at the same time as this Annual Report and can be found at:

<https://www.nagambieresources.com.au/investor-information/corporate-governance-statement>

CHAIRMAN'S LETTER

Dear Shareholder and Noteholder

Nagambie's prospects have never been brighter than they currently are. The stage has been set and there are three big potential drivers of Company value in the near term.

Underwater PASS Storage at the Nagambie Mine (100% NAG)

PASS (Potential Acid Sulfate Soil) material will be generated from the boring of the North East Link Project (NELP) road tunnels by two large tunnel-boring machines (TBMs). The first of the two TBMs could be ready to commence boring in March 2024, with the second TBM not too far behind. Total TBM tunnelling time is estimated to be two years.

Nagambie has EPA Victoria approval, via an Environmental Management Plan, to store PASS below water in the two water-filled 1990s oxide-gold pits at the Nagambie Mine.

The Spark consortium, the builder of the NELP, asked for PASS storage bids from a select group of approved sites, with bids closing on 24 October 2023. Nagambie has bid competitively to store a large quantity of PASS at the Nagambie Mine and is hopeful of being awarded a contract by Spark.

Major Victorian High-Grade Antimony-Gold (Sb-Au) Discovery at the Nagambie Mine (100% NAG)

The discovery now consists of four lode systems with multiple veins within them (C1, C2, C3 and N1 lodes) and they all remain open at depth. Calculation of a maiden stopeable JORC Inferred Resource is now under way.

The 38 economically-mineable intersections to date average 3.8m downhole length, 1.6m EHT (estimated horizontal stope thickness) and 14.5 g/t AuEq (gold equivalent), comprising 5.6% Sb plus 3.8 g/t Au.

The average gold-equivalent stope grade of 14.5 g/t AuEq or approximately 0.5 ounces/tonne AuEq is very high grade by industry standards, and 4.8 times the estimated mineable cut-off grade of 3.0 g/t AuEq. The average antimony stope grade of 5.6% Sb makes the Nagambie Mine discovery the highest-grade antimony mineralisation in Australia and one of the highest in the world.

Nagambie Mine Gold Toll Treatment Plant (50% NAG)

Nagambie and Golden Camel Mining (GCM) are proceeding with the construction and operation of a 300,000 tonnes per annum toll treatment facility at the Nagambie Mine. GCM is the Manager and is paying 100% of all infrastructure, construction and commissioning costs. After commissioning, all revenues and operating costs will be shared 50:50. Initial feed for the plant is to be trucked from GCM's Golden Camel Mine.

GCM has been refurbishing key components of the plant and has advised Nagambie that it is close to finalising a financing package with overseas funds. Construction of the treatment plant is planned to take 10 months.

Cash flow from a NELP PASS contract is projected to significantly drive the development of an Sb-Au operation at the Nagambie Mine. Likewise, cash flow from a GCM:Nagambie toll treatment plant.

Kevin Perrin's Second Term as a Director

Kevin Perrin was previously a Director of Nagambie for over nine years (2010-2019) and is the largest shareholder in the Company (16.8%). He rejoined the Board in September and has provided a \$2.0 million flexible working capital facility to Nagambie on commercial terms.

Kevin is a Certified Practising Accountant (CPA) and for over 40 years was a Founding Partner of PPT Accounting in Ballarat, an accounting, taxation, audit and financial advisory practice. He is known to be a very astute businessman.

As usual I would again like to thank the Company's very supportive and patient shareholders and noteholders - also my fellow directors, the CEO and his team, our joint venture partners Golden Camel Mining and Southern Cross Gold, and our various excellent consultants for yet another productive year.



Mike Trumbull
Executive Chairman
31 October 2023

CEO's OPERATIONS & EXPLORATION REVIEW

PASS BID FOR NORTH EAST LINK PROJECT (NELP)

PASS (Potential Acid Sulfate Soil) material will be generated from the boring of the NELP road tunnels by two large tunnel-boring machines (TBMs). The first of the two TBMs arrived in parts by ship in Port Melbourne in early September 2023. Those parts were trucked to the NELP tunnels launch area and assembly commenced. With a total announced assembly time of six months, the first TBM could be ready to commence boring in March 2024. Total TBM tunnelling time is estimated to be two years.

Nagambie Resources has EPA Victoria approval, via an Environmental Management Plan (EMP), to store PASS below water in the two water-filled 1990s oxide-gold pits at the Nagambie Mine.

Nagambie submitted a final conforming bid to the Spark consortium, the builders of the NELP, for the underwater storage of PASS at the Nagambie Mine on 24 October 2023.

NAGAMBIE MINE HIGH-GRADE ANTIMONY-GOLD DISCOVERY

Current Status of Project

- The **major Victorian high-grade antimony-gold (Sb-Au) virgin discovery** at the 100%-owned Nagambie Mine was announced on 3 July 2023.
- The discovery now consists of four lode systems with multiple veins within them (**C1, C2, C3 and N1 lodes**) and they **all remain open at depth**. Nagambie's structural model predicts that significantly more lode systems could be delineated over time.
- The **38 economically-mineable intersections** to date (refer Table 1) average 3.8m downhole length, **1.6m EHT** (estimated horizontal stope thickness) and **14.5 g/t AuEq** (gold equivalent) (**5.6% Sb** (antimony) **plus 3.8 g/t Au** (gold)).
- The **average gold-equivalent stope grade of 14.5 g/t or approximately 0.5 ounces/tonne AuEq** is very high grade by Victorian and Australian standards, and 4.8 times the estimated mineable cut-off grade of 3.0 g/t AuEq. This indicates **potentially very-low operating cost, very-high operating margin mineralisation**.
- The **average antimony stope grade of 5.6% Sb** makes the Nagambie Mine discovery the **highest-grade antimony mineralisation in Australia**.
- The **newly delineated N1 (E-W) lode system** already has a strike length of around 220m and is open both to the west and east. N1 is now the lode system with the most potential AuEq content.
- Diamond drilling was paused early in the September 2023 quarter to fully assess the results of all the drilling since the June 2022 quarter, **calculate a maiden JORC Inferred Resource** and conserve funds ahead of the next focussed drilling program. Nagambie's geologists have carried out extensive geological modelling of the anticlinal folding, the anticlinal shears, the bedding traces, and the more sandstone-rich sedimentary beds. Logging, core sawing and laboratory assaying of the remaining intersections will be completed shortly.
- Mining Plus, a global mining services provider, has determined that the **Sb-Au mineralisation is not highly-nuggety / highly-variable** and, as a result, costs of drilling going forward, both from surface and underground, will be significantly less than for nuggety / highly-variable-grade mineralisation.
- Mining Plus has also designed an **exploration decline from surface, to be entirely in solid basement sandstone/siltstone rocks** and well away from the surface Murray Basin clays and sands further to the west. Initial main ore drives are planned at 105m and 125m vertically below surface. The designs will form part of Nagambie's Work Plan Variation application to carry out underground exploration work under its Mining Licence.
- A new and dramatically increasing use of antimony is in **Solar PV** (photovoltaic) **glass panel manufacturing** as the world moves to **renewable, decarbonizing energy generation**.
- During the last year, Nagambie has been **approached by overseas antimony refineries, end users and trading groups** from China, the Middle East and Europe – all interested in **mutually-beneficial antimony off-take agreements**.

Table 1 All 38 Economically-Mineable Intersections to date: EHT => 1.2m and AuEq => 3.0 g/t

| | | | | BD of unmineralised waste: 2.74 | | | | EHT and BD Weighting | | | | | | |
|--|--------------------------|--------|-----------------------------|---------------------------------|----------------|-----------------|-------|----------------------|----------------|----------------|------------------|---------------|-----------|--|
| | | | | BD of pure Stibnite: 4.56 | | | | | | | | | | |
| Mineable Intersection (Potential Stope) | From (m) | To (m) | Downhole Length L (m) | EHT | Au | Sb | AuEq | BD | EHT & BD | EHT & BD | EHT & BD | AuEq | AuEq | |
| | | | | (m) | Assay (g/t) | Assay (Sb %) | (g/t) | based on Sb% | Weighted Au | Weighted Sb | Weighted AuEq | x EHT | x L | |
| NRP002 C1 E&W | 109.00 | 136.10 | 27.10 | 2.50 | 4.84 | 7.51 | 19.18 | 2.89 | 5.42 | 9.15 | 22.90 | 57.3 | 621 | |
| NAD008 C1 E | 178.20 | 180.00 | 1.80 | 1.20 | 3.51 | 3.05 | 9.34 | 2.79 | 3.55 | 3.26 | 9.77 | 11.7 | 18 | |
| Progressive Totals ** | 16 September 2022 | | | 3.70 | | | | | | | | 69.0 | | |
| NAD009 C1 E | 172.34 | 174.20 | 1.86 | 1.20 | 0.08 | 2.36 | 4.59 | 2.78 | 0.08 | 2.52 | 4.89 | 5.9 | 9 | |
| NAD009 C1 W | 200.00 | 207.30 | 7.30 | 4.70 | 4.86 | 4.20 | 12.88 | 2.81 | 5.32 | 4.74 | 14.37 | 67.5 | 105 | |
| NAD010 C1 E | 160.00 | 161.78 | 1.78 | 1.20 | 13.38 | 16.14 | 44.21 | 3.05 | 13.56 | 18.44 | 48.79 | 58.5 | 87 | |
| NAD010 C1 W | 163.56 | 165.35 | 1.79 | 1.20 | 0.19 | 2.81 | 5.56 | 2.79 | 0.21 | 3.05 | 6.03 | 7.2 | 11 | |
| NAD011 C1 E | 214.30 | 217.80 | 3.50 | 1.20 | 0.10 | 1.47 | 2.91 | 2.77 | 0.10 | 1.61 | 3.18 | 3.8 | 11 | |
| NAD011 C1 W | 270.70 | 276.00 | 5.30 | 2.25 | 1.46 | 10.38 | 21.29 | 2.94 | 1.52 | 12.01 | 24.45 | 55.0 | 130 | |
| Progressive Totals ** | 16 November 2022 | | | 15.45 | | | | | | | | 267.0 | | |
| NAD012 C2 E | 401.40 | 404.80 | 3.40 | 2.62 | 6.72 | 2.54 | 11.57 | 2.78 | 6.68 | 2.57 | 11.59 | 30.3 | 39 | |
| NAD012 C2 W | 423.00 | 428.00 | 5.00 | 2.42 | 8.70 | 5.49 | 19.19 | 2.84 | 9.30 | 6.17 | 21.08 | 51.0 | 105 | |
| Progressive Totals ** | 23 January 2023 | | | 20.49 | | | | | | | | 348.4 | | |
| NAD012 C2 W (Hinge) | 416.00 | 420.00 | 4.00 | 1.98 | 6.27 | 3.78 | 13.50 | 2.80 | 6.30 | 3.89 | 13.72 | 27.2 | 55 | |
| NAD012 C1 W | 130.86 | 132.20 | 1.34 | 1.20 | 1.67 | 1.66 | 4.84 | 2.77 | 1.75 | 1.83 | 5.24 | 6.3 | 7 | |
| Progressive Totals ** | 3 March 2023 | | | 23.67 | | | | | | | | 381.8 | | |
| NAD013 C1 E | 167.30 | 171.10 | 3.80 | 2.70 | 3.61 | 10.02 | 22.74 | 2.93 | 4.32 | 11.75 | 26.77 | 72.2 | 102 | |
| NAD013 C1 W | 238.00 | 240.30 | 2.30 | 1.40 | 7.13 | 0.05 | 7.23 | 2.74 | 7.13 | 0.05 | 7.23 | 10.1 | 17 | |
| NAD016 N1 (E-W) | 180.50 | 188.00 | 7.50 | 2.36 | 3.12 | 2.37 | 7.64 | 2.78 | 3.12 | 2.69 | 8.26 | 19.5 | 62 | |
| NAD016 N1 (E-W) | 174.50 | 177.00 | 2.50 | 1.27 | 9.37 | 1.67 | 12.55 | 2.77 | 9.32 | 1.69 | 12.56 | 16.0 | 31 | |
| NAD016 N1 (E-W) | 170.00 | 171.40 | 1.41 | 1.20 | 5.00 | 0.32 | 5.61 | 2.74 | 5.00 | 0.32 | 5.61 | 6.7 | 8 | |
| NAD017 C1 W | 217.00 | 219.48 | 2.48 | 1.20 | 5.92 | 1.77 | 9.30 | 2.77 | 5.90 | 1.78 | 9.30 | 11.1 | 23 | |
| Progressive Totals ** | 10 March 2023 | | | 33.80 | | | | | | | | 517.5 | | |
| NAD020 C1 E-W Link | 214.28 | 216.60 | 2.32 | 1.20 | 0.75 | 3.93 | 8.25 | 2.82 | 0.75 | 5.34 | 10.94 | 13.1 | 25 | |
| NAD022 C1 E | 238.00 | 239.55 | 1.55 | 1.20 | 3.46 | 7.70 | 18.16 | 2.89 | 3.96 | 9.42 | 21.96 | 26.3 | 34 | |
| NAD023 C1 W | 272.16 | 276.00 | 3.84 | 1.20 | 0.69 | 11.98 | 23.57 | 2.98 | 0.68 | 14.23 | 27.87 | 33.5 | 107 | |
| NAD029 N1 (E-W) | 285.50 | 286.75 | 1.25 | 1.20 | 4.59 | 9.02 | 21.82 | 2.92 | 4.72 | 10.99 | 25.72 | 30.8 | 32 | |
| Progressive Totals ** | 23 March 2023 | | | 38.59 | | | | | | | | 621.3 | | |
| NAD024 C1 W | 250.60 | 258.20 | 7.60 | 2.91 | 2.70 | 5.74 | 13.67 | 2.84 | 2.68 | 6.19 | 14.51 | 42.2 | 110 | |
| NAD030 C2 E | 206.70 | 208.30 | 1.60 | 1.36 | 1.55 | 1.34 | 4.11 | 2.76 | 1.56 | 1.35 | 4.14 | 5.6 | 7 | |
| NAD030 C2 E | 202.50 | 203.90 | 1.40 | 1.20 | 0.90 | 3.92 | 8.40 | 2.81 | 0.92 | 4.39 | 9.30 | 11.2 | 13 | |
| NAD030 C2 E | 198.20 | 199.90 | 1.70 | 1.20 | 1.33 | 1.71 | 4.60 | 2.77 | 1.33 | 1.76 | 4.69 | 5.6 | 8 | |
| NAD031 C2 E | 208.00 | 210.35 | 2.35 | 1.20 | 1.18 | 3.85 | 8.53 | 2.81 | 1.17 | 4.23 | 9.25 | 11.1 | 22 | |
| NAD034 C2 W (Hinge) | 284.50 | 286.50 | 2.00 | 1.20 | 1.53 | 1.31 | 4.04 | 2.76 | 1.56 | 1.38 | 4.19 | 5.0 | 8 | |
| NAD034 C2 W (Hinge) | 275.40 | 276.90 | 1.50 | 1.20 | 1.64 | 5.58 | 12.30 | 2.84 | 1.69 | 6.45 | 14.00 | 16.8 | 21 | |
| Progressive Totals ** | 22 May 2023 | | | 48.86 | | | | | | | | 718.8 | | |
| NAD033 C3 | 205.00 | 206.56 | 1.56 | 1.20 | 0.79 | 5.54 | 11.38 | 2.84 | 0.89 | 6.37 | 13.05 | 15.7 | 20 | |
| NAD036 N1 (E-W) | 316.00 | 319.00 | 3.00 | 1.33 | 0.70 | 3.44 | 7.28 | 2.79 | 0.70 | 3.50 | 7.39 | 9.8 | 22 | |
| NAD036 N1 (E-W) | 310.00 | 314.16 | 4.16 | 1.20 | 3.32 | 1.24 | 5.68 | 2.76 | 3.31 | 1.27 | 5.81 | 7.0 | 24 | |
| NAD036 N1 (E-W) | 304.30 | 307.20 | 2.90 | 1.48 | 6.42 | 10.05 | 25.61 | 2.93 | 6.60 | 11.84 | 29.21 | 43.3 | 85 | |
| NAD040 C3 | 253.00 | 261.30 | 8.30 | 1.20 | 0.73 | 8.29 | 16.56 | 2.89 | 0.74 | 9.15 | 18.22 | 21.9 | 151 | |
| Progressive Totals ** | 3 July 2023 | | | 55.28 | | | | | | | | 816.5 | | |
| NAD019 N1 (E-W) | 209.50 | 211.59 | 2.09 | 1.20 | 6.33 | 3.37 | 12.76 | 2.80 | 6.26 | 3.74 | 13.40 | 16.1 | 28 | |
| NAD038 C3 | 193.10 | 197.21 | 4.11 | 1.20 | 0.34 | 2.22 | 4.59 | 2.78 | 0.35 | 2.42 | 4.97 | 6.0 | 20 | |
| NAD040 C3 | 292.40 | 296.00 | 3.60 | 1.91 | 2.58 | 0.96 | 4.41 | 2.75 | 2.57 | 0.98 | 4.44 | 8.5 | 16 | |
| NAD044 C3 | 330.70 | 332.89 | 2.19 | 1.20 | 1.37 | 7.02 | 14.77 | 2.87 | 1.33 | 7.94 | 16.50 | 19.8 | 36 | |
| Progressive Totals ** | 13 October 2023 | | | 60.79 | | | | | | | | 866.88 | | |
| Averages to Date | | | 3.77 | 1.60 | | | | 2.83 | 3.84 | 5.56 | 14.47 | 23.1 | 55 | |

AuEq (g/t) = Au (g/t) + (Sb% x 1.91); BD = bulk density; EHT = estimated horizontal stope thickness; ** EHT (m) is used to calculate the volume of a mineable stope; AuEq (g/t) x EHT (m) is used to calculate the AuEq content of a mineable stope.

Figure 1 Plan View of the West Pit and the C1, C2, C3 and N1 Lode Systems

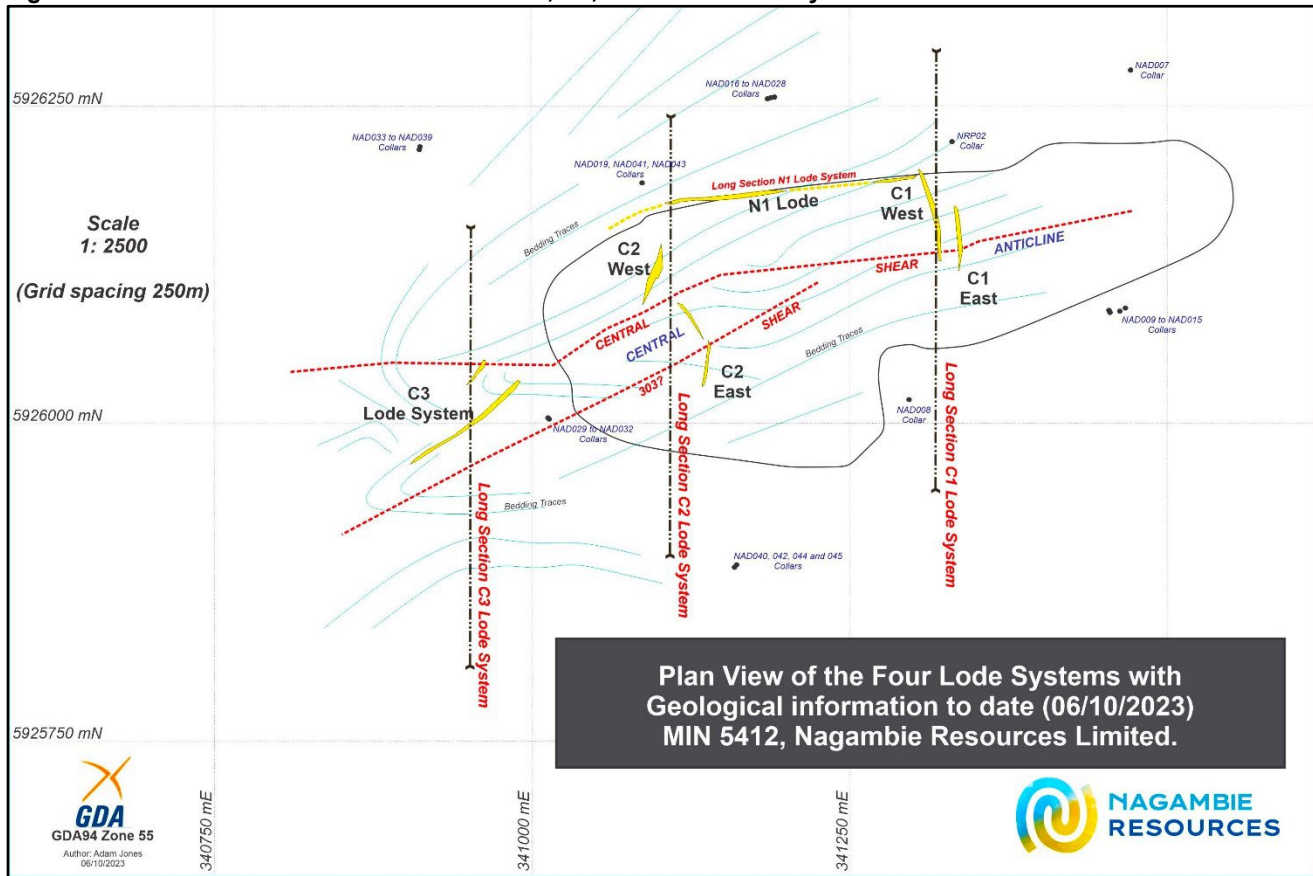


Figure 2 Long Section View of the C1 Lode System

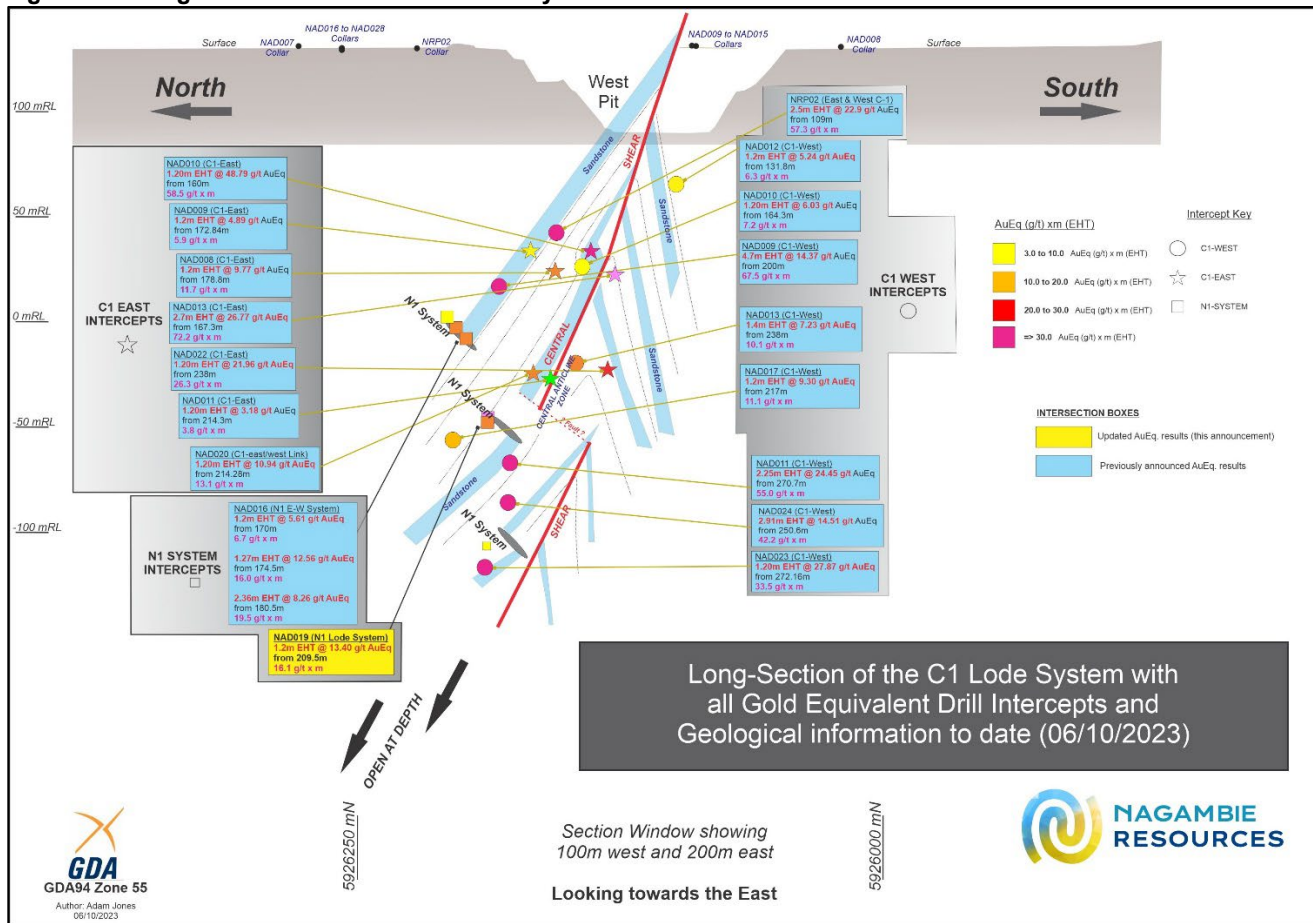


Figure 3 Long Section View of the C2 Lode System

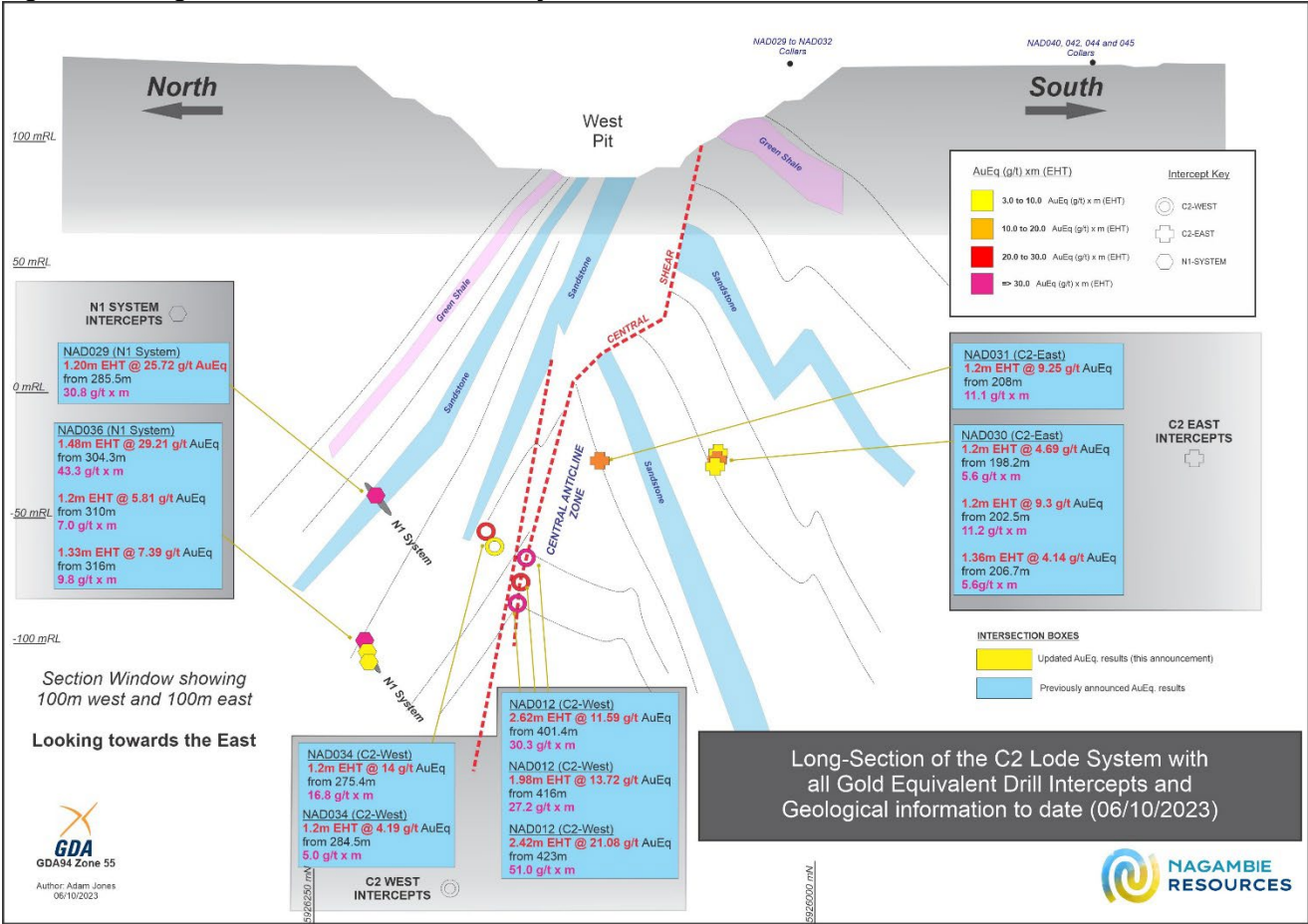


Figure 4 Long Section View of the C3 Lode System

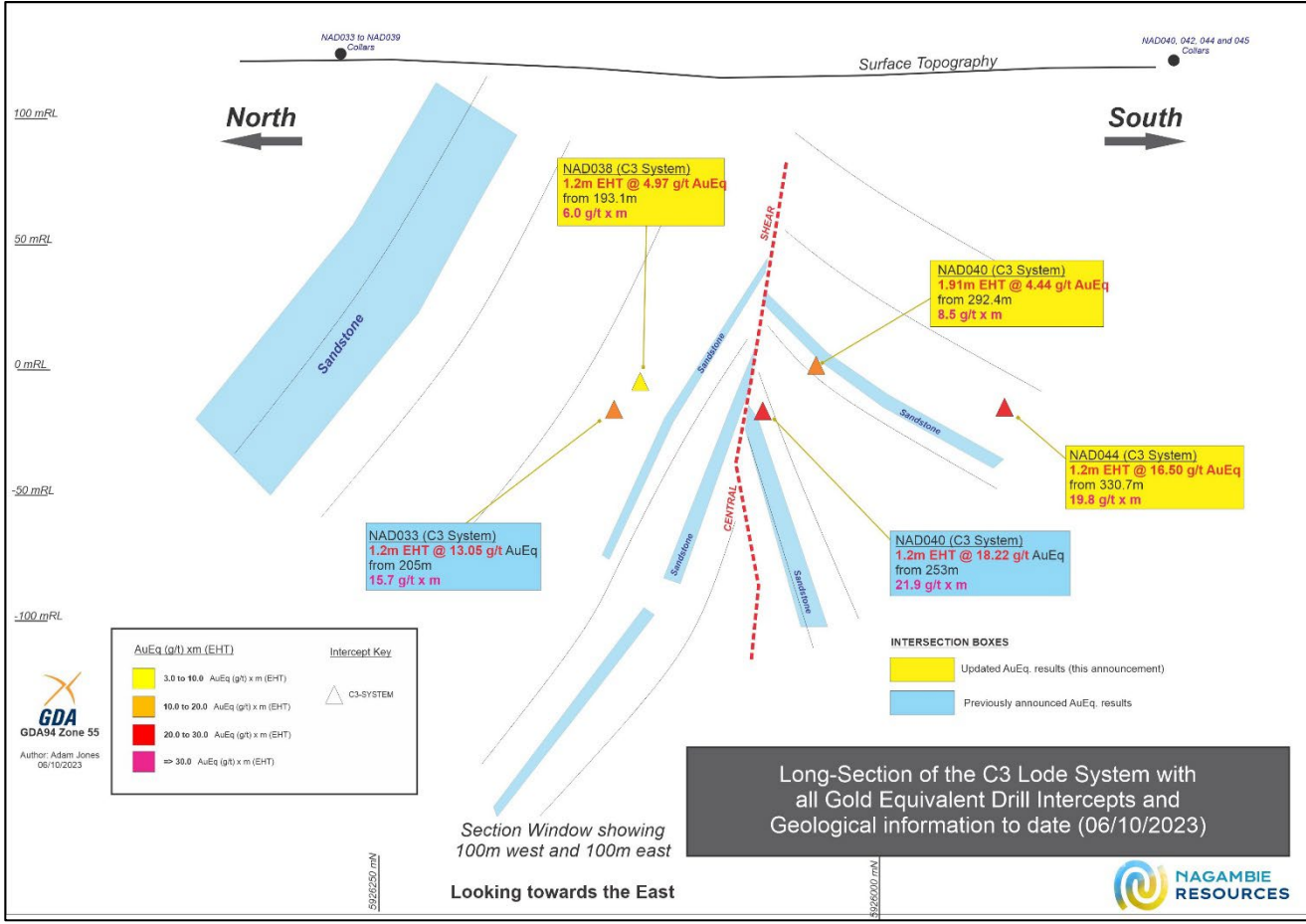
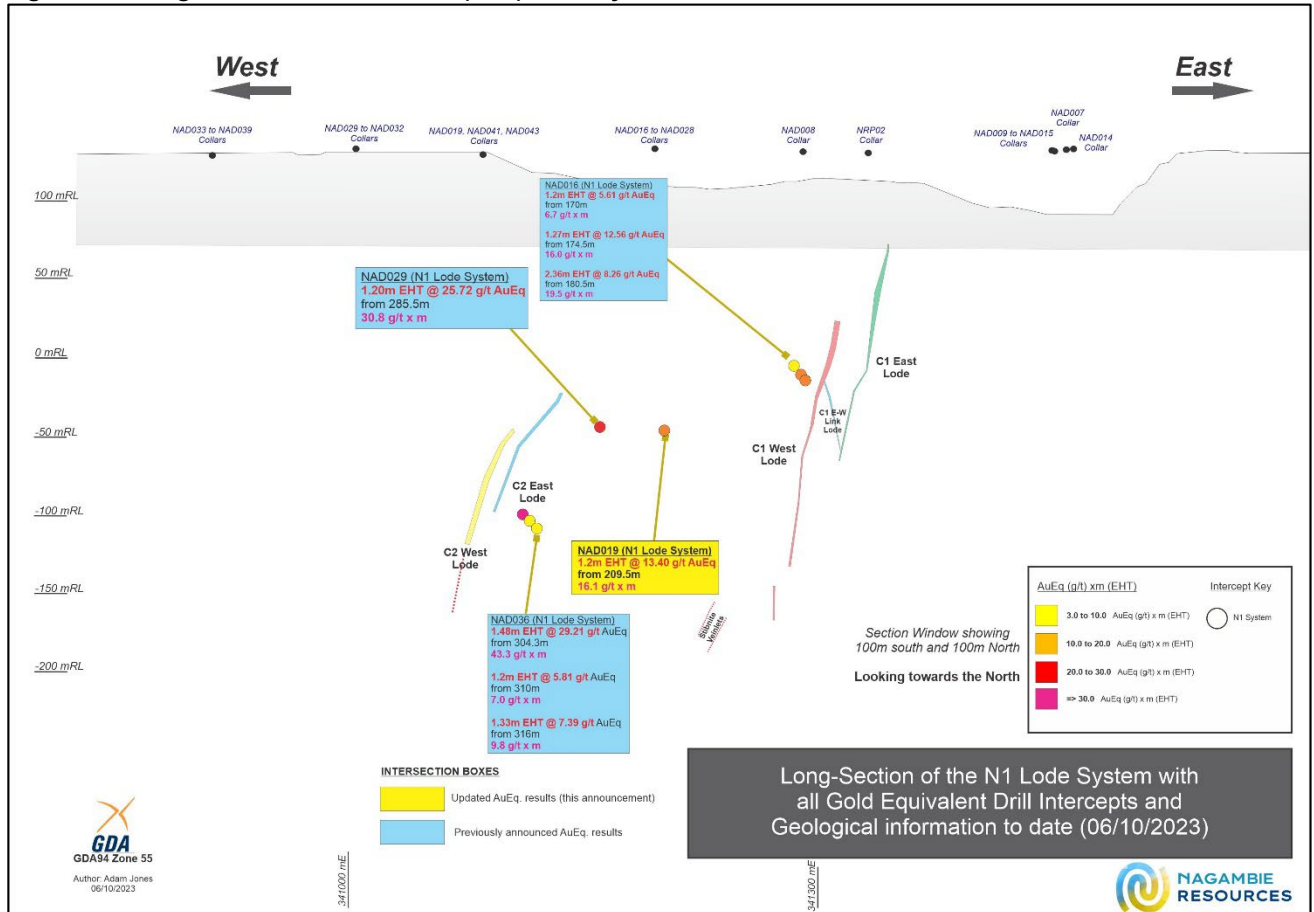


Figure 5 Long Section View of the N1 (E-W) Lode System



Mineable Intersections (or Potential Stopes) for Sb-Au Mineralisation

Nagambie conforms to the JORC Code for the reporting of Exploration Results by calculating economically-mineable intersections over estimated horizontal thicknesses (EHTs) rather than just reporting simple down hole assay data.

The JORC Code requires that, if the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If the geometry is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). The industry reports either estimated true widths (ETWs) or estimated horizontal thicknesses (EHTs) to account for the geometry of the mineralisation with respect to the drill hole angle.

For samples containing significant antimony, the individual Au and Sb assays are weighted by Nagambie for both sample thickness and bulk density. Consideration is then given to the mineable cut-off grade (MCOG) of 3.0 g/t AuEq over a stope width of at least 1.2m EHT.

Nagambie calculates AuEq grades by applying a Costerfield Mine AuEq factor, the relative value of 1.0% Sb in the mine to 1.0 g/t Au in the mine. In CY2023, **the AuEq factor applied by Nagambie is 1.91** based on Mandalay Resources' (owner of the Costerfield Mine) annual guidance in January 2023 of US\$1,797 / oz Au and US\$10,805 / tonne Sb.

All 38 economically-mineable intersections (potential stopes) within the four lodes to date (C1, C2, C3 and N1 lodes) are summarised in Table 1.

Geological Overview to date of Sb-Au Mineralisation

The four epizonal lode systems delineated to date (C1, C2, C3 and N1) are shown in plan view in Figure 1 and long section view in Figures 2, 3, 4 and 5 respectively. Nagambie's structural model predicts that more lode systems could be delineated over time.

The principal anticlinal folding, the anticlinal shears, and the more sandstone-rich sedimentary beds for the C1, C2 and C3 lode systems are shown in Figures 2, 3 and 4 respectively. Sedimentary bedding in the East Pit generally strikes E-W but the bedding in the West Pit (refer Figure 1) is striking more predominately NE-SW. The lode system Sb-Au mineralisation has not been dated but is considered to be of circa 375 million years ago.

The deepest intersection to date is 250m vertically below surface (refer Figure 2, C1 lode system, **27.9 g/t AuEq (14.2% Sb plus 0.7 g/t Au) over 1.2m EHT** from 272.2m in NAD023). All four lode systems are open at depth and could extend

Example of Massive Stibnite Diamond Core at the Nagambie Mine

significantly deeper. The Fosterville Mine epizonal mineralisation (65km west of the Nagambie Mine) extends to more than 1,000m vertical depth and the Costerfield Mine epizonal mineralisation (45km west of the Nagambie Mine) is approaching 1,000m vertical depth.

The lode with the most potential to date appears to be the newly delineated N1 (E-W) lode system (refer Figures 1 and 5). It already has a strike length of around 220m and is open both to the west and to the east. N1 was not predicted and was located in holes designed to intersect the C1 and C2 lode systems. It appears to be related to one of the E-W-striking thrust faults and the mineralisation associated with these E-W thrust faults has not previously contained significant Sb grades. N1 mineable intersections to date containing significant Sb (refer Figure 5) include:

- **29.2 g/t AuEq (11.8% Sb plus 6.6 g/t Au) over 1.5m EHT from 304.3m in NAD036;** and
- **25.7 g/t AuEq (11.0% Sb plus 4.7 g/t Au) over 1.2m EHT from 285.5m in NAD029.**

NAGAMBIE RESOURCES' ANTIMONY AND GOLD TENEMENTS

The Company's tenements as at 30 September 2023, totalling 3,336.5 sq km, are listed in Table 2 and their general location in central Victoria is shown in Figure 6.

Figure 6 Nagambie's Tenements (in blue) all within the Melbourne Zone (in pink)

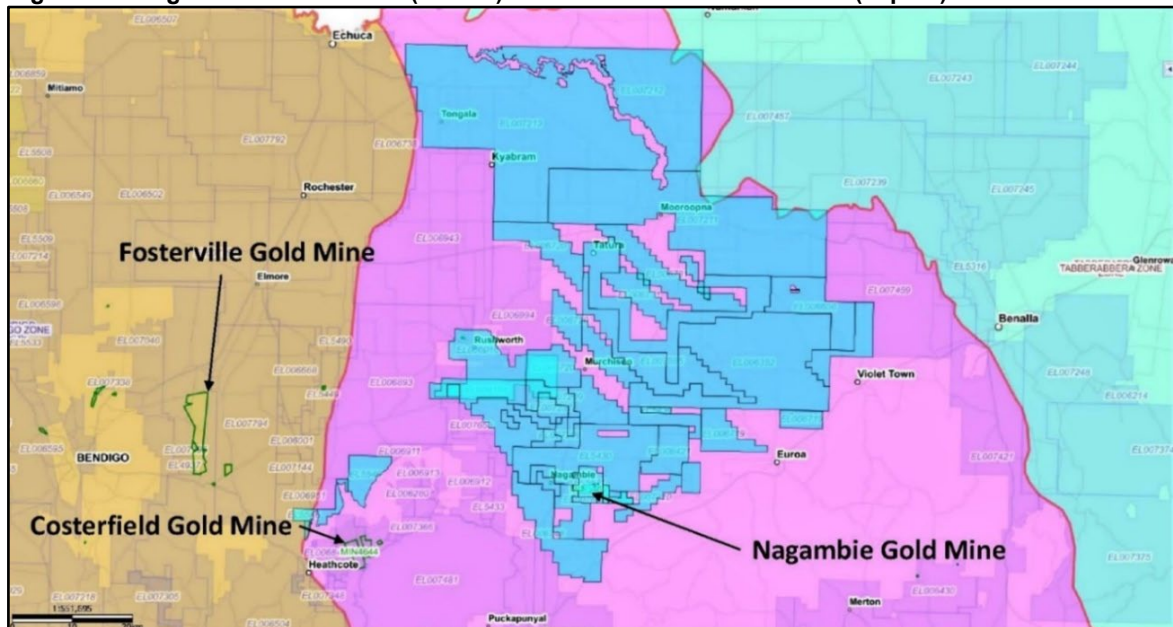


Table 2 Nagambie Resources Tenements as at 30 September 2023

| Tenement Number | Tenement Name | sq km |
|-----------------|---|----------------|
| MIN 5412 | Nagambie Mining Licence | 3.5 |
| EL 5430 | Bunganail Exploration Licence | 160.0 |
| EL 5511 | Nagambie Central Exploration Licence | 21.0 |
| EL 6352 | Miepoll Exploration Licence | 342.0 |
| EL 6508 | Tabilk Exploration Licence | 33.0 |
| EL 6606 | Gowangardie Exploration Licence | 88.0 |
| EL 6719 | Euroa Exploration Licence | 81.0 |
| EL 6720 | Tatura Exploration Licence | 145.0 |
| EL 6731 | Arcadia Exploration Licence | 218.0 |
| EL 6748 | Waranga Exploration Licence | 102.0 |
| EL 6937 | Nagambie East Exploration Licence | 2.0 |
| EL 6877 | Nagambie Exploration Licence | 8.0 |
| EL 7207 | Arcadia Exploration Licence | 156.0 |
| EL 7208 | Cullens Road Exploration Licence | 29.0 |
| EL 7210 | Locksley Exploration Licence | 26.0 |
| EL 7211 | Shepparton Exploration Licence | 444.0 |
| EL 7212 | Shepparton North Exploration Licence | 321.0 |
| ELA 7213 | Pederick Exploration Licence Application | 683.0 |
| EL 7264 | Resource Recovery Exploration Licence | 1.0 |
| ELA 7265 | Nagambie Town Exploration Licence Application | 8.0 |
| EL 7594 | Miepoll East Exploration Licence | 47.0 |
| ELA 7595 | Miepoll West Exploration Licence Application | 113.0 |
| ELA 7690 | Nagambie South Exploration Licence Application | 4.0 |
| ELA 8082 | Tabilk North Exploration licence Application | 7.0 |
| ELA 8083 | Tabilk East Exploration Licence Application | 40.0 |
| Subtotal | Waranga Domain excluding Whroo JV Property | 3,082.5 |
| EL 6158 | Rushworth Exploration Licence | 46.0 |
| EL 6212 | Reedy Lake North Exploration Licence | 17.0 |
| EL 7205 | Angustown Exploration Licence | 49.0 |
| EL 7209 | Goulburn West Exploration Licence | 34.0 |
| EL 7237 | Kirwan's North (1) Exploration Licence | 20.0 |
| EL 7238 | Kirwan's North (2) Exploration Licence | 9.0 |
| RL 2019 | Doctors Gully Retention Licence | 4.0 |
| Subtotal | Whroo JV Property with SXG | 179.0 |
| | Total Waranga Domain | 3,261.5 |
| EL 5546 | Redcastle Exploration Licence | 51.0 |
| EL 7498 | Comella Exploration Licence | 19.0 |
| EL 7499 | Sheoak Exploration Licence | 5.0 |
| Subtotal | Redcastle JV Property with SXG | 75.0 |
| TOTAL | Nagambie Resources Limited Tenements | 3,336.5 |

NAGAMBIE GOLD TREATMENT PLANT

Nagambie Resources and Golden Camel Mining (GCM) are proceeding with the construction and operation of a 300,000 tonnes per annum toll treatment facility at the Nagambie Mine. GCM is the Manager and is paying 100% of all infrastructure, construction and commissioning costs. After commissioning, all revenues and operating costs will be shared 50:50. Initial feed for the plant is to be trucked from GCM's Golden Camel Mine.

GCM has been refurbishing key components of the plant and is still finalising financial arrangements with external parties.

POTENTIAL BACTERIAL RECOVERY OF GOLD IN 1990s HEAP LEACH PAD

Total recorded gold production from the Nagambie Mine cyanide heap between 1989 and 1997 was 134,000 ounces and Nagambie Resources considers that a significant amount of gold remains in the heap. Extracting this gold in a toll treatment plant or by additional cyanide heap leaching is currently not viable or economic.

Stage 1 of the Bioleaching Project was completed with the findings being that gold can be bioleached from the tailings using native and externally sourced bacteria when suitable conditions are provided. Further research was recommended to refine and improve the rate of gold bioleaching.

\$50,000 of funding assistance for Stage 2 of laboratory testwork, using larger samples from the Nagambie Mine and more bacteria options, has been approved under the Federal Government's Innovation Connections Program. The Perth-based laboratory, which is carrying out the work, has agreed to contribute an additional \$55,000 to the Stage 2 work given its positive assessment of the project. The Stage 2 work is still progressing.



James Earle
Chief Executive Officer

STATEMENT AS TO COMPETENCY

The Exploration Results in this report have been compiled by Adam Jones who is a Member of the Australian Institute of Geoscientists (MAIG). Adam Jones 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 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 Resources assumes no obligation to update such information.

Directors' Report

The directors of Nagambie Resources Limited (ASX: NAG or Nagambie) submit herewith the annual financial report of the company and its controlled entities (the group) for the financial year ended 30 June 2023.

Directors

The names and particulars of the company directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless stated otherwise.

| Name | Particulars |
|---|--|
| <p>MICHAEL W TRUMBULL <i>Non-Executive Director</i> Appointed 28 July 2005 <i>Non-Executive Chairman</i> Appointed 20 December 2007 <i>Executive Chairman</i> Appointed 13 September 2013</p> <p>Interests in shares</p> <p>Interests in options</p> | <p>Michael Trumbull has a degree in mining engineering (first class honours) from the University of Queensland and an MBA from Macquarie University. A Fellow of the Australian Institute of Mining and Metallurgy, he has over 40 years of broad mining industry experience with mines / subsidiaries of MIM, Renison, WMC, CRA, AMAX, Nicron, ACM and BCD Resources.</p> <p>From 1983 to 1991, he played a senior executive role in expanding the Australian gold production assets of ACM Gold. From 1985 to 1987, he was Project Manager and then Resident Manager of the Westonia open pit gold mine and treatment plant in Western Australia. From 1987 to 1991, he was General Manager – Investments for the ACM Group.</p> <p>From 1993 to 2011, he was a Director of the BCD Resources Group and was involved in the exploration, subsequent mine development and operation of the Beaconsfield underground gold mine in Tasmania. From 1993 to 2003, he was the sole Executive Director of BCD and, from 2003 to 2004, was the Managing Director.</p> <p><i>Other current Directorships of Listed Companies</i> None</p> <p><i>Former Directorships of Listed Companies in last three years</i> None</p> <p>26,081,436 fully paid ordinary shares</p> <p>4,346,907 listed options exercisable at \$0.10 on or before 26 April 2025 4,000,000 unlisted options exercisable at \$0.108 on or before 23 November 2023 4,000,000 unlisted options exercisable at \$0.100 on or before 29 November 2024 4,000,000 unlisted options exercisable at \$0.100 on or before 1 December 2025 4,000,000 unlisted options exercisable at \$0.1125 on or before 26 November 2026 4,000,000 unlisted options exercisable at \$0.1005 on or before 25 November 2027</p> |
| <p>ALFONSO M GRILLO <i>Non-Executive Director and Company Secretary</i> <i>Independent</i> Appointed 24 November 2017</p> | <p>Alfonso Grillo is a founding Partner at GrilloHiggins Lawyers. He holds a Bachelor of Arts and Bachelor of Law degree. Alfonso has over 20 years' experience as a corporate lawyer, including company meeting practice and corporate governance procedures, fundraising and fundraising documentation, ASX Listing Rules and mergers and acquisitions.</p> <p>Alfonso advises resource industry companies in relation to mining and exploration projects, acquisition and divestment of assets, joint ventures and due diligence assessments.</p> <p>Alfonso has been a member of the Audit and Compliance Committee since his appointment.</p> <p><i>Other Current Directorships of Listed Companies</i> None</p> |

| | |
|--|--|
| <p>Interests in shares</p> <p>Interests in options</p> | <p><i>Former Directorships of Listed Companies in last three years</i></p> <p>None</p> <p>3,004,812 fully paid ordinary shares</p> <p>500,802 listed options exercisable at \$0.10 on or before 26 April 2025 2,000,000 unlisted options exercisable at \$0.108 on or before 23 November 2023 2,000,000 unlisted options exercisable at \$0.100 on or before 29 November 2024 2,000,000 unlisted options exercisable at \$0.100 on or before 1 December 2025 2,000,000 unlisted options exercisable at \$0.1125 on or before 26 November 2026 2,000,000 unlisted options exercisable at \$0.1005 on or before 25 November 2027</p> |
| <p>WILLIAM T COLVIN</p> <p><i>Non-Executive Director</i></p> <p><i>Independent</i></p> <p>Appointed 8 September 2021</p> <p>Interests in shares</p> <p>Interests in options</p> | <p>Bill Colvin is both a Mining Engineer (BSc (Eng) Hons from the Royal School of Mines, London) and a Chartered Accountant (Institute Chartered Accountants of England & Wales). He worked as an auditor for Coopers & Lybrand in London and Sydney before commencing his executive mining career and has over 30 years of broad experience with mines / subsidiaries of RGC / Goldfields, MPI Mines / Leviathan Resources, Beaconsfield Gold / BCD Resources and currently Bayan Airag Exploration LLC.</p> <p>With Goldfields, Bill had various senior executive roles before becoming General Manager of the Henty Gold Mine in Tasmania and then General Manager, Group Operations. With MPI, he was the General Manager of the Stawell Gold Mine in Victoria, where he transformed the operation from a closure mode to a sustainable future, producing over 800,000 ounces of gold. He was CEO for the BCD Resources group for six years and championed a unique remote mining method that enabled the Beaconsfield Gold Mine to resume operations following its high-profile closure in 2006.</p> <p>As CEO for Bayan Airag, Bill supervised the permitting, construction and operational start-up of that company's 1 Mtpa gold-silver heap-leach mine in remote western Mongolia that faced difficult climatic, infrastructure and political challenges. The mine has been in continuous production since 2014 and the company is now advancing several other Mongolian copper-gold resources.</p> <p>Bill has been Chairman of the Audit and Compliance Committee since his appointment.</p> <p><i>Other Current Directorships of Listed Companies</i></p> <p>None.</p> <p><i>Former Directorships of Listed Companies in last three years</i></p> <p>None</p> <p>808,824 fully paid ordinary shares</p> <p>134,804 listed options exercisable at \$0.10 on or before 26 April 2025 2,000,000 unlisted options exercisable at \$0.1125 on or before 26 November 2026 2,000,000 unlisted options exercisable at \$0.1005 on or before 25 November 2027</p> |

| | |
|--|--|
| <p>WARWICK R GRIGOR <i>Non-Executive Director</i> <i>Independent</i> Appointed 4 October 2022</p> <p>Interests in shares</p> <p>Interests in options</p> <p>Interests in convertible notes</p> | <p>Mr Warwick Grigor has over 40 years' experience in the investment and gold mining sectors, having worked with numerous stock broking and investment banking organisations. Most recently he was the founding Chairman of Canaccord Genuity Australia. He retired from Canaccord in 2014 to resume his Chairmanship with Far East Capital Limited, an AFSL accredited family office and private investment bank that specialises in the mining sector, providing independent research, corporate advice and capital raising services.</p> <p><i>Other Current Directorships of Listed Companies</i></p> <p>First Graphene Limited appointed non-executive director 4 December 2015</p> <p>West Wits Mining Limited appointed non-executive director 3 October 2022</p> <p><i>Former Directorships of Listed Companies in last three years</i></p> <p>None</p> <p>1,200,000 fully paid ordinary shares</p> <p>200,000 listed options exercisable at \$0.10 on or before 26 April 2025 2,000,000 unlisted options exercisable at \$0.1005 on or before 25 November 2027</p> <p>1,250,000 Series 10 Convertible Notes which may be converted onto 1,250,000 ordinary shares at a price of \$0.08.</p> |
| <p>KEVIN J PERRIN <i>Non-Executive Director</i> <i>Independent</i> Appointed 13 September 2023</p> <p>Interests in shares</p> <p>Interests in options</p> | <p>Kevin Perrin is a Certified Practising Accountant (CPA). Since 1 July 2012, he has been a consultant to PPT Accounting after having been a partner in that business for over 40 years. PPT Accounting is a firm of CPA's located in Ballarat which conducts an accounting, taxation, audit and financial advisory practice.</p> <p>He is also a consultant to PPT Financial Pty Ltd, having been a director and shareholder of that company for over 25 years. PPT Financial Pty Ltd is an independent investment advisory firm holding an Australian Financial Services Licence.</p> <p>Kevin was previously a director of the Company from 17 September 2010 to 30 June 2019, during which time he was the Deputy Chairman of the Board and the Chairman of the Audit and Compliance Committee.</p> <p><i>Other Current Directorships of Listed Companies</i></p> <p>None</p> <p><i>Former Directorships of Listed Companies in last three years</i></p> <p>None</p> <p>97,547,341 fully paid ordinary shares</p> <p>10,247,512 listed options exercisable at \$0.10 on or before 26 April 2025 2,000,000 unlisted options exercisable at \$0.108 on or before 23 November 2023 2,000,000 unlisted options exercisable at \$0.100 on or before 29 November 2024 2,000,000 unlisted options exercisable at \$0.100 on or before 1 December 2025 1,000,000 unlisted options exercisable at \$0.1125 on or before 26 November 2026 1,000,000 unlisted options exercisable at \$0.1005 on or before 25 November 2027</p> |

| | |
|--------------------------------|--|
| Interests in convertible notes | <p>990,000 Series 7 Convertible Notes which may be converted onto 990,000 ordinary shares at a price of \$0.10.</p> <p>8,000,000 Series 8 Convertible Notes which may be converted onto 8,000,000 ordinary shares at a price of \$0.05.</p> <p>6,200,000 Series 9 Convertible Notes which may be converted onto 6,200,000 ordinary shares at a price of \$0.10.</p> <p>6,200,000 Series 10 Convertible Notes which may be converted onto 6,200,000 ordinary shares at a price of \$0.08.</p> |
|--------------------------------|--|

Chief Executive Officer

JAMES C EARLE BE (Geological) MEM MBA

James Earle was appointed as Chief Executive Officer on 4 July 2016. He is a Geological Engineer with over 15 years broad experience with environmental impact assessments and approvals, waste management, environmental management plans, soil and water assessments and strategic advice. The majority of his experience has been in public infrastructure development and site-based environmental management.

He has held positions with consulting organisations and government departments in Australia and the UK. The most recent positions held by James were Manager of the Victorian practice of Ramboll Environ and prior to that he was a Senior Consultant, Service Group Manager and Principal Consultant at GHD. Both of these groups are global engineering and environmental consultancies. James has also lectured at the Australian National University.

Interests in shares:

1,509,945 fully paid ordinary shares

Interests in options:

251,658 listed options exercisable at \$0.10 on or before 26 April 2025
 2,000,000 unlisted options exercisable at \$0.126 on or before 22 August 2023
 2,000,000 unlisted options exercisable at \$0.108 on or before 23 November 2023
 2,000,000 unlisted options exercisable at \$0.100 on or before 29 November 2024
 2,000,000 unlisted options exercisable at \$0.100 on or before 1 December 2025
 4,000,000 unlisted options exercisable at \$0.1125 on or before 26 November 2026
 2,000,000 unlisted options exercisable at \$0.1005 on or before 25 November 2027

Interests in convertible notes

600,000 Series 9 Convertible Notes which may be converted onto 6,200,000 ordinary shares at a price of \$0.10.
 187,050 Series 10 Convertible Notes which may be converted onto 6,200,000 ordinary shares at a price of \$0.08.

Operating and Financial Review

Principal Activities

The principal activities of the group during the financial period were the exploration for, and development of, gold, associated minerals including antimony, and construction materials in Australia, and the investigation and development of waste handling assets.

Review of Operations

Nagambie Mine Antimony-Gold Project (100% NAG)

FY2023 was the busiest and most successful year of exploration in the Company's history. 35 oriented diamond drill holes, NAD011-044 plus NAD034A, were completed under and to the west of the West Pit in Mining Licence MIN 5412 for a total of 11,093m and an average per hole of 317m. A total of 1,621 assays were received during the year from NAD007-040.

A major Victorian high-grade antimony-gold (Sb-Au) discovery at the Nagambie Mine was announced by the Company at year end. In summary:

- the discovery currently consists of four high-grade vein systems and Nagambie's structural model predicts that significantly more vein systems could be delineated over time;
- the 34 economically-mineable intersections to date average 1.6m EHT (estimated horizontal stope thickness) at 15.0 g/t AuEq (gold equivalent) (5.8% Sb plus 4.0 g/t Au);
- the average stope grade of 15.0 g/t or approximately 0.5 ounces/tonne AuEq is very high grade by Victorian and Australian standards, and five times the estimated mineable cut-off grade of 3.0 g/t AuEq. This indicates potentially very-low operating cost, very-high operating margin mineralisation; and
- the average stope grade of 5.8% Sb makes the Nagambie Mine discovery the highest-grade antimony mineralisation in Australia.

Mining Plus, a global mining services provider, has determined that the grade distribution within the currently defined high-grade lodes shows that the mineralisation is not highly-nuggety / highly-variable and, as a result, drilling costs going forward will be significantly less than for Bendigo-Ballarat-style mineralisation.

Mining Plus has also designed an exploration decline from surface and exploration ore drives at 105m and 125m vertically below surface. The designs will form part of Nagambie's future Work Plan Variation application to carry out the underground exploration work under its Mining Licence MIN5412.

Historically and economically, antimony is the second most important metallic commodity in Victoria, after gold (Geological Survey of Victoria). Antimony, which is non-conductive, has been traditionally used: (1) an alloy to harden lead and tin for uses in lead-acid batteries, bullets, cable coverings and machine bearings; (2) as a fire retardant in paints, plastics, rubber and textiles; and (3) In semiconductor technology, diodes and infrared detectors. A new and dramatically increasing use is in Solar PV (photovoltaic) panel glass manufacturing as the world moves to renewable decarbonizing energy generation.

During the year, as Nagambie has progressively reported its high-grade antimony drilling results, the Company has been approached by overseas refineries, end users and trading groups from China, the Middle East and Europe – all interested in securing off-take agreements as the Nagambie Mine project advances.

Antimony-Gold Tenements

The Company's tenements as at 30 June 2023 totalled 3,336.5 sq km.

At the end of the financial year, Nagambie received notice from Earth Resources and Regulation Victoria (ERR) regarding a reassessment of the rehabilitation liability for MIN 5412. The Company is liaising with ERR on the recalculation. The bond is currently \$500,000.

Nagambie Joint Venture (NJV) (50% NAG)

The NJV was formed to develop a Central Processing Hub on Nagambie's 100%-owned Nagambie Mine site, with a 300,000 tpa treatment plant and tubecell tailings storage facility to be fully funded by Golden Camel Pty Ltd (GCM) for a 50% interest. After construction and commissioning, all revenues and operational costs will be shared 50:50. Initial feed for the plant is to be trucked from GCM's Golden Camel Mine.

GCM is continuing negotiations with several financiers with finalisation anticipated in FY2024.

Bacterial Leaching of Gold in Historic Nagambie Mine Heap Leach Pad (100% NAG)

Stage 1 of the Bioleaching Project was completed with the findings being that gold can be bioleached from the tailings using native and externally sourced bacteria when suitable conditions are provided. Further research was recommended to refine and improve the rate of gold bioleaching.

\$50,000 of funding assistance for Stage 2 of laboratory testwork, using larger samples from the Nagambie Mine and more bacteria options, was approved under the Federal Government's Innovation Connections Program. The Perth-based laboratory, which is carrying out the work, agreed to contribute an additional \$55,000 to the Stage 2 work given its positive assessment of the project. The Stage 2 work is still progressing.

PASS (Potential Acid Sulfate Soil) Storage (100% NAG)

At year end, the Spark consortium, the builder of the North East Link Project (NELP), had not yet placed orders for the storage of the approximate 7 Mt of PASS material that will be generated from the boring of the road tunnels by two large tunnel-boring machines (TBMs) that Spark has on order. Nagambie is one of the bidders for the NELP PASS

storage, having EPA Victoria approval to store PASS below water in the two water-filled 1990s oxide-gold pits at the Nagambie Mine.

Likely Developments

During the 2024 financial year, Nagambie Resources is planning to:

1. Calculate a maiden JORC-compliant MRE (mineral resource estimate) for the Nagambie Mine high-grade antimony-gold project;
2. Recommence diamond drilling of the antimony-gold resource based on the recommendations from a full assessment of the resource potential of the various lodes delineated to date;
3. Continue to carry out detailed investigations and design for a Work Plan Variation application to carry out underground exploration from a decline on MIN 5412;
4. Continue to negotiate off-take agreements for proportions of future antimony and gold production from the Nagambie Mine underground mine in return for funding assistance to develop the operation (potential combination of equity, debt and forward sales);
5. Continue to assist Golden Camel wherever required to construct and commission the gold toll treatment plant at the Nagambie Mine;
6. Continue to carry out the second-stage, larger-scale laboratory testwork to recover residual gold from the Nagambie Mine heap leach pad; and
7. Tender for PASS storage for the NELP tunnels PASS material anticipated to be generated from March 2024.

Financial Matters

The consolidated loss for the group for the year amounted to \$3,341,632 after tax. This compared to a loss after tax for the year ended 30 June 2022 of \$2,340,799. The increase of \$1,000,833 in the loss for the year arises after an increase in revenue of \$50,861 and an increase in expenditures of \$1,051,694. After a loss on disposal of \$26,865 in Mawson Gold Limited is taken into account as Other comprehensive income there is a Total comprehensive loss of \$3,368,497 for the year.

There were 68,580,158 new shares issued during the year raising \$3,720,130 before costs and the issue of Convertible Loan Note Series 10 for \$3,257,000 which included the rolling over of \$1,800,000 Series 6.

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year other than already disclosed.

Risks and Uncertainties

The business and operations of the Group are subject to numerous risks, many of which are beyond the Group's control. The Group considers the risks set out below to be some of the most significant to the Group, but not all of the risks associated with the Group. If any of these risks materialise into actual events or circumstances or other possible additional risks and uncertainties of which the Group is currently unaware or which it considers to be material in relation to the Group's business actually occur, the Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.

- (a) The Group has limited financial resources and limited operating revenues. To earn and/or maintain its interest in its mineral projects, the Group has contractually agreed or is required to make certain payments and expenditures for and on such projects. The Group's ability to continue as a going concern is dependent upon, among other things, the Group establishing commercial quantities of mineral reserves on its projects and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (b) The Group has only generated losses to date and will require additional funds to further explore its projects. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to the Group are the sale of equity or farming out its mineral projects to third party for further exploration or development. The Group's ability to arrange financing in the future will depend, in part, upon

the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to the Group when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of the Company's shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Group's interest in its projects.

- (c) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Group's case given its formative stage of development and the fact that its mineral projects are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on its mineral projects and the Group's proposed exploration programs are exploratory searches for commercial quantities of ore. There is no assurance that the Group's exploration will result in the discovery of an economically viable mineral deposit.
- (d) The Group activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource projects are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.
- (e) The Group's mineral projects may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Group's exploration activities will require certain licenses and permits from various governmental authorities. There is no assurance that the Group will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its exploration activities in the future or, if granted, that the licenses and permits will be on the basis applied or remain in force as granted.
- (f) The Group must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance exploration activities at its mineral projects. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Group and may cause material changes or delays in the Group's intended activities. Furthermore, environmental hazards may exist on the Group's projects that are unknown to the Group at present and that have been caused by the Group or by previous owners or operators of the projects, or that may have occurred naturally. The Group may be liable for remediating such damages.

The above list of risks, uncertainties and other factors is not exhaustive.

Subsequent events

Nagambie Mine Antimony-Gold Project

Following the end of the year, the decision was made to pause the diamond drilling to conserve cash and enable all the outstanding logging and assaying to be completed ahead of carrying out the calculation of a maiden JORC-compliant MRE (mineral resource estimate) for the project.

Institutional Share Placement Facility

On 1 September 2023, Nagambie announced the conclusion of the institutional share placement facility for up to \$2.0 million. The US-based institutional investor and the company mutually agreed for Nagambie to satisfy its obligations by way of a cash payment of \$169,451, representing the outstanding subscription amount and to terminate the investor's remaining funding commitment.

\$2.0 Million Flexible Working Capital Facility

On 14 September 2023, the company announced that it, and its wholly-owned subsidiaries had entered into a loan facility agreement with PPT Nominees Pty Ltd (PPT) under which Nagambie can draw down up to \$2.0 million from PPT. The key drawdown, interest and repayment terms for the two-year facility include: (1) minimum drawdown of \$100,000; (2) maximum drawdown of \$500,000 per month; (3) 10% per annum interest on the outstanding amount drawn down, payable each quarter in arrears; and (4) repayments can be made at any time to reduce the outstanding amount drawn down without penalty. The loan is secured by the Company and its subsidiaries granting security over their assets and undertakings in favour of PPT pursuant to a General Security Deed.

Mr Kevin Perrin, a director of PPT, was also appointed as a Non-Executive Director of Nagambie on 13 September 2023. Mr Perrin was previously a director of Nagambie from 17 September 2010 to 30 June 2019, during which time he was the Deputy Chairman of the Board and the Chairman of the Audit and Compliance Committee. Mr Perrin is the largest shareholder in Nagambie with a 16.8% holding.

PASS (Potential Acid Sulfate Soil) Storage

The first of two large tunnel-boring machines (TBMs) to excavate the road tunnels for the North East Link Project (NELP) arrived in parts by ship in Port Melbourne in early September 2023. Those parts have since been trucked to the NELP tunnels launch area and assembly has commenced. With a total announced assembly time of six months, the first TBM could be ready to commence boring in March 2024. Nagambie has been advised by the Spark consortium, the builders of NELP, that final tendering for PASS storage is imminent.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulations

The company's exploration and mining tenements are located in Victoria. The operation of these tenements is subject to compliance with the Victorian and Commonwealth mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The directors are not aware of any ongoing breaches of mining and environmental regulations and legislation during the year and up to the date of this report.

Dividends

No dividends in respect of the current financial period have been paid, declared or recommended for payment (2022: Nil).

Share options

Share options granted to directors and executives

The following options were granted to directors and executives as share based payment during the year: Refer to page 10 of the remuneration report for full details.

| | |
|---------------------------------------|-----------|
| Michael Trumbull (director) | 4,000,000 |
| Alfonso Grillo (director) | 2,000,000 |
| William Colvin (director) | 2,000,000 |
| Warwick Grigor (director) | 2,000,000 |
| James Earle (chief executive officer) | 2,000,000 |

The following options were issued to directors and executives as shareholders who participated in the 1 for 5 Renounceable Rights Issue in April 2023. For every new share, shareholders received one free attaching option with an exercise price of 10 cents and a term of two years.

| | |
|---------------------------------------|-----------|
| Michael Trumbull (director) | 4,346,907 |
| Alfonso Grillo (director) | 500,802 |
| William Colvin (director) | 134,804 |
| Warwick Grigor (director) | 200,000 |
| James Earle (chief executive officer) | 251,658 |

Shares under option or issued on exercise of options

No options were exercised during the year.

Options on issue as at reporting date

| Number of options | Grant date | Vesting date | Expiry date | Exercise price |
|-------------------|------------|--------------|-------------|----------------|
| 4,500,000 | 22/8/2018 | 22/8/2018 | 22/8/2023 | 12.60 cents |
| 10,500,000 | 23/11/2018 | 23/11/2018 | 23/11/2023 | 10.80 cents |
| 2,000,000 | 27/2/2019 | 27/2/2019 | 27/2/2024 | 12.00 cents |
| 14,900,000 | 29/11/2019 | 29/11/2019 | 29/11/2024 | 10.00 cents |
| 14,150,000 | 1/12/2020 | 1/12/2020 | 1/12/2025 | 10.00 cents |
| 14,650,000 | 26/11/2021 | 26/11/2021 | 26/11/2026 | 11.25 cents |
| 17,650,000 | 25/11/2022 | 25/11/2022 | 25/11/2027 | 10.05 cents |
| 15,681,683 | 26/04/2023 | 26/04/2023 | 26/4/2025 | 10.00 cents |
| 94,031,683 | | | | |

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, executive officers and any related body corporate against a liability incurred by a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such by an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year 7 board meetings and 4 audit and compliance committee meetings were held.

| Directors | Board of directors | | Audit and compliance committee | |
|------------------|--------------------|----------|--------------------------------|----------|
| | Held | Attended | Held | Attended |
| Michael Trumbull | 7 | 7 | 4 | 4 |
| Alfonso Grillo | 7 | 7 | 4 | 4 |
| William Colvin | 7 | 7 | 4 | 4 |
| Warwick Grigor | 6 | 6 | 3 | 3 |

Directors' shareholdings and options

The following table sets out each director's relevant interest in shares, debentures, and rights or options on shares of the company or a related body corporate as at the date of this report.

| Directors | Fully paid ordinary shares Number | Share options Number | Convertible Loan Notes Number |
|------------------|-----------------------------------|----------------------|-------------------------------|
| Michael Trumbull | 26,081,436 | 24,346,907 | - |
| Alfonso Grillo | 3,004,812 | 10,500,802 | - |
| William Colvin | 808,824 | 4,134,804 | - |
| Warwick Grigor | 1,200,000 | 2,200,000 | 1,250,000 |
| Kevin Perrin | 97,547,341 | 18,247,512 | 21,390,000 |

Remuneration report (Audited)

Remuneration policy for directors and executives

Details of key management personnel

The directors and key management personnel of Nagambie Resources Limited during the financial year were:

| | |
|------------------|-------------------------|
| Michael Trumbull | Executive Director |
| Alfonso Grillo | Non-Executive Director |
| William Colvin | Non-Executive Director |
| Warwick Grigor | Non-Executive Director |
| James Earle | Chief Executive Officer |

Remuneration Policy

The Board is responsible for determining and reviewing the compensation of the directors, the chief executive officer, the executive officers and senior managers of the company and reviewing the operation of the company's Employee Option Plan. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the company's operations. The board of directors also recommends levels and form of remuneration for non-executive directors with reference to performance and when required, sought independent expert advice. The total sum of remuneration payable to non-executive directors shall not exceed the sum fixed by members of the company in general meeting.

In accordance with ASX Listing Rule 10.17, the current maximum aggregate compensation payable out of the funds of the company to non-executive directors for their services as directors is \$250,000 per annum. For the year ending 30 June 2023, the board resolved that the executive chairman's remuneration be set at \$150,000 (2022: \$150,000) per annum excluding superannuation and share based payments. For non-executive directors, remuneration was set at \$62,000 (2022: \$42,000) per annum excluding superannuation and share based payments. Where a director performs special duties or otherwise performs consulting services outside of the scope of the ordinary duties of a director, then additional amounts will be payable.

There is no direct relationship between the company's remuneration policy and the company's performance. That is, no portion of the remuneration of directors, secretary or senior managers is 'at risk'. However, in determining the remuneration to be paid in each subsequent financial year, the board will have regard to the company's performance. Therefore, the relationship between the remuneration policy and the company's performance is indirect.

Options are issued to employees under the company's Employee Option Plan at the discretion of the board. Options issued to directors require the approval of shareholders at a general meeting. The purpose of the issue of options is to remunerate employees and directors as an incentive for future services. The directors consider it important that the company is able to attract and retain people of the highest calibre and believe that the most appropriate means of achieving this is to provide an opportunity to participate in the company's future growth and give them an incentive to contribute to that growth.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the Group earnings and movements in shareholder wealth for the five years to June 2023.

| | 30 June 2023 | 30 June 2022 | 30 June 2021 | 30 June 2020 | 30 June 2019 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | \$310,360 | \$259,498 | \$285,175 | \$306,173 | \$328,904 |
| Net loss before tax | \$3,341,632 | \$2,340,798 | \$1,981,521 | \$1,604,138 | \$1,764,434 |
| Net loss after tax | \$3,341,632 | \$2,340,798 | \$1,981,521 | \$876,491 | \$1,485,048 |
| Share price at start of year (cents) | 4.9 | 8.0 | 5.2 | 4.4 | 16.0 |
| Share price at end of year (cents) | 3.9 | 4.9 | 8.0 | 5.2 | 4.4 |
| Dividends paid | Nil | Nil | Nil | Nil | Nil |
| Basic earnings per share (cents) | (0.62) | (0.46) | (0.40) | (0.19) | (0.35) |
| Diluted earnings per share (cents) | (0.62) | (0.46) | (0.40) | (0.19) | (0.35) |

Director and executive remuneration

The directors, executives and consultants detailed below received the following amounts as compensation for their services during the year:

| | | Short Term Benefits | Post Employment Benefits | Share Based Payment | Performance Related Benefits | Movement In Accrued Leave | Total |
|--------------------------------|-------------|--|---------------------------------|----------------------------|-------------------------------------|----------------------------------|------------------|
| | | Salary, fees and fringe benefits \$ | Superannuation \$ | Options (non-cash) \$ | \$ | \$ | \$ |
| Directors | | | | | | | |
| Michael Trumbull (1) | 2023 | 155,223 | 15,750 | 209,200 | - | - | 380,173 |
| | 2022 | 155,223 | 15,000 | 198,892 | - | - | 369,115 |
| Alfonso Grillo (2) | 2023 | 62,000 | 6,510 | 104,600 | - | - | 173,110 |
| | 2022 | 42,000 | 4,200 | 99,446 | - | - | 145,646 |
| William Colvin (3) | 2023 | 61,870 | 6,665 | 104,600 | - | - | 173,135 |
| | 2022 | 33,945 | 3,395 | 99,446 | - | - | 136,786 |
| Warwick Grigor (4) | 2023 | 45,778 | 4,807 | 104,600 | - | - | 155,185 |
| | 2022 | - | - | - | - | - | - |
| Gary Davison | 2023 | - | - | - | - | - | - |
| | 2022 | 7,789 | 779 | - | - | - | 8,568 |
| Chief Executive Officer | | | | | | | |
| James Earle (5) | 2023 | 233,333 | 24,500 | 104,600 | - | 14,775 | 377,208 |
| | 2022 | 166,667 | 16,667 | 198,892 | - | 5,643 | 387,869 |
| Total for Year | 2023 | 558,204 | 58,232 | 627,600 | - | 14,775 | 1,258,811 |
| Total for Year | 2022 | 405,624 | 40,041 | 596,676 | - | 5,643 | 1,047,984 |

Apart from the contracts disclosed at (1) and (5) below there were no other contracts with management or directors in place during the 2023 and the 2022 financial years.

- (1) Michael Trumbull is employed as Executive Chairman under a consultancy agreement which commenced on 1 July 2013 and is ongoing. The fixed annual remuneration level was set at \$150,000 plus superannuation of \$15,750 (2022: \$150,000 plus superannuation of \$15,000) plus provision of a motor vehicle and reimbursement of out of pocket expenses. The contract may be terminated upon giving 6 months' notice by the company or 3 months by the Consultant. Apart from accrued entitlements there are no other termination benefits.
During the 2023 financial year, fees of \$165,750 (2022: \$165,000) were allocated to Cypron Pty Ltd, an entity controlled by Michael Trumbull, for his services as a director of the company. At 30 June 2023, there was no amount (2022: \$165,000) owing to Cypron Pty Ltd.
- (2) During the 2023 financial year, fees of \$68,510 (2022: \$46,200) were allocated to GrilloHiggins Lawyers, an entity in which Alfonso Grillo is a partner, for his services as a director of the company. The amount of \$68,510 is comprised of \$62,000 director's fee plus an allowance of \$6,510 for superannuation. During the 2023 financial year the company also paid fees of \$160,485 (2022: \$81,859) to GrilloHiggins Lawyers for secretarial and legal services provided by Alfonso Grillo and other GrilloHiggins personnel.
At 30 June 2023, there was \$23,644 (2022: \$52,905) owing to GrilloHiggins.
- (3) William Colvin, during the 2023 financial year he was allocated \$68,535 (2022: \$37,340) for his services as a director of the company. The amount of \$68,535 is comprised of \$61,870 director's fee plus an allowance of \$6,665 for superannuation.
At 30 June 2023, there was \$17,128 (2022: \$37,340) owing to William Colvin.
- (4) Warwick Grigor was appointed a director on 4 October 2022. During the 2023 financial year he was allocated \$50,585 (2022: \$Nil) for his services as a director of the company. The amount of \$50,585 is comprised of \$45,778 director's fee plus an allowance of \$4,807 for superannuation.
At 30 June 2023, there was \$16,330 (2022: \$Nil) owing to Warwick Grigor.
- (5) James Earle is employed as the Chief Executive Officer under an employment agreement which commenced on 8 August 2016 and is ongoing. The fixed remuneration is \$200,000 per annum plus superannuation. He is also entitled to a cash incentive bonus subject to performance hurdles. For the 2023 financial year there was no cash bonus paid (2022: \$Nil). The agreement may be terminated by either party upon giving 3 months' notice. Apart from accrued entitlements, there are no other termination benefits.
At 30 June 2023 there was nothing (2022: \$36,666) owing to James Earle.

Shareholdings of key management personnel

| | Balance 1 July 2022 | Granted as remuneration | On exercise of options | Net change (1) | Balance 30 June 2023 |
|------------------|------------------------|----------------------------|---------------------------|-------------------|----------------------------|
| Michael Trumbull | 21,734,529 | - | - | 4,346,907 | 26,081,436 |
| Alfonso Grillo | 2,504,010 | - | - | 500,802 | 3,004,812 |
| William Colvin | 674,020 | - | - | 134,804 | 808,824 |
| Warwick Grigor | - | - | - | 1,200,000 | 1,200,000 |
| James Earle | 1,258,287 | - | - | 251,658 | 1,509,945 |
| Total | 26,170,846 | - | - | 6,434,171 | 32,605,017 |

(1) Net change refers to on and off market acquisitions/disposals and participation in share purchase plans.

Executive Options

The Group has an ownership-based remuneration scheme for staff and executives (including executive and non-executive directors) of the company. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, staff and executives of the company may be granted options to purchase parcels of ordinary shares at an exercise price determined at the discretion of the board of directors.

Each share option converts into one ordinary share of Nagambie Resources Limited on exercise by the payment of the exercise price. No amounts are paid or payable by the recipient on receipt of the options. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the discretion of the board of directors of the company.

The options granted expire five years after their issue or one month after the resignation of the staff member or executive, whichever is the earlier, or as otherwise determined by the board of directors. There are 94,031,683 share options on issue under this plan, of which 65,681,683 are held by directors and key management personnel.

Options on issue at the end of the financial year

| Number of options | Grant date | Vesting date | Expiry date | Exercise price |
|-------------------|------------|--------------|-------------|----------------|
| 4,500,000 | 22/8/2018 | 22/8/2018 | 22/8/2023 | 12.6 cents |
| 10,500,000 | 23/11/2018 | 23/11/2018 | 23/11/2023 | 10.8 cents |
| 2,000,000 | 27/2/2019 | 27/2/2019 | 27/2/2024 | 12.0 cents |
| 14,900,000 | 29/11/2019 | 29/11/2019 | 29/11/2024 | 10.0 cents |
| 14,150,000 | 1/12/2020 | 1/12/2020 | 1/12/2025 | 10.0 cents |
| 14,650,000 | 26/11/2021 | 26/11/2021 | 26/11/2026 | 11.25 cents |
| 17,650,000 | 25/11/2022 | 25/11/2022 | 25/11/2027 | 10.05 cents |
| 15,681,683 | 26/04/2023 | 26/04/2023 | 26/04/2025 | 10.00 cents |
| 94,031,683 | | | | |

Value of options issued to directors and executives

The following grants of share-based payment compensation to directors and executives relate to the 2023 financial year:

| Name | Option series | Number granted | Number vested | % of grant vested | % of grant forfeited | % of compensation for year consisting of options |
|------------------|-------------------|-------------------|------------------|-------------------------|----------------------------|--|
| Michael Trumbull | issued 25/11/2022 | 4,000,000 | 4,000,000 | 100% | 0% | 55.03% |
| Alfonso Grillo | issued 25/11/2022 | 2,000,000 | 2,000,000 | 100% | 0% | 60.42% |
| William Colvin | issued 25/11/2022 | 2,000,000 | 2,000,000 | 100% | 0% | 60.42% |
| Warwick Grigor | Issued 25/11/2022 | 2,000,000 | 2,000,000 | 100% | 0% | 67.40% |
| James Earle | Issued 25/11/2022 | 2,000,000 | 2,000,000 | 100% | 0% | 27.73% |

The following table summarises the value of options granted, exercised or lapsed during the 2023 financial year to directors and executives:

| Name | Value of options granted during the year (i) | Value of options exercised during the year (ii) | Value of options lapsed during the year (iii) |
|------------------|--|---|---|
| | \$ | \$ | \$ |
| Michael Trumbull | 209,200 | Nil | 112,183 |
| Alfonso Grillo | 104,600 | Nil | 56,092 |
| William Colvin | 104,600 | Nil | Nil |
| Warwick Grigor | 104,600 | Nil | Nil |
| James Earle | 104,600 | Nil | 56,092 |

- (i) The value of options granted during the period is recognised in compensation at the grant date which is also the vesting date. The assessed value was 5.23 cents per option.
- (ii) No options were exercised during the reporting period.
- (iii) 6,000,000 directors options and 2,000,000 executives options lapsed during the reporting period.

Option holdings of key management personnel

| | Balance 1 July 2022 | Granted as remuneration | Issued as shareholders | Options Exercised | Options Lapsed | Balance 30 June 2023 | Vested and exercisable at 30 June 2023 |
|------------------|---------------------|-------------------------|------------------------|-------------------|--------------------|----------------------|--|
| Michael Trumbull | 20,000,000 | 4,000,000 | 4,346,907 | - | (4,000,000) | 24,346,907 | 24,346,907 |
| Alfonso Grillo | 10,000,000 | 2,000,000 | 500,802 | - | (2,000,000) | 10,500,802 | 10,500,802 |
| William Colvin | 2,000,000 | 2,000,000 | 134,804 | - | - | 4,134,804 | 4,134,804 |
| Warwick Grigor | - | 2,000,000 | 200,000 | - | - | 2,200,000 | 2,200,000 |
| James Earle | 14,000,000 | 2,000,000 | 251,658 | - | (2,000,000) | 14,251,658 | 14,251,658 |
| Total | 46,000,000 | 12,000,000 | 5,434,171 | - | (8,000,000) | 55,434,171 | 55,434,171 |

This concludes the Remuneration report which has been audited.

Corporate Governance

The Company's Corporate Governance Statement and other corporate governance related documents may be accessed from the Company's website at <https://www.nagambieresources.com.au/investor-information/corporate-governance-statement>.

Non-audit services

As detailed in note 28 to the financial statements, no amount has been paid to the auditor during the financial year for non-audit services.

Auditor's independence declaration

The auditor's independence declaration is attached to this directors' report.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors



Michael W Trumbull
Executive Chairman

Melbourne
15 September 2023

Auditor's Independence Declaration



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Nagambie Resources Limited and its Controlled Entities for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A stylized signature of 'RSM' in blue ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads 'J S Croall'.

J S CROALL
Partner

Melbourne, Victoria
Date: 15 September 2023

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
RSM Australia Partners ABN 36 965 185 036

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Statement of Profit and Loss and Other Comprehensive Income for the financial year ended 30 June 2023

| | Note | Consolidated | |
|---|------|--------------------|--------------------|
| | | 2023 \$ | 2022 \$ |
| Rental income | | 224,698 | 223,148 |
| Sale of non-gold material | | 37,885 | 28,146 |
| Other income | | 47,777 | 8,204 |
| Total Revenue | 3(a) | 310,360 | 259,498 |
| Corporate expenses | | (998,372) | (471,542) |
| Cost of sales and rehabilitation | | (26,942) | (13,027) |
| Depreciation | | (113,134) | (204,869) |
| Directors and employee benefits expense | 3(b) | (1,026,901) | (828,500) |
| Fair value loss on financial liability | | (94,262) | - |
| Finance costs | 4 | (1,339,083) | (1,082,359) |
| Impairment of capitalised exploration costs | | (33,350) | - |
| Loss on disposal of property, plant and equipment | | (19,948) | - |
| Loss before income tax | | (3,341,632) | (2,340,799) |
| Income tax benefit | 5 | - | - |
| Loss for the year after tax | | (3,341,632) | (2,340,799) |
| Other comprehensive income | | | |
| <i>Items that will not be re-classified to profit or loss</i> | | | |
| Movement in Fair Value of investments | 8 | (26,865) | (688,963) |
| Total comprehensive income (loss) for the year | | (3,368,497) | (3,029,762) |
| Loss per share calculated on Loss for the year after tax | | | |
| Basic and diluted loss per share in cents | 6 | (0.62) | (0.46) |

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2023

| | | Consolidated | |
|--------------------------------------|-------------------|---------------------|--|
| Note | 2023 | 2022 | |
| | \$ | \$ | |
| Current assets | | | |
| Cash and cash equivalents | 16(b) 1,122,074 | 127,211 | |
| Trade and other receivables | 7 138,349 | 33,967 | |
| Equity investments at fair value | 8 - | 220,074 | |
| Total current assets | 1,260,423 | 381,252 | |
| Non-current assets | | | |
| Security deposits | 9 753,207 | 750,795 | |
| Property, plant and equipment | 11 1,358,663 | 1,502,538 | |
| Right of use assets | 12 - | 54,806 | |
| Exploration and evaluation assets | 10 17,259,153 | 14,506,514 | |
| Total non-current assets | 19,371,023 | 16,814,653 | |
| Total assets | 20,631,446 | 17,195,905 | |
| Current liabilities | | | |
| Trade and other payables | 13 650,279 | 691,135 | |
| Borrowings | 17 664,064 | 1,559,199 | |
| Financial liabilities | 18 371,909 | - | |
| Lease liabilities | - | 62,075 | |
| Provisions | 19 95,124 | 51,420 | |
| Contract liabilities | 45,748 | 41,876 | |
| Total current liabilities | 1,827,124 | 2,405,705 | |
| Non-current liabilities | | | |
| Borrowings | 17 6,409,822 | 4,291,192 | |
| Provisions | 19 2,409 | 28,310 | |
| Total non-current liabilities | 6,412,231 | 4,319,502 | |
| Total liabilities | 8,239,355 | 6,725,207 | |
| Net assets | 12,392,091 | 10,470,698 | |
| Equity | | | |
| Issued capital | 14 31,290,202 | 27,977,836 | |
| Reserves | 15 5,945,776 | 4,138,612 | |
| Accumulated losses | (24,843,887) | (21,645,750) | |
| Total equity | 12,392,091 | 10,470,698 | |

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the financial year ended 30 June 2023

| | Consolidated | | | | | Total \$ |
|---|-------------------|------------------|---------------------------|---------------------------|---------------------|-------------------|
| | Issued capital | Options reserve | Asset revaluation reserve | Convertible notes reserve | Accumulated losses | |
| | \$ | \$ | \$ | \$ | \$ | |
| Balance at 1 July 2021 | 27,284,103 | 2,562,295 | (311,301) | 2,280,598 | (19,737,410) | 12,078,285 |
| Loss for the year | - | - | - | - | (2,340,799) | (2,340,799) |
| Other comprehensive income | - | - | (688,963) | - | - | (688,963) |
| Total comprehensive income | - | - | (688,963) | - | (2,340,799) | (3,029,762) |
| Recognition of share based payments | - | 728,442 | - | - | - | 728,442 |
| Transfer of loss on disposal of Investment | - | - | 65,111 | - | (65,111) | - |
| Transfer of value of options lapsed | - | (497,570) | - | - | 497,570 | - |
| Issue of Share Capital | 700,333 | - | - | - | - | 700,333 |
| Share issue expenses | (6,600) | - | - | - | - | (6,600) |
| Balance at 30 June 2022 | 27,977,836 | 2,793,167 | (935,153) | 2,280,598 | (21,645,750) | 10,470,698 |
| Balance at 1 July 2022 | 27,977,836 | 2,793,167 | (935,153) | 2,280,598 | (21,645,750) | 10,470,698 |
| Loss for the year | - | - | - | - | (3,341,632) | (3,341,632) |
| Transfer of loss on disposal of Investment | - | - | (26,865) | - | - | (26,865) |
| Total comprehensive income | - | - | (26,865) | - | (3,341,632) | (3,368,497) |
| Transfer from investment reserve | - | - | 962,018 | - | (962,018) | - |
| Recognition of share based payments | - | 923,095 | - | - | - | 923,095 |
| Transfer value of options lapsed | - | (413,676) | - | - | 413,676 | - |
| Derecognition of equity in Series 6 convertible notes | - | - | - | (691,837) | 691,837 | - |
| Recognition of equity in Series 10 convertible notes | - | - | - | 1,001,952 | - | 1,001,952 |
| Issue of Share Capital | 3,720,130 | - | - | - | - | 3,720,130 |
| Share issue expenses | (407,764) | 52,477 | - | - | - | (355,287) |
| Balance at 30 June 2023 | 31,290,202 | 3,355,063 | - | 2,590,713 | (24,843,887) | 12,392,091 |

The accompanying notes form part of these financial statements

**Statement of Cash Flows
for the financial year ended 30 June 2023**

| | | Consolidated | |
|---|---|---------------------|-------------|
| Note | | 2023 | 2022 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| | Receipts from customers | 416,405 | 300,492 |
| | Payments to suppliers and employees | (1,375,743) | (329,597) |
| | Interest received | 17,015 | 1,337 |
| | Finance cost paid | (592,989) | (750,769) |
| | Net cash used in operating activities | (1,535,312) | (778,537) |
| 16(a) | | | |
| Cash flows from investing activities | | | |
| | Payments for exploration expenditure | (2,785,989) | (1,224,382) |
| | Payments for security bonds | - | (10,000) |
| | Payments for term deposits | (2,413) | (1,237) |
| | Receipts from disposal of plant and equipment | 210,000 | - |
| | Receipts from disposal of investments | 193,208 | 1,130,669 |
| | Payment for property, plant and equipment | (144,400) | (873,449) |
| | Net cash used in investing activities | (2,529,593) | (978,399) |
| Cash flows from financing activities | | | |
| | Proceeds from issue of shares | 3,264,843 | 693,733 |
| | Proceeds of borrowings | - | 86,000 |
| | Proceeds from issue of convertible notes | 1,457,000 | - |
| | Proceeds from drawdown facility | 500,000 | - |
| | Repayment of drawdown facility | (100,000) | - |
| | Repayment of lease liabilities | (62,075) | (254,641) |
| | Net cash provided by financing activities | 5,059,768 | 525,092 |
| Net increase (decrease) in cash and cash equivalents | | | |
| | | 994,863 | (1,231,844) |
| | Cash and cash equivalents at the beginning of the financial period | 127,211 | 1,359,055 |
| | Cash and cash equivalents at the end of the financial period | 1,122,074 | 127,211 |
| 16(b) | | | |

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the financial year ended 30 June 2023

1. General information

Nagambie Resources Limited (the Company) is a listed for-profit public company, incorporated in Australia and operating in Victoria. The registered office and principal place of business for the Company are located at 533 Zanelli Road, Nagambie Vic 3608. These financial statements were authorised for issue on the date of the signing of the attached Directors' Declaration.

2. Significant accounting policies

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*, Australian Accounting Standards and Interpretations. The financial statements include the consolidated financial statements of the group.

Compliance with Australian Accounting Standards (AASBs) ensures that the financial statements and notes of the group comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial statements have been prepared on an accruals basis using historical cost with the exception of certain assets measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the functional and presentation currency of the Company and its controlled entities. Comparative information where necessary has been reclassified in order to achieve consistency in presentation with amounts disclosed in the current year.

Changes in accounting policies

Other than the policies described below there have been no changes in accounting policies.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a net loss after taxes of \$3,341,632, cash outflow from operating activities of \$1,535,312 and cash outflows of \$2,529,593 from investing activities during the year ended 30 June 2023.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in preparation of the financial report after consideration of the following factors:

- Raise additional capital. The consolidated entity has demonstrated its ability to raise capital over many years and the Directors are confident that a future capital raising would be successful;
- A \$2,000,000 flexible working capital facility has been entered into by the Group to replace the institutional placement facility which was drawn down to \$500,000.
- Sale or mortgage of freehold property;
- Continue to pursue opportunities to farm-out part of the consolidated entity's exploration interests.

2. Significant accounting policies (continued)

On this basis no adjustments have made to the financial report relating to the recoverability and classification of the carrying amount of the assets or the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

If the going concern basis of accounting is found to be no longer appropriate, the recoverable amounts of the assets shown on the consolidated statement of financial position sheet are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly, from those reflected.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (referred to as 'the group' in these financial statements). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(e) Exploration and evaluation assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

2. Significant accounting policies (continued)

- (b) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measure of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with the development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance will then be reclassified to capitalised development costs.

(f) Impairment of tangible assets

At the end of each reporting period, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

(g) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

2. Significant accounting policies (continued)

Deferred tax

Deferred tax is accounted for using the liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

A deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(h) **Research & development tax incentive**

The Research & development (R&D) tax incentive refund relates to eligible R&D activities undertaken by the group. The tax credit is recognised when the money is received from the Australian Taxation Office. This credit is recognised in current tax (refer note 2(g) above).

(i) **Right of use assets**

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable; any lease payment made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. When the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with a term of 12 months or leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

2. Significant accounting policies (continued)

(j) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payment to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following; future lease payments arising from a change in an index or a rate used, residual guarantees, lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the following right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment except for freehold land.

Depreciation is calculated on a straight line basis so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The range of useful lives for each class of plant equipment for the year were:

| | |
|----------------------|------------|
| Plant and equipment: | 4-10 years |
| Computer equipment: | 3-5 years |
| Motor vehicles: | 3-5 years |
| Buildings | 40 years |

The gain or loss arising on disposal or retirement of an item of property, plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

(l) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(m) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Sale of rock revenue

Revenue from the sale of rock is measured at the fair value for the consideration received or receivable. The revenue is recognised when the rock is removed from the company premises. There are no cartage expenses as the customer utilises their own assets to source and remove the rock.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2. Significant accounting policies (continued)

Rental revenue

Property rental income is recognised on a straight-line basis over the period of the lease term. When rental income is received in advance at the end of a period it is recognised as income in the following period to which it relates.

(n) **Share-based payments**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Binomial option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed when options are granted since in all cases there is no delay until options are vested.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(o) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financial activities which are recoverable from a payable to the taxation authority are presented as operating cash flows.

(p) **Trade and other payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(q) **Trade and other receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(r) **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Convertible notes are initially classified as a financial liability until extinguished on conversion or redemption. The corresponding interest on convertible notes is expensed to profit or loss.

(s) **Finance costs**

Finance costs are expensed in the period in which they are incurred, including interest on bank accounts and interest on short-term and long-term borrowings.

2. Significant accounting policies (continued)

(t) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(u) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold and has irrevocably elected to classify them as such upon initial recognition. There are two types of FVOCI accounting under AASB 9 (Equity FVOCI and Debt FVOCI).

(v) Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(w) Critical accounting estimates and judgements

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the group may commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and directly allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest or activities that are not at a stage that permits a reasonable estimate of the existence of economically recoverable reserves. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Management have assessed the balance of capitalised exploration costs in line with future planned exploration activities and the group's accounting policy and have determined that no impairment was necessary. If a tenement has been relinquished or reduced, then an impairment charge is taken. This charge is generally based on the pro-rata area reduced, however there can be other reasons for not using such an approach. When a tenement is not relinquished or reduced but is thought to be of reduced carrying value then an impairment based on management's estimate of fair value has been applied. Any charge for impairment is recognised in profit or loss immediately and also shown at Note 10.

2. Significant accounting policies (continued)

Rehabilitation of tenements

The group has considered whether a provision for rehabilitation of any tenement is required. The directors do not consider that such a provision is necessary due to the fact that rehabilitation is being undertaken on a progressive basis. Whilst the company is in the exploration phase it cannot reliably estimate the scope and costs of rehabilitation work that will need to be undertaken.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Share based payments

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Binomial valuation method of taking into account the terms and conditions upon which the instruments were granted. The company employs an external consultant to complete the valuation and this takes into account the expected volatility of the share price as one of the key components of the valuation. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value of convertible notes

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

(x) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 29.

(y) New Accounting Standards for Application in Current and Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. Effective for reporting period commencing 1 July 2023 AASB 101 will impact the Company as it will be required to reclassify \$6,409,822 of convertible notes from non-current liabilities to current liabilities as the Company does not have the conditional right to defer settlement beyond 12 months. This is because note holders are entitled to convert their notes onto shares at any time, not just on expiry.

2. Significant accounting policies (continued)

New Accounting Standards for Application in Current and Future Periods

| Standard | Mandatory date for annual reporting periods beginning on or after | Reporting period standard adopted by the company |
|--|---|--|
| AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as Current or Non-Current | 1 January 2023 | 1 July 2023 |
| IFRS Sustainability Standards – General requirements for disclosure of sustainability related financial information and climate related disclosures. | Not yet legislated 2027-28 | Yet to be adopted |

3. Revenue and expenses

| Consolidated | |
|---------------------|-------------|
| 2023 | 2022 |
| \$ | \$ |

The loss before income tax includes the following items of revenue and expenses.

(a) Revenue

Revenue from contracts with customers

| | | |
|----------------------------------|----------------|---------|
| Rental income | 224,698 | 223,148 |
| Sale of rock and quarry products | 37,885 | 28,146 |

Other revenue

| | | |
|----------------------|----------------|---------|
| Interest | 17,015 | 1,337 |
| Sundry income | 30,762 | 6,867 |
| Total revenue | 310,360 | 259,498 |

(b) Expenses

Employee benefits expense

| | | |
|------------------------------|------------------|-----------|
| Share based payments expense | 923,095 | 728,442 |
| Wages | 309,511 | 297,456 |
| Superannuation expense | 35,700 | 28,735 |
| Capitalised to exploration | (241,405) | (238,148) |
| Employee benefits expense | 1,026,901 | 828,500 |

4. Finance costs

| Consolidated | | |
|---|------------------|-----------|
| 2023 | 2022 | |
| \$ | \$ | |
| Convertible loan note interest at fair value | 1,330,352 | 1,044,990 |
| Leases | 1,561 | 30,075 |
| Insurance funding | 7,170 | 5,430 |
| Equipment finance | - | 1,864 |
| Finance costs | 1,339,083 | 1,082,359 |

5. Income tax

| | Consolidated | |
|--|---------------------|-------------|
| | 2023 | 2022 |
| | \$ | \$ |
| (a) Income tax expense | | |
| Loss from operations | (3,341,632) | (2,340,799) |
| Prima facie tax benefit calculated at 25% (2022: 25%) | 835,408 | 585,200 |
| Add tax effect of: | | |
| - Non deductible expenses | (149,667) | (3,073) |
| - Share based payments | (230,774) | (182,110) |
| Less tax effect of: | | |
| Current year tax loss not recognised | (454,967) | (400,017) |
| Add R&D tax incentive | - | - |
| Income tax benefit | - | - |
| (b) Deferred tax asset | | |
| A deferred tax asset attributable to tax losses and timing differences has not been brought to account due to the uncertainty of recoverability in future periods. | 5,385,379 | 4,906,200 |

6. Loss per share

Basic and diluted loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

| | | |
|--|--------------------|-------------|
| Net loss | 3,341,632 | 2,340,799 |
| Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share | 535,755,040 | 503,146,158 |
| Basic and diluted loss per share in cents | 0.62 | 0.46 |

As discussed in Note 22, the company has issued options over its unissued share capital. All these options are anti-dilutive in nature due to the company incurring losses and the share price being less than the exercise price. They therefore have not been incorporated into the diluted earnings per share calculation.

7. Receivables

| | 2023 | 2022 |
|--------------------------|----------------|-------------|
| | \$ | \$ |
| Trade receivables | 1,300 | 461 |
| Other receivables | 137,049 | 33,506 |
| Total receivables | 138,349 | 33,967 |

8. Equity investments at fair value**Current assets**

| | | |
|-------------------------------|---|---------|
| Shares in Mawson Gold Limited | - | 220,074 |
|-------------------------------|---|---------|

Total equity investments at fair value

| | | |
|--|------------------|---------|
| | - | 220,074 |
| <hr/> | | |
| Total Equity Investments at fair value 30 June 2022 | 220,074 | |
| Sale of investments during the period at fair value | (193,208) | |
| Loss on disposal | (26,866) | |
| Revaluation on investments held 30 June 2023 | - | |
| Total equity investments at fair value 30 June 2023 | - | |

The shares shown above as current assets are those which are available for sale within the next 12 months. There are no shares subject to escrow periods which expire beyond that time.

The difference between fair value at balance date and the cost at the date of the transaction for equity investments is \$Nil (2022 \$935,153 loss). This amount is reflected in an Asset revaluation reserve and shown at Note15.

Financial assets at fair value through other comprehensive income relate to Mawson Gold Limited which are ordinary shares in a company listed on the Toronto Stock Exchange. These have been valued at the quoted prices at accordance with AASB 13, using Level 1 of the fair value hierarchy – quoted prices (unadjusted) in active markets for identical assets or liabilities

A reconciliation of the number of Mawson Gold Limited shares held, Fair Value and Asset Revaluation Reserve is below.

| Date | Transaction | Quantity of shares | Equity investment at fair value \$ | Asset revaluation reserve \$ |
|-------------|--|--------------------|---------------------------------------|---------------------------------|
| 23 Mar 2020 | Acquisition | 9,500,000 | 2,717,412 | - |
| 30 Jun 2020 | Revalued at financial year end | - | 1,236,697 | (1,236,697) |
| 30 Jun 2021 | Sold at fair value during financial year | (1,900,000) | (366,405) | - |
| 30 Jun 2021 | Movement in revaluation reserve | - | (1,091,514) | 1,091,514 |
| 30 Jun 2021 | Profit on disposal | - | (456,484) | 456,484 |
| 30 Jun 2022 | Sold at fair value during financial year | (5,975,000) | (1,195,780) | - |
| 30 Jun 2022 | Movement in revaluation reserve | - | (688,963) | 688,963 |
| 30 Jun 2022 | Loss on disposal | - | 65,111 | (65,111) |
| 30 Jun 2023 | Sold at fair value during financial year | (1,625,000) | (220,074) | - |
| 30 Jun 2023 | Transfer of revaluation reserve | - | - | (935,153) |
| 30 Jun 2023 | Balance at year end | - | - | - |

9. Security deposits

| | Consolidated | |
|---|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Non-current assets | | |
| Security deposits - environmental bonds (i) | 603,207 | 600,795 |
| Deposit on land | 150,000 | 150,000 |
| Total other assets | 753,207 | 750,795 |

(i) Security deposits – environmental bonds

The company holds security deposits, in the form of term deposits with its banker. These are guarantees for performance conditions set by the Department of Economic Development, Jobs, Transport and Resources Victoria on mining tenements held by the company. Those guarantees are held to cover any future rehabilitation obligations the company may have on the mining tenements. When all obligations in relation to a mining tenement are finalised, the relevant guarantee will be released and associated environmental bond will be redeemed. The deposits are shown as non-current assets since it is not expected that they will be repaid during the coming 12 months. These cash deposits earn interest for the company.

10. Exploration and evaluation assets

| | Consolidated | |
|--|-------------------|------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Balance at beginning of the year | 14,506,514 | 13,282,132 |
| Exploration costs capitalised for the year | 2,785,989 | 1,224,382 |
| Less impairment | (33,350) | - |
| Balance at end of the year | 17,259,153 | 14,506,514 |

11. Property, plant and equipment

| | Consolidated | | | | |
|---------------------------------|-----------------------|------------------------|-----------------------|-------------------|------------------|
| | Land and buildings | Plant and equipment | Computer equipment | Motor vehicles | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | | | | | |
| Balance at 1 July 2022 | 1,005,247 | 1,004,312 | 25,951 | 111,501 | 2,147,011 |
| Additions | 102,212 | 42,261 | - | - | 144,473 |
| Disposals | - | (491,384) | - | - | (491,384) |
| Balance at 30 June 2023 | 1,107,459 | 555,189 | 25,951 | 111,501 | 1,800,100 |
| Accumulated depreciation | | | | | |
| Balance at 1 July 2022 | - | (527,966) | (24,506) | (92,001) | (644,473) |
| Depreciation expense | (2,212) | (50,771) | (1,445) | (3,900) | (58,328) |
| Disposals | - | 261,364 | - | - | 261,364 |
| Balance at 30 June 2023 | (2,212) | (317,373) | (25,951) | (95,901) | (441,437) |
| Net book value | | | | | |
| As at 30 June 2022 | 1,005,247 | 476,346 | 1,445 | 19,500 | 1,502,538 |
| As at 30 June 2023 | 1,105,247 | 237,816 | - | 15,600 | 1,358,663 |

12. Right of use assets

| | Consolidated | |
|---------------------------------|---------------------------|------------------|
| | Land and buildings | Total |
| | \$ | \$ |
| Gross carrying amount | | |
| Balance at 1 July 2022 | 416,523 | 416,523 |
| Additions | - | - |
| Movement to Property, plant and | - | - |
| Balance at 30 June 2023 | 416,523 | 416,523 |
| Accumulated depreciation | | |
| Balance at 1 July 2022 | (361,716) | (361,716) |
| Depreciation expense | (54,807) | (54,807) |
| Balance at 30 June 2023 | (416,523) | (416,523) |
| Net book value | | |
| As at 30 June 2022 | 54,806 | 54,806 |
| As at 30 June 2023 | - | - |

Land and buildings consists of the group's rental lease for farm land in Nagambie which expired November 2022. A new lease is being updated by the lessor's solicitor with an end date of October 2025 and no change to the amounts payable. For calculation of the value the group has used a discount rate based on weighted average incremental borrowing rate of 10%.

13. Trade and other payables

| | Consolidated | |
|----------------|---------------------|-------------|
| | 2023 | 2022 |
| | \$ | |
| Trade payables | 353,640 | 143,573 |
| Other payables | 296,639 | 547,562 |
| | 650,279 | 691,135 |

14. Issued capital

| | 2023 | 2022 |
|------------------------------------|-------------------|------------|
| | \$ | \$ |
| (a) Issued and paid capital | | |
| Ordinary shares fully paid | 31,290,202 | 27,977,836 |

(b) Movements in shares on issue

| | Year ended 30 June 2023 | | Year ended 30 June 2022 | |
|---|-------------------------------|-------------------------|----------------------------|-------------------------|
| | Number of shares issued | Issued capital \$ | Number of shares issued | Issued capital \$ |
| Balance at beginning of the year | 513,146,158 | 27,977,836 | 499,932,328 | 27,284,103 |
| Movements during the year | | | | |
| Placement of shares | | | | |
| March 2022 issue price 5.3 cents | - | - | 6,755,340 | 358,033 |
| Share purchase plan | | | | |
| March 2022 issue price 5.3 cents | - | - | 6,458,490 | 342,300 |
| Share issue expenses | - | - | - | (6,600) |
| Placement of shares | | | | |
| October 2022 issue price 7.0 cents | 15,525,281 | 1,086,773 | - | - |
| Placement of shares | | | | |
| November 2022 issue price 6.2 | 1,419,355 | 88,000 | - | - |
| November 2022 issue price 0.0 | 1,480,000 | - | - | - |
| December 2022 issue price 7.0 | 2,039,669 | 142,777 | - | - |
| February 2023 issue price 4.8 cents | 2,083,334 | 100,000 | - | - |
| Entitlement Issue 1:5 | | | | |
| April 2023 issue price 5.0 cents | 46,032,519 | 2,302,580 | - | - |
| Share issue expenses | - | (407,764) | - | - |
| Balance at end of the year | 581,726,316 | 31,290,202 | 513,146,158 | 27,977,836 |

(c) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the company. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Share options granted under the employee share option plan

As at 30 June 2023 there were 42,350,000 (2022: 43,350,000) options over ordinary shares in respect of the employee share option plan. These options were issued in accordance with the provisions of the employee share option plan to executives and senior employees. Of these options 42,350,000 were vested by 30 June 2023 (2022: 43,350,000).

Share options granted under the employee share option plan carry no rights to dividends and have no voting rights. Further details of the employee share option plan are contained in note 22 to the financial statements.

Other share options on issue

As at 30 June 2023 there were 36,000,000 options over ordinary shares issued to directors (2022:32,000,000). Of these options 36,000,000 were vested by 30 June 2023 (2022: 32,000,000).

The options carry no rights to dividends and have no voting rights. Further details of these options are shown in note 22 to the financial statements.

(d) Capital management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The group is subject to equipment financing arrangements and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2022 Financial Statements.

15. Reserves

| | Consolidated | |
|---|---------------------|-------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Options reserve | | |
| Balance at beginning of the year | 2,793,167 | 2,562,295 |
| Recognition of share based payments | 923,095 | 728,442 |
| Options issued to underwriter | 52,477 | - |
| Value of options exercised | - | - |
| Value of options lapsed | (413,676) | (497,570) |
| Balance at end of the year | 3,355,063 | 2,793,167 |
| The options reserve represents the fair value of unvested and vested ordinary shares under options granted to directors, consultants and employees. | | |
| Asset revaluation reserve | | |
| Balance at beginning of the year | (935,153) | (311,301) |
| Decrease on Equity investment at fair value | (26,865) | (623,852) |
| Increase on Equity investments at fair value | - | - |
| Transfer loss on disposal of investment | 962,018 | - |
| Balance at end of the year | - | (935,153) |
| Convertible notes reserve | | |
| Balance at beginning of the year | 2,280,598 | 2,280,598 |
| Equity in new notes issued | 1,001,952 | - |
| Equity in notes repaid or converted | (691,837) | - |
| Balance at end of year | 2,590,713 | 2,280,598 |
| Total reserves at end of year | 5,945,776 | 4,138,612 |

16. Notes to the statement of cash flows

| | | |
|---|--------------------|-------------|
| (a) Reconciliation of loss after tax to net cash flows from operations | | |
| Net loss for the period | (3,341,632) | (2,340,799) |
| Depreciation of property, plant and equipment and right of use assets | 113,134 | 204,869 |
| Loss on disposal of plant and equipment | 19,948 | - |
| Share based payment expense | 923,095 | 728,442 |
| Non-cash interest on convertible notes | 768,446 | - |
| Non-cash interest on financial liability | 71,909 | 331,590 |
| Impairment of assets | 33,350 | - |
| <i>Changes in assets and liabilities</i> | | |
| (Increase)/Decrease in trade and other payables | (104,382) | 42,330 |
| Increase/(Decrease) in trade and other payables | (40,855) | 245,886 |
| Increase/(Decrease) in employee provisions | 17,803 | 9,144 |
| Increase/(Decrease) in revenue in advance | 3,872 | - |
| Net cash from (used in) operating activities | (1,535,312) | (778,538) |
| (b) Reconciliation of cash | | |
| Cash and cash equivalents comprise: | | |
| Cash on hand and at call | 1,122,074 | 127,211 |
| | 1,122,074 | 127,211 |

17. Borrowings**Current****Convertible Notes**

| | | |
|------------------------|----------------|-----------|
| Series 6 at fair value | - | 1,559,199 |
| Series 7 at fair value | 664,064 | - |
| Total current | 664,064 | 1,559,199 |

Non-current**Convertible Notes**

| | | |
|-------------------------|------------------|-----------|
| Series 7 at fair value | - | 577,609 |
| Series 8 at fair value | 1,038,590 | 976,256 |
| Series 9 at fair value | 2,853,401 | 2,737,327 |
| Series 10 at fair value | 2,517,831 | - |
| Total non-current | 6,409,822 | 4,291,192 |

Total borrowings**7,073,885** 5,850,391

- (i) The Company has four series of unsecured Convertible Notes outstanding for a total of \$8,591,000.

Series 7: 7,000,000 Notes issued at 10 cents on 27 February 2019 for a total of \$700,000
 Series 8: 22,680,000 Notes issued at 5 cents on 19 January 2020 for a total of \$1,134,000
 Series 9: 35,000,000 Notes issued at 10 cents on 13 April 2021 for a total of \$3,500,000
 Series 10: 40,712,500 Notes issued at 8 cents on 25 July 2022 for a total of \$3,257,000

Each series of Convertible Note has the following terms:

- Interest is payable at 10% per annum every six months after the issue date;
- Convertible on a 1 for 1 basis into ordinary shares in the company at any time prior to the maturity date at the option of the note holder;
- Redeemable for cash in full after 5 years, if not converted;
- Unsecured but rank ahead of shareholders; and
- Protected for reorganisation events such as bonus issues and share consolidations.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

18. Financial Liabilities – current

On 28 November 2022 the Company announced to the ASX that it had received a commitment from a US-based institutional investor, to invest up to \$2,000,000 in the Company by way of share placements of ordinary shares. Each of the investments made by the Investor will be made by way of a prepayment of shares to be issued by the Company.

The investor made an initial investment of \$500,000 for \$549,451 worth of shares. The purchase price of the placement shares will be equal to the average of the five daily volume-weighted average prices selected by the investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue less a 9% discount. The purchase price is subject to a floor price of \$0.04 but not a cap. As at the 30 June 2023 2,083,334 shares had been issued a for a value of \$100,000 together with a cash payment of \$100,000.

It was further announced to the ASX that the agreement would mutually come to an early conclusion and terminate the investor's remaining funding commitment.

| Financial Liabilities - current | 2023 | 2022 |
|--|------------------|-------------|
| | \$ | \$ |
| Prepayment of shares | 500,000 | - |
| Issue of shares | (100,000) | - |
| Cash payment | (100,000) | - |
| Balance | 300,000 | - |
| Fair value loss | 71,909 | - |
| Balance at fair value | 371,909 | - |

19. Provisions

| | Consolidated | |
|-------------------------|---------------------|-------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Current | | |
| Employee benefits | 95,124 | 51,420 |
| Non-current | | |
| Employee benefits | 2,409 | 28,310 |
| Total provisions | 97,533 | 79,730 |

20. Commitments**(a) Planned exploration expenditure**

The amounts detailed below are the minimum expenditure required to maintain ownership of the current tenements held. An obligation may be cancelled if a tenement is surrendered.

| | | |
|--|------------------|-----------|
| Not longer than 1 year | 1,284,260 | 1,099,260 |
| Longer than 1 year and not longer than 5 years | 1,486,238 | 2,087,949 |
| Longer than 5 years | 844,712 | 1,174,240 |
| | 3,615,210 | 4,361,449 |

(b) Property acquisition with deferred settlement

As noted in the 2022 Annual Financial Report the company is in the process, via its wholly owned subsidiary Nagambie Developments Pty Ltd, of purchasing a farming property in the Nagambie area. Unless settlement is further deferred by agreement with the vendor, the balance due on or before the 15 October 2024 will be \$1,509,535.

The land as an asset and the balance due at settlement as a liability have not been brought to account since control and the title will not pass until settlement.

21. Contingent Assets and Liabilities

Apart from the matter discussed in Note 9 the group has no contingent liability as at 30 June 2023 (2022: Nil) and no contingent assets as at June 30 2023 (2022:Nil).

22. Financial instruments

The board of directors is responsible for monitoring and managing the financial risk exposures of the group, to which end it monitors the financial risk management policies and exposures and approves financial transactions and reviews related internal controls within the scope of its authority. The board has determined that the only significant financial risk exposures of the group are liquidity risk and market risk. Other financial risks are not significant to the group due to the following:

- It has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars;
- It has no significant outstanding receivable balances that have a credit risk;
- Its mining operations are in the exploration phase and therefore have no direct exposure to movements in commodity prices;
- All of the interest bearing instruments are held at amortised cost which have fair values that approximate their carrying values since all cash and payables (except for convertible notes refer note 17) have maturity dates within one financial year. Term deposits on environmental bonds and convertible notes have interest rate yields consistent with current market rates;
- All of the financing for the group is from equity and convertible note instruments, and
- The group has no externally imposed capital requirements with the exception of an ASX requirement to not issue more than 25% of its share capital through a placement in a 12-month period.

(a) Categories of financial instruments

| | Consolidated | |
|----------------------------------|--------------|------------|
| | 2023 \$ | 2022 \$ |
| Financial assets | | |
| Cash and cash equivalents | 1,122,074 | 127,211 |
| Receivables | 138,349 | 33,967 |
| Equity investments at fair value | - | 220,074 |
| Financial liabilities | | |
| Lease liabilities | - | 62,075 |
| Trade and other payables | 650,280 | 691,135 |
| Subscription agreement | 371,909 | - |
| Borrowings | 7,073,886 | 5,850,391 |

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the group's funding and liquidity management requirements. The group manages liquidity risk by maintaining sufficient cash balances to meet obligations as and when they fall due.

The following tables detail the company's and the group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

| Consolidated liabilities | Interest rate | Less than 1 month | 1-3 months | 3+ months to 1 year | 1-5 years | 5+ years |
|--------------------------|---------------|-------------------|------------|---------------------|-----------|----------|
| | % | \$ | \$ | \$ | \$ | \$ |
| 2023 | | | | | | |
| Trade and other payables | | 366,224 | 284,056 | - | - | - |
| Subscription agreement | N/A | 92,458 | 279,451 | - | - | - |
| Lease liabilities | 10.0 | - | - | - | - | - |
| Borrowings | 10.0 | - | - | 664,064 | 6,409,822 | - |
| | | 458,682 | 563,507 | 664,064 | 6,409,822 | - |
| 2022 | | | | | | |
| Trade and other payables | | 501,346 | 112,104 | 77,685 | - | - |
| Lease liabilities | 10.0 | 12,210 | 37,243 | 12,622 | - | - |
| Borrowings | 10.0 | - | - | 1,559,199 | 4,291,192 | - |
| | | 513,556 | 149,347 | 1,649,506 | 4,291,192 | - |

23. Share-based payments

The group has an ownership-based remuneration scheme for executives (including executive directors) of the group. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, executives with the company may be granted options to purchase parcels of ordinary shares at an exercise price determined at the discretion of the board of directors. Each executive share option converts into one ordinary share of Nagambie Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the discretion of the board of directors. The options granted expire five years after their issue, or one month after the resignation of the executive, whichever is the earlier. The total of options on issue is 78,350,000 (2022: 75,450,000). Of these 42,350,000 (2022: 43,450,000) have been issued to executives and employees and the balance of 36,000,000 (2022: 32,000,000) have been issued to directors and key management personnel.

Information with respect to the number of all options granted including executive options is as follows.

| | 30 June 2023 | | 30 June 2022 | |
|---------------------------------------|-------------------|----------------|-------------------|----------------|
| | Number of options | Exercise price | Number of options | Exercise price |
| Balance at beginning of period | 75,450,000 | | 75,300,000 | |
| Granted | 17,650,000 | 10.05 cents | 14,650,000 | 11.25 cents |
| Exercised | - | | - | |
| Lapsed | (13,750,000) | 10.00 cents | (14,500,000) | 10.00 cents |
| Lapsed | (1,000,000) | 14.1 cents | | |
| Balance at end of period | 78,350,000 | | 75,450,000 | |

Unlisted Options on issue at the end of the reporting period

| Number of options | Grant date | Vesting date | Expiry date | Exercise price | Fair value at grant date |
|-------------------|------------|--------------|-------------|----------------|--------------------------|
| 4,500,000 | 22/08/2018 | 22/08/2018 | 22/08/2023 | 12.6 cents | 3.90 cents |
| 10,500,000 | 23/11/2018 | 23/11/2018 | 23/11/2023 | 10.8 cents | 3.90 cents |
| 2,000,000 | 27/2/2019 | 27/2/2019 | 27/2/2024 | 12.0 cents | 3.90 cents |
| 14,900,000 | 29/11/2019 | 29/11/2019 | 29/11/2024 | 10.0 cents | 2.85 cents |
| 14,150,000 | 1/12/2020 | 1/12/2020 | 1/12/2025 | 10.0 cents | 4.04 cents |
| 14,650,000 | 26/11/2021 | 26/11/2021 | 26/11/2026 | 11.25cents | 4.97 cents |
| 17,650,000 | 25/11/2022 | 25/11/2022 | 25/11/2027 | 10.05 cents | 5.23 cents |
| 78,350,000 | | | | | |

(i) Exercised during the financial year

There were no options exercised during the financial year

(ii) Equity-settled employee benefits reserve

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

(iii) There are no vesting conditions for the above options

The weighted average fair value of the share options granted during the financial year is 5.23 cents (2022: 4.97 cents). Options were priced using a Binomial option valuation model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years. The options may be exercised early, but not before vesting date.

| Inputs into the valuation model | | | |
|--|-------------|-------------------------|------------|
| Grant date | 25/11/2022 | Option life | 5 years |
| Options Issued | 17,650,000 | Dividend yield | Nil |
| Share price at grant date | 6.7 cents | Risk free interest rate | 3.525% |
| Exercise price | 10.05 cents | Expiry date | 25/11/2027 |
| Expected volatility | 91.1% | | |

24. Key Management personnel compensation

| | Consolidated | |
|------------------------------|---------------------|-------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Short-term employee benefits | 558,204 | 405,624 |
| Post-employment benefits | 58,232 | 40,041 |
| Long-term benefits | 14,775 | 5,643 |
| Share-based payment | 627,600 | 596,676 |
| | 1,255,811 | 1,047,984 |

25. Subsidiaries

| <u>Name of entity</u> | <u>Country of incorporation</u> | Ownership interest | |
|---|--|---------------------------|-------------|
| | | 2023 | 2022 |
| | | % | % |
| Parent entity | | | |
| Nagambie Resources Limited | Australia | - | - |
| Subsidiaries | | | |
| Nagambie Developments Pty Ltd property owning entity | Australia | 100 | 100 |
| Nagambie Landfill Pty Ltd no business activity conducted during the year | Australia | 100 | 100 |

26. Related party transactions

Transactions with key management personnel and related parties

Alfonso Grillo:

During the 2023 financial year the company paid \$160,485 in fees to GrilloHiggins Lawyers for secretarial and legal services an entity which Alfonso Grillo is a partner.

Kevin Perrin:

On 13 September 2023, the Group entered into a loan facility agreement with PPT Nominees Pty Ltd (**PPT**), pursuant to which Nagambie Resources Limited can draw down up to \$2.0 million from PPT (Facility).

Mr Kevin Perrin, who is a director of PPT, was also appointed as a Non-Executive Director of Nagambie Resources Limited on 13 September 2023.

The key terms of the Facility are:

- **Principal:** \$2,000,000
- **Facility Fee:** \$20,000
- **Availability Period:** To 13 September 2025, being 24 months from the date of entry into the Facility
- **Drawdowns:** Minimum drawdown of \$100,000; and maximum drawdown of \$500,000 per month
- **Repayment Date:** The earlier of 24 months from the date of the Facility, or an event of default occurring, or earlier at the Company's election without penalty
- **Interest:** 10% per annum on the outstanding amount drawn down, repayable each quarter in arrears
- **Security:** The Company and its subsidiaries have granted security over their assets and undertakings in favour of PPT pursuant to a general security deed
- **Guarantees:** Provided by the subsidiaries in respect of the Company's obligations under the Facility
- **Repayments:** The Company may make repayments at any time to reduce the outstanding amount drawn down without penalty

27. Segment information

The group operates in one principal geographical area – in Australia. The group carries out exploration for, and development of gold associated minerals and construction materials in the area. During the year the group earned \$184,043 (2022 \$167,503) of its rental income described in note 3 from the Department of Defence. There was no other major reliance on any other customer.

28. Remuneration of auditors

| | Consolidated | |
|---|---------------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Auditor of the parent entity-- | | |
| Audit or review of the financial report | 53,750 | 34,000 |
| Other non-audit services | - | - |
| | 53,750 | 34,000 |

The auditor of Nagambie Resources Limited is RSM Australia Partners

29. Parent entity disclosures

| | Parent | |
|-----------------------------------|---------------------|--------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Current assets | 2,583,284 | 381,252 |
| Non-current assets | 18,145,877 | 15,604,601 |
| Total assets | 20,729,161 | 15,985,853 |
| Current liabilities | 1,811,376 | 2,343,630 |
| Non-current liabilities | 6,412,231 | 4,319,502 |
| Total liabilities | 8,223,607 | 6,663,132 |
| Issued capital | 31,290,202 | 27,947,736 |
| Options reserve | 3,355,063 | 2,793,167 |
| Asset revaluation reserve | - | (935,153) |
| Accumulated losses | (24,730,424) | (21,590,667) |
| Convertible notes reserve | 2,590,713 | 2,280,598 |
| Total equity | 12,505,554 | 10,495,681 |
| Loss | (3,283,252) | (2,386,893) |
| Total comprehensive income | (3,414,556) | (3,010,745) |

There were no contingent liabilities and commitments of the parent entity not otherwise disclosed in the consolidated financial statements.

30. Subsequent events**Nagambie Mine Antimony-Gold Project**

Following the end of the year, the decision was made to pause the diamond drilling to conserve cash and enable all the outstanding logging and assaying to be completed ahead of carrying out the calculation of a maiden JORC-compliant MRE (mineral resource estimate) for the project.

Institutional Share Placement Facility

On 1 September 2023, Nagambie announced the conclusion of the institutional share placement facility for up to \$2.0 million. The US-based institutional investor and the company mutually agreed for Nagambie to satisfy its obligations by way of a cash payment of \$169,451, representing the outstanding subscription amount, with no premium, and to terminate the investor's remaining funding commitment.

\$2.0 Million Flexible Working Capital Facility

On 14 September 2023, the company announced that it, and its wholly-owned subsidiaries had entered into a loan facility agreement with PPT Nominees Pty Ltd (PPT) under which Nagambie can draw down up to \$2.0 million from PPT. The key drawdown, interest and repayment terms for the two-year facility include: (1) minimum drawdown of \$100,000; (2) maximum drawdown of \$500,000 per month; (3) 10% per annum interest on the outstanding amount drawn down, payable each quarter in arrears; and (4) repayments can be made at any time to reduce the outstanding amount drawn down without penalty.

Mr Kevin Perrin, a director of PPT, has also been appointed as a Non-Executive Director of Nagambie. Mr Perrin was previously a director of Nagambie from 17 September 2010 to 30 June 2019, during which time he was the Deputy Chairman of the Board and the Chairman of the Audit and Compliance Committee. Mr Perrin is the largest shareholder in Nagambie with a 16.8% holding.

PASS (Potential Acid Sulfate Soil) Storage

The first of two large tunnel-boring machines (TBMs) to excavate the road tunnels for the North East Link Project (NELP) arrived in parts by ship in Port Melbourne in early September 2023. Those parts have since been trucked to the NELP tunnels launch area and assembly has commenced. With a total announced assembly time of six months, the first TBM could be ready to commence boring in March 2024. Nagambie has been advised by the Spark consortium, the builders of NELP, that final tendering for PASS storage is imminent.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

In the Directors opinion:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; with Accounting Standards, the Corporations Regulations 2001 and other mandatory, professional reporting requirements; and
 - (ii) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory, professional reporting requirements.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) At the date of this declaration there are reasonable grounds to believe that the members of the group are able to meet their obligations as and when they become due and payable.

Note 2 confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations required by s.295A of the *Corporations Act 2001*

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the directors



Michael W Trumbull
Executive Chairman

Melbourne
15 September 2023

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INDEPENDENT AUDITOR'S REPORT To the Members of Nagambie Resources Limited

Opinion

We have audited the financial report of Nagambie Resources Limited and its controlled entities (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$3,341,632 during the year ended 30 June 2023, cash outflow from operating activities of \$1,535,312 and cash outflows of \$2,529,593 from investing activities. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How our audit addressed this matter |
|--|---|
| <p><i>Impairment of Exploration and evaluation assets</i></p> <p>Refer to Note 10 in the financial statements</p> | |
| <p>As at 30 June 2023, the carrying value of the Company's capitalised Exploration and evaluation assets amounted to \$17,259,153. We determined this to be a key audit matter due to the significance of these assets in the statement of financial position. Also, there are significant management estimates and judgements involved in assessing the carrying value in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ('AASB 6'), including:</p> <ul style="list-style-type: none"> • Determination of whether expenditure can be associated with the exploration for and evaluation of mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessment of whether the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation or sale of the area of interest; and • Assessment as to whether indicators of impairment exist, and if so, the judgements applied to determine and quantify any impairment loss. | <p>Our audit procedures in relation to the carrying value of Exploration and evaluation assets included:</p> <ul style="list-style-type: none"> • Reviewing the Company's accounting policy in relation to exploration and evaluation expenditure to confirm it is in accordance with AASB 6; • Agreeing a sample of additions to supporting documentation to ensure that the amounts were capital in nature and in line with the Company's accounting policy; • Critically assessing and evaluating management's assessment that no indicators of impairment existed as at 30 June 2023; • Inquiring with management and reviewing budgets and plans to determine that the company will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific areas of interest; • Reviewing the rights to tenure of the areas of interest remain current at the reporting date, and confirmed that rights to tenure are expected to be renewed for tenements that will expire in the near future; • Discussion with management and a review of ASX announcements, minutes of directors' meetings and other relevant documentation, to assess management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically viable mineral resource may be determined; and • Reviewing the related disclosures included in the financial report for their adequacy and completeness. |

| Valuation of Convertible Loan Notes | |
|--|--|
| Refer to Note 17 in the financial statements | |
| <p>As at 30 June 2023, convertible loan notes had a value of \$7,073,885. We identified a key audit matter related to the accounting treatment and disclosure of the convertible loan note issued by the Company. The convertible loan note is a significant financial instrument with complex terms that require careful evaluation and measurement.</p> <p>The convertible loan note represents a material financial instrument that has the potential to impact the financial position and performance of the Company significantly, as it may lead to the issuance of additional shares upon conversion. Therefore, the accurate accounting and disclosure of this instrument are crucial for stakeholders' understanding of the Company's financial position and prospects.</p> | <p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> • Assessing the accuracy and completeness of the loan note's initial recognition; • Subsequent measurement, and presentation in the financial statements; • Evaluated the Company's compliance with relevant accounting standards, particularly with regard to the determination of the appropriate interest rate, conversion feature, and the related disclosures in the financial statements; • Evaluating management's assumptions, estimates, and judgments related to the convertible loan note; and • Substantive testing on the underlying calculations and examined the legal and contractual documentation to ensure compliance with the terms of the convertible loan note |

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Nagambie Resources Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized signature of the letters 'RSM' in blue ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads 'J S Croall'.

J S CROALL

Partner

Melbourne, Victoria

Date: 15 September 2023

Additional ASX Information

Additional information required by the ASX Ltd and not shown elsewhere in this report is as follows. The information was current as at 31 October 2023.

Number of holders of equity securities

Ordinary share capital

581,726,316 fully paid ordinary shares are held by 1,177 individual shareholders. All the shares carry one vote per share.

Listed Options

52,937,397 options are held by 175 individual optionholders. Options do not carry a right to vote. All the listed options were issued on 26 April 2023, expire on 26 April 2025 and have an exercise price of \$0.10 each.

Unlisted Options

73,850,000 options are held by 50 individual optionholders. Options do not carry a right to vote.

Unsecured convertible notes

105,392,500 unsecured convertible notes are held by 69 individual noteholders. The notes do not carry a right to vote.

Buy-Back

The company does not have a current on-market buy-back.

Distribution of holders of ordinary shares

| Holding Ranges | Holders | Total Units | % Issued Share Capital |
|------------------|--------------|--------------------|------------------------|
| 1 - 1,000 | 64 | 5,140 | 0.00% |
| 1,001 - 5,000 | 81 | 291,058 | 0.05% |
| 5,001 - 10,000 | 111 | 962,448 | 0.17% |
| 10,001 - 100,000 | 548 | 23,177,329 | 3.98% |
| 100,001 and over | 373 | 557,290,341 | 95.80% |
| Totals | 1,177 | 581,726,316 | 100.00% |

The number of holders with an unmarketable parcel was 452, holding a total of 4,464,323 amounting to 0.77% of the Issued Share Capital.

Substantial Shareholders

| Shareholder | Shares | % |
|-----------------------------|------------|--------|
| Kevin Perrin | 97,547,341 | 16.77% |
| Southern Cross Gold Limited | 53,361,046 | 9.17% |

Distribution of holders of quoted options

| | Number of holders | Number of options |
|------------------|-------------------|-------------------|
| 1 - 1,000 | - | - |
| 1,001 - 5,000 | - | - |
| 5,001 - 10,000 | - | - |
| 10,001 - 100,000 | - | - |
| 100,000 and over | 18 | 75,450,000 |

Distribution of holders of unquoted options

| | Number of holders | Number of options |
|------------------|-------------------|-------------------|
| 1 - 1,000 | - | - |
| 1,001 - 5,000 | - | - |
| 5,001 - 10,000 | - | - |
| 10,001 - 100,000 | - | - |
| 100,000 and over | 50 | 73,850,000 |

Distribution of holders of unquoted convertible notes

| | Number of holders | Number of convertible notes |
|------------------|-------------------|-----------------------------|
| 1 - 1,000 | - | - |
| 1,001 - 5,000 | - | - |
| 5,001 - 10,000 | - | - |
| 10,001 - 100,000 | - | - |
| 100,000 and over | 69 | 105,392,500 |

Optionholders holding greater than 20% of the quoted options

| Optionholder | Options held | % held |
|--------------|--------------|--------|
| None | N/A | N/A |

Optionholders holding greater than 20% of the unquoted options

| Optionholder | Options held | % held |
|-----------------------|--------------|--------|
| Mr Michael W Trumbull | 20,000,000 | 27.08% |

Convertible Noteholders holding more than 20% of the unquoted convertible notes

| Noteholder | Notes held | % held |
|--------------|------------|--------|
| Kevin Perrin | 21,390,000 | 20.30% |

Unquoted options over unissued shares

| Exercise Price | Grant Date | Vesting Date | Expiry Date | Number |
|----------------|------------------|------------------|------------------|-------------------|
| \$0.1080 | 23 November 2018 | 23 November 2018 | 23 November 2023 | 10,500,000 |
| \$0.1200 | 27 February 2019 | 27 February 2019 | 27 February 2024 | 2,000,000 |
| \$0.1000 | 29 November 2019 | 29 November 2019 | 29 November 2024 | 14,900,000 |
| \$0.1000 | 1 December 2020 | 1 December 2020 | 1 December 2025 | 14,150,000 |
| \$0.1125 | 26 November 2021 | 26 November 2021 | 26 November 2026 | 14,650,000 |
| \$0.1005 | 25 November 2022 | 25 November 2022 | 25 November 2027 | 17,650,000 |
| | | | | 73,850,000 |

The names of the twenty largest shareholders and their holding in the quoted shares

| Rank | Holder Name | Shares | % |
|------|---|--------------------|----------------|
| 1 | SOUTHERN CROSS GOLD LTD | 53,361,046 | 9.17% |
| 2 | ADARE MANOR PTY LTD <ADARE MANOR SUPER FUND A/C> | 49,960,838 | 8.59% |
| 3 | PPT NOMINEES PTY LTD | 30,942,321 | 5.32% |
| 4 | VINDA PTY LTD <K J PERRIN FAMILY A/C> | 24,640,103 | 4.24% |
| 5 | BNP PARIBAS NOMS PTY LTD <DRP> | 23,173,313 | 3.98% |
| 6 | AMRF HOLDINGS PTY LTD <AM RETIREMENT FUND A/C> | 22,800,000 | 3.92% |
| 7 | MR GEOFFREY MICHAEL WALCOTT & MRS JULIE ANN WALCOTT <GEORET BEACON SUPERFUND A/C> | 18,523,551 | 3.18% |
| 8 | PRECISION SUPER PTY LTD | 18,512,302 | 3.18% |
| 9 | CYPRON PTY LTD <THE M W TRUMBULL S/F A/C> | 17,215,246 | 2.96% |
| 10 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 15,009,664 | 2.58% |
| 11 | ADMIC SUPER PTY LTD <ADMIC SUPER FUND A/C> | 10,000,000 | 1.72% |
| 12 | HEPSBOURNE PTY LTD <RD JOHNS MEDICAL PL SF A/C> | 9,471,180 | 1.63% |
| 13 | LINCONRIDGE PTY LTD <G & K MCAULIFFE S/F A/C> | 9,369,229 | 1.61% |
| 14 | NORMET INDUSTRIES NOMINEE PTY LTD | 8,333,333 | 1.43% |
| 15 | MCCARTHY CATTLE COMPANY PTY LTD <MCCARTHY FAMILY A/C> | 6,000,000 | 1.03% |
| 15 | HANSPETER BRENN PTY LTD <HANSPETER BRENN S/F A/C> | 6,000,000 | 1.03% |
| 15 | B & M LAWS SUPER FUND PTY LTD <B & M LAWS SUPER FUND A/C> | 6,000,000 | 1.03% |
| 16 | MORTANGI HOLDINGS PTY LTD <NEWBEACH A/C> | 5,713,945 | 0.98% |
| 17 | MR ROBERT CARL GUERNIER & MRS JEAN GUERNIER | 5,233,644 | 0.90% |
| 18 | CYPRON PTY LTD <M W TRUMBULL SUPER FUND A/C> | 4,690,113 | 0.81% |
| 19 | JMH SUPER PTY LTD <J & M HANNAN S/F A/C> | 4,331,905 | 0.74% |
| 20 | MR JIN MING SHI | 4,231,294 | 0.73% |
| | Totals | 353,513,027 | 60.77% |
| | Total Issued Capital | 581,726,316 | 100.00% |

The names of the twenty largest optionholders and their holding in the listed options

| Rank | Holder Name | Listed Options | % |
|------|---|-------------------|----------------|
| 1 | ADARE MANOR PTY LTD <ADARE MANOR SUPER FUND A/C> | 6,323,112 | 11.94% |
| 2 | MAHE INVESTMENTS PTY LTD | 6,105,874 | 11.53% |
| 3 | B & M LAWS SUPER FUND PTY LTD <B & M LAWS SUPER FUND A/C> | 6,000,000 | 11.33% |
| 4 | PPT NOMINEES PTY LTD | 5,844,263 | 11.04% |
| 5 | AMRF HOLDINGS PTY LTD <AM RETIREMENT FUND A/C> | 3,800,000 | 7.18% |
| 6 | CYPRON PTY LTD <THE M W TRUMBULL S/F A/C> | 2,869,208 | 5.42% |
| 7 | MORTANGI HOLDINGS PTY LTD <NEWBEACH A/C> | 2,050,000 | 3.87% |
| 8 | MR IAIN MILTON MCDUGALL | 1,999,565 | 3.78% |
| 9 | EGAN SUPERCO PTY LTD <EGAN SF A/C> | 1,200,000 | 2.27% |
| 10 | ACCORD MBO PTY LTD <MBO SUPER FUND A/C> | 800,000 | 1.51% |
| 11 | CYPRON PTY LTD <M W TRUMBULL SUPER FUND A/C> | 781,686 | 1.48% |
| 12 | MR ADAM KINGSLEY TOUT & MRS JANE TOUT <ADAM K TOUT SUPER A/C> | 700,000 | 1.32% |
| 13 | MR MATTHEW LUKE HARE CRANE & MR BYRON MCPHERSON <ROSEWOOD PASTORAL A/C> | 623,000 | 1.18% |
| 14 | W I L NOMINEES PTY LTD <F T G T P & R SUPER/F A/C> | 600,000 | 1.13% |
| 15 | WATO HOLDINGS PTY LTD <GRILLO DISCRETIONARY A/C> | 500,802 | 0.95% |
| 16 | CYPRON PTY LTD | 446,013 | 0.84% |
| 17 | RELUM PTY LTD <KARELIA RETIREMENT FUND A/C> | 431,087 | 0.81% |
| 18 | RELUM PTY LTD <STUBBE PENSION A/C> | 400,000 | 0.76% |
| 18 | SUGARLOAF VENTURES PTY LTD <SKI CAPITAL A/C> | 400,000 | 0.76% |
| 18 | PLAN-1 PTY LTD | 400,000 | 0.76% |
| 18 | RICK LOWEN PTY LIMITED <THE LOWEN SUPERFUND A/C> | 400,000 | 0.76% |
| 18 | HILLS FRESH (WA) PTY LTD | 400,000 | 0.76% |
| 18 | LJR HOLDINGS PTY LTD | 400,000 | 0.76% |
| 19 | WANTUNE PTY LTD <TRUMBULL SUPER FUND A/C> | 396,672 | 0.75% |
| 20 | MRS YAN WANG <AUST WEST COAST TRAVEL A/C> | 360,000 | 0.68% |
| | Totals | 44,231,282 | 83.55% |
| | Total Issued Capital | 52,937,397 | 100.00% |