

Proposed Alkane and Nagambie Joint Venture (ANJV)

Nagambie Resources Limited (ASX: NAG, Nagambie or the Company) is very pleased to announce that Nagambie and Mandalay Resources Costerfield Operations Pty Ltd (Costerfield), a 100% subsidiary of Alkane Resources Limited (ASX: ALK), have signed a binding Term Sheet for a proposed earn-in over Nagambie's mining licence MIN 5412 and exploration licence EL 5511. For key principal terms refer pages 2 and 3.

HIGHLIGHTS

- ❖ The activities of the earn-in and subsequent potential ANJV are proposed to include **exploration drilling, decline-access mine development, mine stoping operations, and in the event of exploration success the potential trucking of ore to the Costerfield treatment plant for gravity-gold recovery and the production of saleable antimony-gold flotation concentrate.**
- ❖ **\$27.5 million staged expenditure by Alkane to earn up to an 80% interest in the tenements (with Nagambie retaining 20%).** Alternatively, earlier at Alkane's option, \$12.5 million expenditure by Alkane to earn 60% in the tenements (with Nagambie retaining 40%). On completion of the earn-in, the ANJV will be formed.
- ❖ **Alkane to subscribe for \$2.5 million of NAG shares (166.667 million shares at 1.5 cents per share, a 50% premium to the last ASX price).** PPT Nominees to convert \$1.5 million of its \$3.0 million loan facility into 100 million NAG shares at the same price of 1.5 cents per share. **Alkane to become a significant shareholder in Nagambie, holding 13.6%,** subject to Nagambie shareholder approval and other conditions being satisfied.
- ❖ **Potential for significant future Nagambie free cash flow from ANJV antimony and gold production.**
- ❖ **Nagambie retains 100% of the Whroo Mines Gold-Antimony Project and 100% of the Wandean Gold-Antimony Project.**

The Chair of Nagambie, Kevin Perrin, commented: ***"We have long considered that the obvious synergies between our high-grade antimony-gold discovery at the Nagambie Mine and Alkane's Costerfield Mine operations could lead to a win-win joint venture for both parties.***

"Separated by only 40 km of good bitumen road, being able to access the existing Costerfield operations expands the potential resources that can be processed at the Costerfield treatment plant and provides an opportunity to extend or expand the Costerfield operations. It would also avoid Nagambie needing to build and operate its own antimony processing facilities.

"In terms of exploration drilling, underground mine development and mine production for the proposed earn-in and potential ANJV, there is also the potential for the existing exploration, development, production and maintenance teams, together with the required mobile equipment and maintenance facilities, at the Costerfield Mine to service both underground mines as optimally scheduled in the event of exploration success. Nagambie, for its part, could potentially avoid the great majority of mine equipment and maintenance capital costs and the costs of building up and training an underground mine workforce should the project proceed to a joint venture.

"In summary, Nagambie now has a clear potential pathway to future very significant free cash flow from its share of the potential ANJV antimony and gold production, all while avoiding the great majority of capital costs and operating risks associated with a new mine."

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KEY PRINCIPAL TERMS FOR THE PROPOSED ALKANE AND NAGAMBIE EARN-IN AND JOINT VENTURE

The key Principal Terms in the Term Sheet for the proposed Alkane and Nagambie Joint Venture (ANJV) over Nagambie's mining licence MIN 5412 and surrounding exploration licence EL 5511 are as follows.

1. Parties

- (a) Nagambie Resources Ltd ACN 111 587 163 (Nagambie); and
- (b) Mandalay Resources Costerfield Operations Pty Ltd ABN 34 006 711 119, a 100% subsidiary of Alkane Resources Ltd ABN 35 000 689 216 (Alkane).

2. Tenements

The Tenements comprise Mining Licence MIN 5412 and the surrounding Exploration Licence EL5511, subject to EL 5511 being renewed in whole or in part as it comes up for renewal or partial relinquishment.

3. Option Period

During a period of 12 months from the Commencement Date, Alkane can carry out exploration and studies on the Tenements at its discretion and will sole-fund the associated expenditure. At any time during the 12 months, Alkane may withdraw from the Agreement, in which case Alkane will hand back operatorship and all assets to Nagambie.

4. Earn-in

For Earn-in Expenditure by Alkane, the overhead component of Expenditure may not exceed 15% of direct on-ground Expenditure.

Within 14 days following the end of the Option Period, Alkane may elect to continue to sole-fund Expenditure and, if Alkane so elects, then Alkane will earn a 60% interest in the Tenements if Alkane sole-funds a total of A\$12.5m in Expenditure (inclusive of the Expenditure incurred during the Option Period) within 3 years from the Commencement Date.

Once Alkane has earned a 60% interest, Alkane may elect to continue to sole-fund Expenditure and, if Alkane so elects, then Alkane will earn an additional 20.0% interest in the Tenements (to an aggregate interest of 80%) if Alkane sole-funds additional Expenditure of A\$15.0m (to a total Expenditure of A\$27.5m) within 5 years from the Commencement Date.

5. Alkane Reporting to Nagambie

Alkane will provide Nagambie with quarterly reports on Alkane's activities on the Tenements sufficient to enable Nagambie to meet its ASX quarterly report obligations, and will promptly advise Nagambie of any drilling result or other exploration information of importance such that Nagambie is required to make an announcement in accordance with its obligations under the ASX listing rules.

6. Joint Venture

Once Alkane has earned an 80% interest in the Tenements or has earned a 60% interest and has elected not to continue to sole-fund Expenditure, the parties will enter into an unincorporated joint venture and the Joint Venture phase will commence. Alkane will be the Manager of the Joint Venture.

The Participating Interest of Alkane in the Joint Venture will be equal to the interest in the Tenements acquired by Alkane (either 80% or 60%). The Participating Interest of Nagambie will be the balance (either 20% or 40%).

Each Party will contribute to Joint Venture costs in proportion to its Participating Interest. Voting will be in line with Participating interests.

Once the Joint Venture is formed, the rehabilitation bonds for MIN5412 and EL5511 will be shared in line with Participating interests, subject to Nagambie's indemnity in relation to rehabilitation of operations prior to the Agreement.

A Party may elect not to fully contribute to a forthcoming work program and thereby dilute its Participating Interest in accordance with the usual industry formula that takes account of actual and deemed expenditures of both Parties.

If the Participating Interest of Nagambie dilutes to below 10%, then Nagambie's interest will convert to a 2% NSR. The NSR Agreement is to be based on standard industry terms. For the purpose of calculating the NSR, all expenditure beyond the mine gate will be deductible. The NSR will cease to be payable once the total amount paid on account of the NSR reaches \$20m.

7. Access to Costerfield Mine Treatment Plant, Underground Mobile Equipment and Maintenance Facilities

Alkane owns and operates the 150,000 tonnes per annum (tpa) gold and antimony processing plant and associated infrastructure (Costerfield Plant) located at its 100%-owned Costerfield Mine in Victoria. Alkane also owns and operates the underground mobile equipment and associated surface maintenance facilities to support the 150,000 tpa underground mining operations at the Costerfield Mine.

If the parties enter into the proposed Joint Venture (ANJV), Alkane agrees to make processing capacity in the Costerfield Plant available to the ANJV for processing ANJV ore from the Tenements. In such circumstances, Alkane also expects to utilise its owned underground mobile equipment, and the required maintenance facilities, to enable the ANJV to mine ANJV ore.

Nagambie acknowledges that Alkane's ownership of the Costerfield Plant, underground mining mobile equipment and maintenance facilities brings very significant additional value to the proposed ANJV above the earn-in expenditure referenced under Earn-in above.

8. Conditions for the proposed Earn-in

- (a) The waiver or lapse of the right of first refusal (ROFR) held by Southern Cross Gold Consolidated Ltd (SX2) in respect to the proposed ANJV, arising under the Share Subscription Agreement entered into between Nagambie and Mawson Resources Ltd in 2020. Under the ROFR, SX2 will have 30 days, after receiving a ROFR Notice from Nagambie, to match or better the fair-market monetary value of the cash plus non-cash considerations being offered to Nagambie by Alkane.
- (b) The parties enter into a Farmin Agreement and documents referred to in the Farmin Agreement reflecting the terms of the Term Sheet;
- (c) Alkane being satisfied with the results of its due diligence enquiries; and
- (d) Nagambie shareholders give approval for Nagambie to enter into the proposed Alkane and Nagambie Earn-in and Joint Venture under Listing Rule LR 11.1.2 and give all approvals required to enable Nagambie to issue NAG shares to PPT Nominees and Alkane at 1.5 cents each to (1) retire \$1.5m of the \$3m PPT Nominees loan facility with Nagambie and (2) for Alkane to take up \$2.5m of NAG shares.

This announcement has been authorised by the directors of Nagambie Resources Limited.

For further information, please contact:

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STATEMENT AS TO COMPETENCY

The Competent Person for this announcement is Adam Jones. Adam Jones is not an employee or related party of Nagambie and he works independently for Adam Jones Geological Services. 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 activities undertaken, 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 (The JORC Code). He consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "target", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Nagambie Resources and any of its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Exploration potential is conceptual in nature, there has been insufficient exploration

to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Readers are cautioned not to place undue reliance on forward-looking statements and Nagambie Resources assumes no obligation to update such information.

ABOUT NAGAMBIE RESOURCES

Flagship projects are the Nagambie Antimony-Gold Project, now subject to the proposed ANJV, and the 100%-owned historic gold-antimony Whroo mines and the Wandean gold-antimony deposit (discovered by Nagambie in 2014). The discovery of antimony and gold in multiple vein systems at the Nagambie Mine is of national significance given the vital importance of antimony to the economies and defence capabilities of many nations including the US, Canada, UK, Europe, Japan and Australia. Nagambie already holds a Mining Licence over the discovery, giving the project a clear path to development.

Nagambie's antimony-gold tenements are located near the current gold-antimony mines at Fosterville (Agnico Eagle) and Costerfield (Alkane Resources) and also near the Sunday Creek gold-antimony prospect at the historic Clonbinane Mine (Southern Cross Gold).

