

13 April 2021

Company Announcements Office
ASX Limited

CLEANSING NOTICE

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

1. INTRODUCTION

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

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

2. BACKGROUND AND CONTENTS OF CLEANSING NOTICE

2.1 Issue of Convertible Notes

On 13 April 2021, the Company issued 35,000,000 convertible notes to investors who are sophisticated, experienced or professional investors for the purposes of section 708 of the Corporations Act, in respect of \$3,500,000 in funding received (**Series 9 Convertible Notes**).

The terms of the Series 9 Convertible Notes are set out in various convertible note subscription agreements (**Convertible Note Agreements**) executed by the Company and subscribing noteholders (**Noteholders**), and include the key terms summarised below:

TERM	DESCRIPTION
Issuer	Nagambie Resources Limited (ACN 111 587 163) (Company)
Issue/Subscription Date	13 April 2021
Eligibility	The Series 9 Convertible Notes were offered to sophisticated, experienced and professional investors for the purposes of section 708 of the Corporations Act as at the date of acceptance of the offer.
Face Value	Each Series 9 Convertible Note has a face value of \$0.10.

Maturity Date	13 April 2026
Ranking	The Series 9 Convertible Notes rank equally with all other existing convertible notes.
Interest	10% per annum, payable in cash, six-monthly in arrears.
Security	None.
Conversion Rights	Series 9 Convertible Notes may be converted at any time up until the Maturity Date.
Conversion Price	Each Series 9 Convertible Note may be converted into one Share at a price of \$0.10 per Share.
Conversion Shares	Shares issued upon conversion of a Series 9 Convertible Note will be fully paid ordinary Shares and rank equally with all other fully paid Shares from their date of issue. If all of the Series 9 Convertible Notes are converted, a total of 35,000,000 Shares will be issued.
Redemption	All Series 9 Convertible Notes which are not converted must be redeemed on the Maturity Date. Any number of Series 9 Convertible Notes held may be redeemed by the Noteholder giving the Company notice within 60 days' of an Event of Default occurring.
Events of Default	<ul style="list-style-type: none"> (a) The Company does not pay any money that becomes payable by the Company under the Convertible Note Agreement on its due date for payment and does not rectify that failure to pay within ten business days of receipt of a notice from the Noteholder stating that payment has not been made; (b) the Company becomes insolvent; (c) the Company is in breach of any covenant or undertaking contained in the Convertible Note Agreement, and does not rectify that breach within ten business days of receipt of a notice from the Noteholder stating that the breach has occurred and providing reasonable details of the breach.
Transferability	The Noteholder is entitled to transfer the notes and shares issued pursuant to conversion of a note in accordance with the Convertible Note Agreement, provided any applicable requirements of Chapter 6D of the Corporations Act are complied with.
Rights of Noteholder	Except as otherwise provided in the Convertible Note Agreement, the Series 9 Convertible Notes will not entitle the Noteholder to vote at general meetings of the Company, to receive dividends or other distributions or participate in any issue of securities other than in accordance with the terms of the Convertible Note Agreement.
ASX Listing	The Company will apply for official quotation by ASX of Shares issued on

	conversion of Series 9 Convertible Notes.
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2.2 The rationale for the convertible note raising

The Company's directors (**Directors**) consider that the raising of capital by the issue of the Series 9 Convertible Notes is in the best interests of the Company as it will secure, on acceptable terms, funding that is likely to be required by the Company for the continued development and growth of its business.

In particular, the Company intends to use the proceeds from the issue of the Series 9 Convertible Notes for general corporate and working capital expenses.

This Cleansing Notice sets out the following:

- (a) in relation to the issue of the Series 9 Convertible Notes:
 - i. the effect of the issue on the Company;
 - ii. a summary of the rights and liabilities attaching to the Series 9 Convertible Notes; and
 - iii. a summary of the rights and liabilities attaching to the Shares that will be issued on conversion of the Series 9 Convertible Notes; and
- (b) any information that:
 - i. has been excluded from continuous disclosure notice in accordance with the ASX Listing Rules;
 - ii. is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - B. the rights and liabilities attaching to the Shares; and
 - iii. any other information relating to the Company's status as a disclosing entity and where documents may be obtained.

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

3.1 Effect of the issue on the Company

The principal effects of the issue of the Series 9 Convertible Notes on the Company will be to:

- (a) increase the Company's cash reserves by \$2,900,000 (before any expenses associated with the issue of the Series 9 Convertible Notes);
- (b) increase the number of Shares on issue in the Company by up to approximately 35,000,000 Shares on conversion of the Series 9 Convertible Notes;
- (c) give rise to the Company having liability for the amount of the face value of the Series 9 Convertible Notes being \$3,500,000 and
- (d) decrease in current liabilities by \$600,000 for reinvestment of Convertible Notes Series 5.

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

- (a) Set out below is a pro forma consolidated Statement of Financial Position as at 31 December 2020 for the Company based on the consolidated Statement of Financial Position as at 31 December 2020 for the Company.
- (b) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.
- (c) The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future.

Pro-forma statement of Financial Position

	Consolidated		
	31 Dec 2020	Adjustments	Pro-forma
	\$	\$	\$
Current assets			
Cash and cash equivalents	84,497	2,900,000	2,984,497
Trade and other receivables	88,443	-	88,443
Prepayments	73,104	-	73,104
Equity investments at fair value	2,157,875	-	2,157,875
Total current assets	2,403,919	2,900,000	5,303,919
Non-current assets			
Security deposits	739,378	-	739,378
Equity investments at fair value	944,692	-	944,692
Property, plant and equipment	267,103	-	267,103
Right of use assets	643,980	-	643,980
Exploration and evaluation assets	12,646,432	-	12,646,432
	15,241,585	-	15,241,585
Total Assets	17,645,504	2,900,000	20,545,504
Current liabilities			
Trade or other payables	470,547	-	470,547
Borrowings	900,000	(600,000)	300,000
Lease liabilities	278,024	-	278,024
Provisions	41,925	-	41,925
Contract liability	41,188	-	41,188
Total current liabilities	1,731,684	(600,000)	1,131,684
Non-current liabilities			
Borrowings	3,634,000	3,500,000	7,134,000
Lease liabilities	165,975	-	165,975
Provisions	20,238	-	20,238
Total non-current liabilities	3,820,213	3,500,000	7,320,213

Total liabilities	5,551,897	2,900,000	8,451,897
Net assets	12,093,607	-	12,093,607
Equity			
Issued capital	27,284,103	-	27,284,103
Options reserve	2,562,295	-	2,562,295
Assets revaluation reserve	714,370	-	714,370
Accumulated losses	(18,467,161)	-	(18,467,161)
Total equity	12,093,607	-	12,093,607

3.3 Potential effect on Share Structure

- (a) As at the date of this Cleansing Notice the issued capital of the Company comprises of 499,932,346 issued ordinary shares.
- (b) The capital structure of the Company will be affected by the conversion of the Series 9 Convertible Notes, which will result in up to an additional 35,000,000 Shares being issued and the liability position of the Company decreasing accordingly. The actual effect on the share capital of the Company will depend on how many Series 9 Convertible Notes are converted.
- (c) The Series 9 Convertible Notes can be converted at any time prior to the maturity date at the request of the Noteholder.

4. RIGHTS AND LIABILITIES ATTACHING TO THE CONVERTIBLE NOTES

A summary of the key terms of the Series 9 Convertible Notes is set out in Section 2.1 above.

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

The Shares to be issued to Noteholders on the conversion of the Series 9 Convertible Notes will rank equally in all respects with all of the Company's existing Shares. The rights attaching to the Company's Shares are set out in the Company's constitution (**Constitution**) and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law. A copy of the Constitution can be inspected, free of charge, at the Company's registered office during normal business hours, and is available via the Company's website.

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

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

Voting Rights

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

Dividend Rights

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

Variation of Rights

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

Transfer of Shares

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

General Meetings

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

Rights on Winding Up

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

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

6. THE COMPANY IS A "DISCLOSING ENTITY"

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

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

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

7. COPIES OF DOCUMENTS

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

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2020 (**2020 Financial**

Report);

- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the 2020 Financial Report and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure documents given by the Company to ASX after the lodgement of the 2020 Financial Report and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after the lodgement of the 2020 Financial Report and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

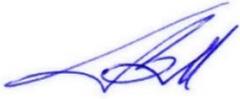
Date	Announcement
01/04/2021	Proposed issue of Securities - NAG
01/04/2021	\$2.6 Million Convertible Notes Raising
30/03/2021	Trading Halt
12/03/2021	Half Year Accounts
29/01/2021	Appendix 5B
29/01/2021	Quarterly Report
07/12/2020	Conditions To Whroo Joint Venture With Mawson Gold Satisfied
04/12/2020	New Constitution
01/12/2020	Change of Director's Interest Notice x 3
01/12/2020	Appendix 3G
30/11/2020	Results of Meeting
30/11/2020	CEO's Presentation to Shareholders
30/11/2020	Chairman's Address to Shareholders
02/11/2020	Appendix 4G
02/11/2020	Corporate Governance Statement

8. INFORMATION EXCLUDED FROM THE CONTINUOUS DISCLOSURE NOTICES

The Company advises that:

- (a) it is presently negotiating the acquisition of 565 acres of farmland that is partially covered by its mining licence MIN5412. The Company has not entered into a contract for the purchase of the land; however in the event that the Company proceeds with the purchase, approximately \$905,000 of the funds raised from the issue of the Series 9 Convertible Notes will be applied to the strategic acquisition of the farmland. It is likely that any settlement of the property purchase would occur in the first quarter of the 2022 financial year; and
- (b) it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and that other than the information referred to in paragraph (a) above, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- ii. the rights and liabilities attaching to the Series 9 Convertible Notes and Shares.



Mike Trumbull
Executive Chairman