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CHAIRMAN'S ADDRESS

BY MR MICHAEL TRUMBULL AT THE ANNUAL GENERAL MEETING OF NAGAMBIE RESOURCES LIMITED HELD AT THE INSTITUTE OF CHARTERED ACCOUNTANTS, LEVEL 18, BOURKE PLACE, 600 BOURKE STREET, MELBOURNE AT 11.00 AM (AEDT) ON FRIDAY 29 NOVEMBER 2019

Good morning fellow shareholders and guests.

Welcome to the 14th AGM for Nagambie Resources.

The CEO, James Earle, will later be giving a presentation on the current status of our significant gold and non-gold assets.

In this address, I would like to talk about the upcoming tendering of PASS management for the North East Link tunnelling project and the current and planned gold exploration program.

North East Link Project (NELP) PASS Management Tendering

In September 2019, the State Government announced the three consortiums that will be bidding for the construction of the road tunnels and associated works. Nagambie Resources expects the NELP sub-contractor tendering process by the three consortiums to commence in two months' time and take place over February, March and April 2020.

Underwater storage of PASS ("prevent oxidation"), such as at the Nagambie Mine, is best practice PASS management. Alternatives are disposal to landfill and lime treatment to neutralise the acid formed.

Very significantly, in October 2019, the Environment Protection Authority of Victoria (EPA) confirmed that all PASS from Melbourne's tunnelling projects that is tipped into landfill cells will incur the Landfill Levy, currently $65.90 per tonne. This is consistent with the EPA's stated policy to avoid PASS being disposed to landfill wherever possible.

Total PASS to be generated from NELP will be approximately 6.6 million tonnes - 1.2 million tonnes being PASS soil and 5.4 million tonnes being PASS rock. This quantity of PASS rock has never had to be managed before in Australia.

The PASS rock, which typically occurs deeper than 25m below surface, will be in the form of rock chips produced by the face cutters on the tunnel boring machines (TBMs). The TBMs for NELP will be very large and could be around 16 metres in diameter (think of the height of a five-story building). All three consortiums bidding for NELP will do so on the basis that the TBMs operate 24/7 and never stop boring, meaning that the PASS generated must be managed 24/7 until the tunnelling is completed.

Lime treatment of PASS soil is proven and accepted practice because, when carefully blended and thoroughly compacted, the lime remains in close contact with the sulphides

in the soil, even after heavy rainfall events. However, lime treatment of PASS rock chips, which could be 10 cm to 15 cm in size for NELP, has severe practical issues.

These include:

1) thorough compaction is impossible, meaning the blended lime can be washed away from the rock in heavy rainfall events unless the rock is totally underlain with compacted clay and/or a plastic lining, similar to the expensive requirements for a landfill site; and
2) the PASS rock chips, unlike PASS soil, will oxidise progressively over many years, with attendant acid drainage formation over many years.

A further practical issue for NELP is the 24/7 production rates of the TBMs. Production of PASS rock chips will peak at over 10,000 tonnes per day. Putting that daily tonnage of rock chips directly into landfill cells or under water can be managed but effectively blending that daily tonnage with lime and attempting to compact the blended material in all weather conditions 24/7 is extremely problematical.

For all these reasons, Nagambie Resources considers that the only practical operational alternative to underwater storage of PASS rock from NELP is disposal to landfill.

Putting aside the clear undesirability of using valuable remaining landfill space in Melbourne to take this PASS rock, the cost per tonne for the winning NELP bidding consortium to dispose of the PASS rock to landfill would be made up of the trucking cost, the Landfill Levy (currently $65.90) and the landfill owner's charge (to cover all landfill capital and operating costs and a profit margin).

Alternatively, the cost per tonne for underwater storage in the water-filled legacy Nagambie Pits, which can take around 5.0 million tonnes in total, would be the trucking cost (say $15 to $20 higher because of the extra travel distance) and Nagambie Resources' charge (to cover all Nagambie costs and a profit margin).

To be commercially competitive with landfill disposal of NELP PASS rock, Nagambie Resources' charge per tonne could be up to around $45 to $50 higher than the landfill owner's charge per tonne. If Melbourne landfills tendered say $40 per tonne (around half their normal owner's charge) because of the large tonnage involved (5.4 million tonnes), Nagambie Resources would need to tender commercially less than $85 to $90 per tonne.

Current and Planned Gold Exploration

Wandean diamond hole WTD002 is due to be completed today at around 1,000m downhole. The final results for WTD002 will be announced to the ASX in due course.

Significant fault zones were noted during drilling but only minor disseminated sulphides were intersected, certainly not enough to explain the strong Induced Polarisation (IP) chargeability anomaly. The highest chargeability value of 26 mV/m occurred approximately 770m down the planned hole and 300m vertically below surface. The drilled hole traversed around 15 metres below this chargeability high and geological reconstruction post-logging will check if faulting may vector to mineralisation above.

Planning for follow-up drilling at Wandean will await the detailed logging of WTD002 and full geological reconstruction of the stratigraphy, faulting and folding with that for the underlying WTD001. In addition, samples of the sediments at least every 50m downhole in WTD002 will be analysed for hydrothermal alteration using the protocols developed by Dr Denis Arne. Carbonates were noted in WTD002 close to the chargeability target zone and establishing the position of maximum hydrothermal alteration of the sediments could provide an important vector for subsequent drilling.

The Wandean IP chargeability anomaly has an east-west extent of 500m, being between 350m east and 850m east of the Wandean Crustal Fault, and covers all six of the north-south IP survey lines spaced 100m apart. The survey lines couldn't cover the Wandean Crustal Fault to the west as the fault lies under the Goulburn River at that point.

The next IP survey is now scheduled to commence in January 2020 after wheat cropping and baling of the stubble is completed. Importantly, the survey will cover the north-west-striking Wandean Crustal Fault for the first time, where it intersects the Nagambie Mine Thrust Fault and the Zanelli Thrust Fault to the west of the Nagambie Mine. The Wandean Crustal Fault is considered to be the pathway for the hydrothermal crustal fluids that resulted in the gold mineralisation at both Wandean and the Nagambie Mine. As a result, the IP chargeability readings at and east / west of the crustal fault / thrust fault intersections at Nagambie Mine West will be of particular interest and could generate exciting drill targets.

As usual I would like to thank the Company's very supportive and patient shareholders, my fellow directors, the CEO and his team and our expert consultants for another productive year.

Mike Trumbull
Executive Chairman