

Up to \$2.0 Million Share Placement

Nagambie Resources Limited (ASX: NAG) (“Nagambie” or the “Company”) is pleased to announce that it has received a commitment from Pioneer Resource Partners, LLC (the “Investor”), a US-based institutional investor, to invest up to \$2 million in Nagambie by way of share placements of ordinary shares of Nagambie (“Shares”).

Funding from the investment will be used by the Company to continue the accelerated diamond drilling of high-grade, antimony-gold, Costerfield-Mine-style vein systems at the 100%-owned Nagambie Mine, and for general working capital requirements.

Nagambie’s Executive Chairman, Mike Trumbull, commented: *“This investment by Pioneer comes at a good time for the Company. Nagambie’s drilling cost for the C1 vein system could be currently around only A\$10 per gold equivalent ounce and the mineralisation being outlined could be very-low operating cost, very-high operating margin mineralisation. Commencing in January next year, we are planning to drill for additional C vein systems to the west and south west of C1.”*

The Investor will make the Initial Investment of \$500,000 for \$549,451 worth of Shares next week and has given the Company a commitment for an additional \$1,500,000 of investment for \$1,648,352 worth of Shares (together with the Initial Investment, the “Commitment”). Nagambie will have the right to draw down funds under the Commitment in the Company’s discretion, during the 36-month term of the Commitment, as and when required by the Company, in tranches of \$100,000 to \$400,000, no more frequently than approximately monthly, within agreed parameters related to the Company’s market capitalisation and liquidity. The Investor will not be obligated to fund a tranche of the Commitment requested by the Company, if the market price of Nagambie’s shares is below \$0.05 and does not recover to above that level within three months; however, the Investor may accelerate the funding of the Commitment.

Each of the investments under the Commitment will be made by way of the Investor’s prepayment for Shares to be issued by the Company (“Placement Shares”). To the extent funding has been provided under the Commitment, the Company will issue Placement Shares, at the Investor’s request, within twenty-four months of the date of the corresponding prepayment made by the Investor under the Commitment. The number of shares to be issued by the Company in relation to the prepayment will be determined by applying the Purchase Price (as set out below) to the subscription amount of that prepayment, but subject to the Floor Price (as set out below).

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 shares, less a 9% discount, rounded down to the nearest tenth of a cent if the share price is at or below twenty cents, or otherwise to the nearest cent. The Purchase Price will, nevertheless, be the subject of the Floor Price of \$0.04. If the Purchase Price formula results in a price that is less than the Floor Price, the Company may forego issuing shares and instead opt to repay the applicable subscription amount in cash (with a 10% premium), subject to the Investor’s right to receive Placement Shares at the Floor Price in lieu of such cash repayment. The Purchase Price will not be the subject of a cap.

The Company may, at its option (and will have no obligation to), repay the subscription amount in cash to the extent that Placement Shares in relation to the subscription amount have not been issued within twenty-four months of the date of the funding. The Company will also have the right not to issue Placement Shares and instead opt to repay the subscription amount by making a payment to the Investor equal to the market value of the Placement Shares that would have otherwise been issued. The Company will not have an obligation to make the cash repayment.

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The Company will make an initial issuance of 1,480,000 Shares to the Investor at the time of the funding of the initial investment, towards the ultimate number of shares to be issued by the Company. Alternatively, in lieu of applying these shares towards the aggregate number of the shares to be issued, the Investor may make a further payment to the Company equal to the value of these shares determined using the Purchase Price at the time of the payment.

The Company has agreed to issue 1,419,355 Shares in satisfaction of a fee payable to the Investor.

By the order of the Board.



James Earle
Chief Executive Officer

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About Nagambie Resources:

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Oriented diamond drilling of structurally-controlled, high-grade antimony-gold underground targets within the Nagambie Mine Mining Licence and elsewhere in the 3,000 sq km of tenements in the Waranga Domain is being methodically carried out.

Nagambie Resources and Golden Camel Mining (GCM) have received approval for the construction and operation of a CIL gold toll treatment plant at the Nagambie Mine. GCM will pay 100% of all construction and commissioning costs; thereafter net operating cash flow will be shared 50:50. A future antimony flotation circuit is also planned.

Underwater storage of sulphidic excavation material (PASS) in the two legacy gold pits at the Nagambie Mine is an excellent environmental fit.

Bacterial recovery of residual gold from the 1990s heap leach pad is being investigated.

Mining and screening of sand and gravel deposits at the Nagambie Mine is also planned.