

CONVERSION OF SERIES 3 CONVERTIBLE NOTES

The remaining 21,289,447 unconverted Series 3 Nagambie Resources Limited Convertible Notes were all converted yesterday (4 May 2017) into fully paid ordinary shares.

25,000,000 notes were placed at 3.0 cents each to sophisticated and professional investors on 4 May 2012, raising a total of \$750,000. The 3.0 cent price represented a 43% premium to the last sale price for the fully paid ordinary shares at the time of 2.1 cents. The principal terms of the notes were:

- Interest payable every 6 months at a rate of 10% per annum;
- Notes convertible 1:1 into fully paid ordinary Nagambie Mining Limited shares at any time within the maximum 5-year life of the notes at the option of the holder;
- Notes redeemable in cash in full after 5 years if not converted; and
- Notes unsecured.

The conversion of the remaining Series 3 Convertible Notes reduces debt for the Company by \$638,683 and reduces annual interest going forward by \$63,868.



James Earle
Chief Executive Officer
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NAGAMBIE RESOURCES

Underwater storage of sulphidic excavation material (PASS) in the two legacy gold pits at the Nagambie Mine represents an excellent environmental fit with the construction of CBD high-rise buildings, the Melbourne Metro rail tunnels and the West Gate Tunnel road tunnels.

The discovery and development of shallow, open-pit and heap-leachable gold deposits is being methodically advanced. The Company has tenements encompassing historic Victorian goldfields at Nagambie, Clonbinane, Rushworth and Redcastle.

Quarrying, washing and screening of sand deposits at the mine to produce various sand and quartz aggregate products is planned.

Recycling of the overburden and tailings dumps produces road base material and road topping gravel for local roads.

The first landfill site is planned to take advantage of the 17 Ha of engineered black plastic under the mine tailings pad.

SHARES ON ISSUE

403,935,912

ASX CODE: NAG

Nagambie Resources Limited
ABN 42 111 587 163

**Registered, Operations &
Head Office**

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Board

Mike Trumbull (Exec. Chairman)
Geoff Turner (Exploration Dir.)
Kevin Perrin (Finance Director)
Alfonso Grillo (Company Sec.)

James Earle CEO

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Nagambie Resources Limited

ABN

42 111 587 163

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (Shares). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 21,289,447 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares on the same terms as the existing fully paid ordinary shares on issue. |

+ See chapter 19 for defined terms.

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4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Shares will rank equally with the fully paid shares on issue.
5	Issue price or consideration	\$0.03 per Share.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Conversion of convertible notes issued on 4 May 2012.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes.
6b	The date the security holder resolution under rule 7.1A was passed	25 November 2016.
6c	Number of +securities issued without security holder approval under rule 7.1	Nil.
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil.	
6f	Number of +securities issued under an exception in rule 7.2	21,289,447	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A.	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A.	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 Capacity: 53,368,720 7.1A Capacity: 40,156,925	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	4 May 2017.	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		403,935,912	Ordinary Shares

+ See chapter 19 for defined terms.

<p>9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="710 324 1013 369">Number</th> <th data-bbox="1013 324 1316 369">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="710 369 1013 481">4,750,000</td> <td data-bbox="1013 369 1316 481">Options exercisable at \$0.10 vesting 31 October 2012 and expiring 31 October 2017.</td> </tr> <tr> <td data-bbox="710 481 1013 593">9,500,000</td> <td data-bbox="1013 481 1316 593">Options exercisable at \$0.10 vesting 3 December 2013 and expiring on 3 December 2018.</td> </tr> <tr> <td data-bbox="710 593 1013 705">10,500,000</td> <td data-bbox="1013 593 1316 705">Options exercisable at \$0.10 vesting 28 December 2014 and expiring on 28 November 2019.</td> </tr> <tr> <td data-bbox="710 705 1013 817">3,500,000</td> <td data-bbox="1013 705 1316 817">Options exercisable at \$0.10 vesting 29 October 2015 and expiring on 16 November 2020.</td> </tr> <tr> <td data-bbox="710 817 1013 929">8,000,000</td> <td data-bbox="1013 817 1316 929">Options exercisable at \$0.10 vesting 16 November 2015 and expiring on 16 November 2020.</td> </tr> <tr> <td data-bbox="710 929 1013 1041">2,000,000</td> <td data-bbox="1013 929 1316 1041">Options exercisable at \$0.255 vesting 4 July 2016 and expiring on 4 July 2021.</td> </tr> <tr> <td data-bbox="710 1041 1013 1153">12,500,000</td> <td data-bbox="1013 1041 1316 1153">Options exercisable at \$0.25 vesting 30 November 2016 and expiring on 30 November 2021.</td> </tr> <tr> <td data-bbox="710 1153 1013 1265">18,680,000</td> <td data-bbox="1013 1153 1316 1265">Convertible notes each convertible into 1 ordinary share on or before 15 April 2020.</td> </tr> <tr> <td data-bbox="710 1265 1013 1355">3,333,333</td> <td data-bbox="1013 1265 1316 1355">Convertible notes each convertible into 1 ordinary share on or before 17 September 2021.</td> </tr> </tbody> </table>	Number	⁺ Class	4,750,000	Options exercisable at \$0.10 vesting 31 October 2012 and expiring 31 October 2017.	9,500,000	Options exercisable at \$0.10 vesting 3 December 2013 and expiring on 3 December 2018.	10,500,000	Options exercisable at \$0.10 vesting 28 December 2014 and expiring on 28 November 2019.	3,500,000	Options exercisable at \$0.10 vesting 29 October 2015 and expiring on 16 November 2020.	8,000,000	Options exercisable at \$0.10 vesting 16 November 2015 and expiring on 16 November 2020.	2,000,000	Options exercisable at \$0.255 vesting 4 July 2016 and expiring on 4 July 2021.	12,500,000	Options exercisable at \$0.25 vesting 30 November 2016 and expiring on 30 November 2021.	18,680,000	Convertible notes each convertible into 1 ordinary share on or before 15 April 2020.	3,333,333	Convertible notes each convertible into 1 ordinary share on or before 17 September 2021.	
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<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>The directors of the Company may from time to time determine to distribute the profits of the Company by way of dividend amongst the Shareholders in proportion to the amounts paid up on the Shares held by them.</p>																					

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A.
12	Is the issue renounceable or non-renounceable?	N/A.
13	Ratio in which the +securities will be offered	N/A.
14	+Class of +securities to which the offer relates	N/A.
15	+Record date to determine entitlements	N/A.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A.
17	Policy for deciding entitlements in relation to fractions	N/A.
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A.
19	Closing date for receipt of acceptances or renunciations	N/A.

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A.
21	Amount of any underwriting fee or commission	N/A.
22	Names of any brokers to the issue	N/A.
23	Fee or commission payable to the broker to the issue	N/A.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A.
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A.
28	Date rights trading will begin (if applicable)	N/A.
29	Date rights trading will end (if applicable)	N/A.
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A.

+ See chapter 19 for defined terms.

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

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Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

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39 +Class of +securities for which quotation is sought

--

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

--

42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

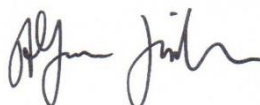
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Company secretary)

Date: 5 May 2017

Print name: Alfonso Grillo

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	347,238,110
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p>Note:</p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>21,289,447 fully paid ordinary shares (Issued 4 May 2017, Rule 7.2, Exception 4).</p> <p>12,000,022 fully paid ordinary shares (Issued 15 March 2017, Rule 7.2, Exception 15).</p> <p>400,000 fully paid ordinary shares (Issued 29 November 2016, Rule 7.2, Exception 4).</p> <p>11,575,000 fully paid ordinary shares (Issued 1 September 2016, Rule 7.2, Exception 4).</p> <p>250,000 fully paid ordinary shares (Issued 11 August 2016, Rule 7.2, Exception 4).</p> <p>4,666,666 fully paid ordinary shares (Issued 14 July 2016, Rule 7.4).</p> <p>150,000 fully paid ordinary shares (Issued 13 July 2016, Rule 7.2, Exception 4).</p> <p>3,150,000 fully paid ordinary shares (Issued 24 June 2016, Rule 7.2, Exception 4).</p> <p>150,000 fully paid ordinary shares (Issued 17 June 2016, Rule 7.2, Exception 4).</p> <p>550,000 fully paid ordinary shares (Issued 7 June 2016, Rule 7.2, Exception 4).</p> <p>150,000 fully paid ordinary shares (Issued 3 June 2016, Rule 7.2, Exception 4).</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil

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“A”	401,569,245
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+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	60,235,387
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	4,500,000 options (30 November 2016) 2,366,667 fully paid ordinary shares (Issued 15 March 2017).
“C”	6,866,667
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	60,235,387
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	6,866,667
Total [“A” x 0.15] – “C”	53,368,720 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	401,569,245
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	40,156,925
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	0

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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	40,156,925
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	0
Total ["A" x 0.10] – "E"	40,156,925 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.