



Financial Report

Half-year ended 31 December 2021

**Nagambie Resources Limited
and Controlled Entities**

Corporate Directory

NAGAMBIE RESOURCES LIMITED ABN 42 111 587 163
NAGAMBIE DEVELOPMENTS PTY LTD ABN 37 130 706 311
NAGAMBIE LANDFILL PTY LTD ABN 90 100 048 075

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Nagambie Vic 3608
PO Box 339
Telephone: (03) 5794 1750
Website: www.nagambieresources.com.au
Email: info@nagambieresources.com.au

DIRECTORS

Michael W Trumbull (Executive Chairman)
Alfonso M G Grillo (Non-Executive Director)
William T Colvin (Non-Executive Director) Appointed 08/09/2021
Gary R Davison (Non-Executive Director) Resigned 08/09/2021

CHIEF EXECUTIVE OFFICER

James C Earle

COMPANY SECRETARY

Alfonso M G Grillo

PRINCIPAL LEGAL ADVISER

GrilloHiggins Lawyers
Level 4, 114 William Street
Melbourne Vic 3000
Telephone: (03) 8621 8881
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AUDITOR

William Buck (Vic) Audit Pty Ltd
Level 20, 181 William Street
Melbourne Vic 3000

SHARE REGISTRY

Automic Pty Ltd
Level 3, 50 Holt Street
Surry Hills NSW 2010
Telephone: 1300 288 664
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SECURITIES EXCHANGE LISTING

Nagambie Resources Limited shares are listed on the Australian Securities Exchange
ASX code: NAG

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Directors' Report

The Directors of Nagambie Resources Limited (the Company) submit herewith the Financial Report of the Company and its controlled entities (the Group) for the half-year ended 31 December 2021.

Directors

The names of the Directors in office during the half-year and until the date of this report were:

Michael W Trumbull	(Executive Chairman)	
Alfonso M G Grillo	(Non-Executive Director)	
William T Colvin	(Non-Executive Director)	Appointed 8 September 2021
Gary R Davison	(Non-Executive Director)	Resigned 8 September 2021

Principal activities

The principal activities of the group during the financial period were the exploration for, and development of, gold, associated minerals including antimony, and construction materials in Australia and the investigation and development of waste handling assets.

Review of Operations

Gold exploration for high-grade gold deposits in central Victoria was further advanced during the half year, both as standalone projects and as joint-venture projects with Mawson Gold. The potential recovery of residual gold in the heap leach pad at the Nagambie Mine utilising naturally-occurring bacteria continued to be tested at an Australian laboratory. The environmental and logistical advantages of underwater PASS Management at the Nagambie Mine as part of mine rehabilitation were also further promoted during the half year. Nagambie Resources also entered into a joint venture to construct and operate a gold toll treatment plant at the Nagambie Mine.

Nagambie Resources' Gold Exploration

The probable location of the sulphide-gold feeder zone for the Nagambie Mine has been extended further to the south west of the West Pit with the drilling of the NAD004, NAD005 and NAD006 diamond core holes. The total strike length of the Nagambie Mine plus the Feeder Zone could be around 4 km.

Joint Ventures with Mawson Gold

Mawson Gold have carried out extensive geophysics and drilling at the Redcastle JV Property. Nagambie Resources has been advised by Mawson Gold that it has expended over \$1.0 million to date on the Property, earning a 70% interest. The next step is to formally set up a 70:30 Mawson Gold:Nagambie Resources JV with Mawson Gold as Manager. Nagambie Resources will decide whether to retain a 30% interest and commence contributing to expenditure, or dilute further, after it receives Mawson Gold's detailed work program and budget.

Late in the half, Mawson Gold drilled two diamond holes under the Balaclava Hill workings in the Whroo JV Property and advised that it had met its commitment in the first year to earn 0% by paying \$100,000 cash to Nagambie Resources and spending \$400,000 on exploration. Nagambie Resources, at its option, could ultimately retain up to 30% or 40% of the Whroo JV Property.

Bacterial Recovery of Residual Gold in the historic Heap Leach Pad

Following the first program of bacterial speciation and gold recovery testwork at the chosen Australian laboratory, Nagambie Resources is seeking an additional federal grant, with the assistance of the laboratory, to carry out more detailed and larger scale gold recovery testwork.

PASS Management Project

Best practice management of PASS, potential acid sulfate soil or rock, is to store it under water, preventing oxidation and acid formation. Nagambie Resources has an Environment Protection Authority of Victoria (EPA)-approved Environment Management Plan (EMP) to store PASS in the legacy water-filled pits at the Nagambie Mine as part of the proposed rehabilitation of those pits.

During the half year, Nagambie Resources continued to promote the Nagambie Mine's environmental and logistical advantages for PASS management, particularly for large tonnage projects such as the North East Link Project (NELP). The Spark consortium was announced as the Preferred Bidder for the construction of the NELP tunnels in June 2021. Between February 2021 and the present, the Spark consortium has progressively engaged with Nagambie Resources for specific technical and pricing information regarding "Underwater Storage" PASS Management at the Nagambie Mine.

Toll Treatment Plant

Nagambie Resources and Golden Camel Mining (GCM) received approval for the construction and operation of an oxide-gold toll treatment facility at the Nagambie Mine. Under the joint venture, GCM will pay 100% of all the construction and commissioning costs; thereafter all revenues and costs will be shared 50:50. Initial feed for the plant will be trucked from GCM's Golden Camel Mine.

Subsequent Events

On 25 January 2022, the Company announced the 2022 Share Purchase Plan (SPP) to:

- (a) drill follow up holes, after diamond hole NAD006 is completed, into the highly prospective sulphide-gold Nagambie Mine Feeder Zone target to the south west of the 1990s West Pit;
- (b) continue to progress several development projects at the Nagambie Mine site, including the potential bacterial leaching of residual gold in the 1990s heap leach pad; and
- (c) add to general working capital.

The SPP closed on 10 March and \$342,300 was subscribed for 6,458,490 fully-paid ordinary shares at 5.3 cents per share. With the same closing date, the Company also placed 6,755,340 fully-paid ordinary shares at 5.3 cents each to sophisticated and professional investors for an additional \$358,033. The total equity raised was \$700,333 from the issue of a total 13,213,830 new shares at 5.3 cents per share.

In February 2022, Mawson Gold and Nagambie Resources released very encouraging drilling results for the first deep diamond core hole under Balaclava Hill in the Whroo JV Property. The peak assays for gold and antimony were 49.7 g/t Au and 16.5% Sb.

Following the receipt of the Balaclava Hill assays, Nagambie Resources revisited the best economic-grade gold-antimony intersection at its 100%-owned Nagambie Mine and analysed it in detail. That spectacular-looking intersection in 2006 under the West Pit consisted of multiple massive stibnite veins with gold grades up to 24 g/t Au and antimony grades up to 60% Sb but was not successfully followed up at that time. In early March 2022, Nagambie Resources announced that it now considers that the gold-antimony mineralisation below the West Pit will have continuity in a more N-S direction, probably NNW-SSE, rather than an E-W direction as had been initially assumed by the exploration management team at that time. An initial program of two shallow, scissored, oriented diamond drill holes, to establish the strike and dip of the stibnite veins, and vertical continuity, is planned to commence in late March 2022. The target model for the high-grade gold-antimony mineralisation is the Costerfield Mine which is 45 km west of the Nagambie Mine and, in 2020, was the 6th-highest-grade global underground gold mine and a top 5 global producer of antimony.

Auditor's independence declaration

The auditor's independence declaration is attached to this directors' report.

Signed in accordance with a resolution of directors.

On behalf of the directors



Michael W Trumbull
Executive Chairman

Melbourne
15 March 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF NAGAMBIE RESOURCES
LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

Alan Finnis

A. A. Finnis
Director

Melbourne, 15 March 2022

ACCOUNTANTS & ADVISORS

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Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2021

	Consolidated	
	31 Dec 2021	Restated 31 Dec 2020
Note	\$	\$
Revenue		
Rental income	109,841	104,280
Sale of non-gold materials	25,589	19,764
Other income	2,318	36,126
Total Revenue	137,748	160,170
Expenses		
Corporate expenses	(217,518)	(252,165)
Cost of sales and rehabilitation	(6,031)	(15,308)
Depreciation	(103,103)	(113,078)
Directors and employee benefits expense	(786,788)	(626,108)
Finance costs	(405,818)	(326,050)
Total Expenses	(1,519,258)	(1,332,709)
Loss before income tax	(1,381,510)	(1,172,539)
Income tax benefit	-	-
Loss for the period	(1,381,510)	(1,172,539)
Other Comprehensive Income		
<i>Items that will not be re-classified to profit or loss</i>		
Movement in Fair Value of investments	(558,879)	(96,062)
Total comprehensive loss for the period	(1,940,389)	(1,268,601)
Loss per share		
Basic and diluted loss per share in cents	(0.31)	(0.26)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 31 December 2021

	Note	Consolidated	
		31 Dec 2021 \$	Restated 30 Jun 2021 \$
Current assets			
Cash and cash equivalents		190,106	1,359,055
Deposit paid		-	90,500
Prepayments		70,337	-
Trade and other receivables		46,792	76,298
Equity investments at fair value	4	508,464	2,039,706
Total current assets		815,699	3,565,559
Non-current assets			
Security deposits		739,694	739,559
Property, plant and equipment		1,197,408	254,101
Right of use assets		452,121	544,162
Exploration and evaluation assets	5	13,875,805	13,282,132
Total non-current assets		16,265,028	14,819,954
Total assets		17,080,727	18,385,513
Current liabilities			
Borrowings	6	1,511,631	-
Trade and other payables		238,162	359,250
Lease liabilities		165,974	254,640
Provisions		58,112	47,522
Contract liabilities		41,876	41,876
Total current liabilities		2,015,755	703,288
Non-current liabilities			
Borrowings	6	4,172,964	5,518,801
Lease liabilities		-	62,076
Provisions		25,670	23,063
Total non-current liabilities		4,198,634	5,603,940
Total liabilities		6,214,389	6,307,228
Net assets		10,866,338	12,078,285
Equity			
Issued capital	7	27,284,103	27,284,103
Reserves		4,245,464	2,562,295
Accumulated losses		(20,663,229)	(19,737,410)
Total equity		10,866,338	12,078,285

The accompanying notes form part of these financial statement

Statement of Changes in Equity for the half-year ended 31 December 2021

	Consolidated					Total \$
	Issued capital \$	Options reserve \$	Asset revaluation reserve \$	Convertible notes reserve \$	Accumulated losses \$	
Balance at 1 July 2020	27,284,103	2,105,677	1,236,697	-	(17,926,357)	12,700,120
Adjustment for correction of error (Note 3)	-	-	-	1,283,836	(401,016)	882,820
Balance at 1 July 2020 restated	27,284,103	2,105,677	1,236,697	1,283,836	(18,327,373)	13,582,940
Loss for the year	-	-	-	-	(1,172,539)	(1,172,539)
Other comprehensive income	-	-	(96,062)	-	-	(96,062)
Total comprehensive income	-	-	(96,062)	-	(1,172,539)	(1,268,601)
Recognition of share based payments	-	571,618	-	-	-	571,618
Transfer of gain on disposal of Investment	-	-	(426,265)	-	426,265	-
Transfer of value of options lapsed	-	(115,000)	-	-	115,000	-
Balance at 31 Dec 2020 restated	27,284,103	2,562,295	714,370	1,283,836	(18,958,647)	12,885,957
Balance at 1 July 2021	27,284,103	2,562,295	(311,301)	-	(19,072,011)	10,463,086
Adjustment for correction of error (Note 3)	-	-	-	2,280,598	(665,399)	1,615,199
Balance at 1 July 2021 restated	27,284,103	2,562,295	(311,301)	2,280,598	(19,737,410)	12,078,285
Loss for the half year	-	-	-	-	(1,381,510)	(1,381,510)
Other comprehensive income	-	-	(558,879)	-	-	(558,879)
Total comprehensive income	-	-	(558,879)	-	(1,381,510)	(1,940,389)
Recognition of share based payments	-	728,442	-	-	-	728,442
Transfer of loss on disposal of investment	-	-	41,879	-	(41,879)	-
Transfer value of options lapsed	-	(497,570)	-	-	497,570	-
Balance at 31 December 2021	27,284,103	2,793,167	(828,301)	2,280,598	(20,663,229)	10,866,338

The accompanying notes form part of these financial statements

Statement of Cash Flows for the half-year ended 31 December 2021

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Cash flows from operating activities		
Receipts from customers	166,581	142,106
Payments to suppliers and employees	(460,123)	(160,312)
Interest received	538	3,121
Interest paid	(240,024)	(235,579)
Net cash used in operating activities	(533,028)	(250,664)
Cash flows from investing activities		
Receipts from disposal of plant and equipment	-	5,000
Receipts from disposal of investments	972,363	755,480
Payments for exploration expenditure	(593,672)	(496,934)
Payments for property plant and equipment	(863,870)	-
Payments for security bonds	-	(30,000)
Net cash used in investing activities	(485,179)	233,546
Cash flows from financing activities		
Repayment of lease liabilities	(150,742)	(122,442)
Net cash provided by financing activities	(150,742)	(122,442)
Net decrease in cash and cash equivalents	(1,168,949)	(139,560)
Cash and cash equivalents at the beginning of the financial period	1,359,055	224,057
Cash and cash equivalents at the end of the financial period	190,106	84,497

Notes to the Financial Statements for the half-year ended 31 December 2021

1. General Information

Nagambie Resources Limited (Nagambie Resources or the Company) is a company domiciled in Australia. The half-year financial report of the Company as at and for the half-year ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the Group).

2. Significant accounting policies

Statement of Compliance

These general purpose financial statements have been prepared in accordance with *AASB 134 Interim Financial Reporting* and *the Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 134 Interim Financial Reporting*.

The half-year financial statements do not include all notes of the type normally included with the Annual Financial Statements. They therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full annual financial statements. The half-year financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The financial statements have been prepared on an accruals basis using historical cost with the exception of equity investments which are measured at fair value and the going concern basis of accounting. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the functional and presentation currency of the Company and its controlled entities. Comparative information where necessary has been reclassified in order to achieve consistency in presentation with amounts disclosed in the current period.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the operations and effective for the current reporting period. The adopting of those Standards has not had any impact on the disclosures, or the amounts recognised in the Group's consolidated financial statements.

New or amended Accounting Standards and Interpretations adopted

The accounting policies adopted in the preparation of the consolidated financial statements differ with those followed in the preparation of The Group's annual consolidated financial statements for the year ended 30 June 2021. The Company has adopted AASB 132 Financial Instruments and now reports the difference between the face value of convertible notes issued and the carrying value in equity. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Going concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity generated a net loss after income tax expense for the period ended 31 December 2021 of \$1,381,510 (2020: \$1,172,539) and at reporting date has net assets of \$10,866,338 (30 June 2021: \$12,078,285) including \$13,875,805 (30 June 2021: \$12,282,132) of capitalised exploration, evaluation and development costs. The consolidated entity's working capital deficit, being current assets less current liabilities was \$1,200,056 at 31 December 2021 (30 June 2021: working capital surplus \$2,862,271).

The biggest impact on the current net assets deficit is the movement of the redemption of the Series 6 convertible notes into the next 12 months. \$1.8 million of those notes could be due for redemption on 17 November 2022, depending on the Company's share price at the time compared with the face value of the notes of 10.0 cents per note. The Company to date has successfully negotiated with the holders of Series 1, 2, 3, 4 and 5 convertible notes for the roll over of those notes into new notes on terms acceptable to both the noteholders and the Company. The holders of the Series 6 convertible notes hold notes in later-series notes and the Company is confident of being able to roll all the Series 6 notes into Series 10 notes well before 17 November 2022 if necessary.

Going concern (continued)

Subsequent to the end of the half year the consolidated entity has progressed plans to raise required capital. On the basis of the disclosures above a material uncertainty exists for the consolidated entity to continue as a going concern.

As per Subsequent Events in the Directors' Report, the Company, with a closing date of 10 March 2022, has raised a total of \$700,333 from the issue of 13,213,830 new fully-paid ordinary shares at 5.3 cents per share.

The Directors have concluded that the going concern basis is appropriate, based on analysis of the consolidated entity's existing cash reserves and internal cash flow forecasts which include their current best estimate of expected future financial commitments and other cash flows over the next 12 months.

If the actual outcomes differ significantly from the cash flow forecast estimates made and the consolidated entity has additional cash requirements, the consolidated entity may need to take one or more of the following measures when necessary:

- Raise additional capital. The consolidated entity has demonstrated its ability to raise capital over many years and the Directors are confident that a future capital raising would be successful;
- Obtain letters of support from convertible notes holders, indicating their intention to convert their notes;
- Sale or mortgage of freehold property;
- Continue to reduce corporate overhead costs;
- Continue to pursue opportunities to farm-out part of the consolidated entity's exploration interests.

On this basis no adjustments have made to the financial report relating to the recoverability and classification of the carrying amount of the assets or the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

If the going concern basis of accounting is found to be no longer appropriate, the recoverable amounts of the assets shown on the consolidated statement of financial position sheet are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly, from those reflected.

3. Restatement of Financial Statements as a Result of Change in Accounting Policy and Correction of an Error

The Company was reporting the convertibles notes it had issued at face value as either a Current liability or Non-current liability depending on when those liabilities fell due.

AASB 132 *Financial Instruments: Presentation* requires that the debt component of convertible notes, with fixed conversion formulae, be valued at fair value upon initial recognition (the date upon which the Company and the convertible noteholder became party to contract), with any difference between the face value of those notes and the fair value of the debt component recognised in equity.

Following the directors of the Company taking up the fair value of the four tranches of convertible notes the following items have been adjusted and restated as if valued at fair value upon initial recognition.

Profit and Loss 31 December 2020	Reported \$	Adjusted \$	Restated \$
Finance costs	(235,580)	(90,470)	(326,050)
Loss for the half-year	(1,082,069)	(90,470)	(1,172,539)
Basic and diluted loss per share in cents	(0.22)	(0.04)	(0.26)
Statement of Financial Position 1 July 2020			
Borrowings	3,634,000	(882,820)	2,751,180

Equity			
Convertible notes reserve	-	1,283,836	1,283,836
Accumulated losses	(17,926,357)	(401,016)	(18,327,373)
Statement of Financial Position 30 June 2021			
Borrowings	7,134,000	(1,615,199)	5,518,801
Equity			
Convertible notes reserve	-	2,280,598	2,280,598
Accumulated losses	(19,072,011)	(665,399)	(19,737,410)

4. Equity Investments at fair Value

Current assets as at 30 June 2021

Shares in Mawson Gold Limited	2,039,706
Sale of investments during the period at fair value	(972,363)
Revaluation on investments held at 31 December	(558,879)
Total Equity Investments at fair value as at 31 December 2021	508,464

	31 Dec 2021	30 Jun 2021
Current assets	\$	\$
Shares in Mawson Gold Limited	508,464	2,039,706
Total Equity Investments at fair value as at	508,464	2,039,706

The shares shown above as current assets are those which are available for sale within the next 12 months.

The difference between fair value at balance date and the cost at the date of the transaction for equity investments is \$(828,301) which is reflected in the Asset revaluation reserve.

Financial assets at fair value through other comprehensive income relate to Mawson Gold Limited which are ordinary shares in a company listed on the Toronto Stock Exchange. These have been valued at the quoted prices at accordance with AASB 13, using Level 1 of the fair value hierarchy – quoted price (unadjusted) in active markets for identical assets or liabilities.

AASB 13 'Fair Value Measurement' requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. Exploration and evaluation assets

	31 Dec 2021	30 Jun 2021
	\$	\$
Opening balance	13,282,132	12,149,498
Less Mawson Gold Limited option conditions payment		(100,000)
Expenditure for the period	593,673	1,232,634
Closing Balance	13,875,805	13,282,132

During the half-year the Group reassessed the recoverable value of all tenement areas of interest to which exploration costs had been capitalised and no impairment was deemed applicable. No tenements have been relinquished during the reporting period.

6. Borrowings

	31 Dec 2021	30 Jun 2021
	\$	\$
Current		
Convertible Notes Series 6		
Series 6 Face value of notes issued	1,800,000	-
Series 6 Equity component	(691,837)	-
Series 6 Interest	403,468	-
Total current borrowings	1,511,631	-
Non-Current		
Convertible Notes Series 6		
Series 6 Face value of notes issued	-	1,800,000
Series 6 Equity component	-	(691,837)
Series 6 Interest	-	355,901
	-	1,464,064
Convertible Notes Series 7		
Series 7 Face value of notes issued	700,000	700,000
Series 7 Equity component	(269,048)	(269,048)
Series 7 Interest	128,158	109,660
	559,110	540,612
Convertible Notes Series 8		
Series 8 Face value of notes issued	1,134,000	1,134,000
Series 8 Equity component	(322,951)	(322,951)
Series 8 Interest	140,802	116,397
	951,851	927,446
Convertible Notes Series 9		
Series 9 Face value of notes issued	3,500,000	3,500,000
Series 9 Equity component	(996,762)	(996,762)
Series 9 Interest	158,765	83,441
	2,662,003	2,586,679
Total non-current borrowings	4,172,964	5,518,801
Total borrowings	5,684,595	5,518,801

(a) As at 31 December 2021 the Company has 4 series of Unsecured Convertible Notes on issue for a total face value of \$7,134,000.

Series 6: 18,000,000 Notes issued at 10 cents on 17 November 2017 for a total of \$1,800,000

Series 7: 7,000,000 Notes issued at 10 cents on 27 February 2019 for a total of \$700,000

Series 8: 22,680,000 Notes issued at 5 cents on 19 January 2020 for a total of \$1,134,000

Series 9: 35,000,000 Notes issued at 10 cents on 13 April 2021 for a total of \$3,500,000

Each series of Convertible Note has the following terms:

- Interest is payable at 10% per annum every six months in arrears after the issue date;
- Convertible on a 1 for 1 basis into ordinary shares in the company at any time prior to the maturity date at the option of the note holder;
- Redeemable for cash in full after 5 years, if not converted;
- Unsecured but rank ahead of shareholders; and
- Protected for reorganisation events such as bonus issues and share consolidations.

7. Issued Capital

Issued and paid up capital	No. Shares	\$ Issued Capital
Opening Balance at 1 July 2021	449,932,346	27,284,103
Balance 31 December 2021	449,932,346	27,284,103

8. Share options

A total of 14,650,000 options were issued to directors and employees during the half-year. All options vested immediately on issue. All options were issued with an exercise price of 11.25 cents per share and an expiry date of 26 November 2026. They were valued using a binomial model and the expense was \$728,442.

The fair value of the share options granted during the half-year is 4.97 cents. Options were priced using a Binomial option valuation model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years. The options may be exercised early, but not before vesting date.

Inputs into the valuation model	
Grant date	26/11/2021
Options Issued	14,650,000
Share price at grant date	7.6 cents
Exercise price	11.25 cents
Expected volatility	95.00%
Option life	5 years
Dividend yield	Nil
Risk free interest rate	0.64%
Vesting date	26/11/2021

No options were exercised during the half-year 14,500,000 options lapsed in the period.

	Date	Options on issue	Options reserve balance
Opening balance	30 Jun 2021	75,300,000	\$ 2,562,295
Lapsed	4 Jul 2021	(2,000,000)	\$ (67,964)
Lapsed	30 Nov 2021	(12,500,000)	\$ (429,606)
Grant	26 Nov 2021	14,650,000	\$ 728,442
Closing balance	31 Dec 2021	75,450,000	\$ 2,793,167

9. Segment information

The Group operates in one principal geographical area – in Australia. The Group carries out the exploration for gold and associated minerals. The Group is also progressing opportunities available from the underwater storage of PASS material from Melbourne construction projects and the development of waste handling facilities. The Group is currently developing revenue streams from the sale of construction industry materials located on its freehold land. This is not a separate segment but arises as a by-product of gold exploration and evaluation.

10. Planned capital expenditure

The Group holds various tenements for its mineral exploration activities. These tenements require the Group to meet minimum capital expenditure requirements. To satisfy those requirements, the Group has to expend \$1,127,710 for the 12 months ending 31 December 2022. Thereafter it expects to spend approximately \$1,100,000 every 12 months indexed at CPI for as long as it maintains its current portfolio of tenements.

The tenements also have environmental clauses that require the Group to restore the disturbed area of interest back to a condition that satisfies the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). Security deposits of \$557,000 are held with the Group banker to guarantee these obligations with a further \$30,000 held directly by DEDJTR.

11. Contingent liabilities

Apart from the matter mentioned in Note 10, the Group has no contingent liabilities as at 31 December 2021 (June 2021 Nil).

12. Events subsequent to balance date

On 25 January 2022, the Company announced the 2022 Share Purchase Plan (SPP) to:

- (a) drill follow up holes, after diamond hole NAD006 is completed, into the highly prospective sulphide-gold Nagambie Mine Feeder Zone target to the south west of the 1990s West Pit;
- (b) continue to progress several development projects at the Nagambie Mine site, including the potential bacterial leaching of residual gold in the 1990s heap leach pad; and
- (c) add to general working capital.

The SPP closed on 10 March and raised \$342,300 from the subscription of 6,458,490 fully-paid ordinary shares at 5.3 cents per share. With the same closing date, the Company also placed 6,755,340 fully-paid ordinary shares at 5.3 cents each to sophisticated and professional investors, raising an additional \$358,033. The total equity raised was \$700,333.

In February 2022, Mawson Gold and Nagambie Resources released very encouraging drilling results for the first deep diamond core hole under Balaclava Hill in the Whroo JV Property. The peak assays for gold and antimony were 49.7 g/t Au and 16.5% Sb.

Following the receipt of the Balaclava Hill assays, Nagambie Resources revisited the best economic-grade gold-antimony intersection at its 100%-owned Nagambie Mine and analysed it in detail. That spectacular-looking intersection in 2006 under the West Pit consisted of multiple massive stibnite veins with gold grades up to 24 g/t Au and antimony grades up to 60% Sb but was not successfully followed up at that time. In early March, Nagambie Resources announced that it now considers that the gold-antimony mineralisation below the West Pit will have continuity in a more N-S direction, probably NNW-SSE, rather than an E-W direction as had been initially assumed by the exploration management team at that time. An initial program of two shallow, scissored, oriented diamond drill holes, to establish the strike and dip of the stibnite veins, and vertical continuity, is planned to commence in late March 2022. The target model for the high-grade gold-antimony mineralisation is the Costerfield Mine which is 45 km west of the Nagambie Mine and, in 2020, was the 6th-highest-grade global underground gold mine and a top 5 global producer of antimony.

Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



Michael W Trumbull
Executive Chairman

Melbourne
15 March 2022

Nagambie Resources Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Nagambie Resources Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nagambie Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the half-year financial report which indicates that the consolidated group incurred a net loss before income tax of \$1,381,510 and is in a net working capital deficiency of \$1,200,056. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 3 of the half-year financial report which indicates that the consolidated group has restated the comparative information due to a change in accounting policy in relation to *AASB 132 Financial Instruments: Presentation*. Our conclusion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads "William Buck".

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

A handwritten signature in black ink that reads "A. A. Finnis".

A. A. FINNIS

Director

Melbourne, 15 March 2022