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Financial Report

Half-year ended 31 December 2022

**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

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AUDITOR

RSM Australia Partners
 Level 21, 55 Collins Street
 Melbourne Vic 3000

SHARE REGISTRY

Automic Pty Ltd
 Level 3, 50 Holt Street
 Surry Hills NSW 2010
 Telephone: 1300 288 664
www.automic.com.au

DIRECTORS

Michael W Trumbull (Executive Chairman)
 Alfonso M G Grillo (Non-Executive Director)
 William T Colvin (Non-Executive Director)
 Warwick Grigor (Non-Executive Director) Appointed 04/10/2022

CHIEF EXECUTIVE OFFICER

James C Earle

COMPANY SECRETARY

Alfonso M G Grillo

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 2022.

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)
Warwick Grigor	(Non-Executive Director) Appointed 4 October 2022

Principal activities

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

Review of Operations

Gold exploration for high-grade, Costerfield-Mine-style, antimony-gold vein systems at the company's 100%-owned Nagambie Mine accelerated during the half year. The potential recovery of residual gold in the heap leach pad at the Nagambie Mine, utilising naturally-occurring bacteria, continued to be advanced at an Australian laboratory. The environmental and logistical advantages of underwater PASS Management at the Nagambie Mine as part of mine rehabilitation were continued to be promoted during the half year. Nagambie's joint venture with Golden Camel to construct and operate a gold toll treatment plant at the Nagambie Mine was delayed due to Golden Camel's extended project financing negotiations.

Nagambie Resources' Gold Exploration

In March 2022, the company revisited the best economic-grade, gold-antimony intersection at the 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. Targeted diamond drilling commenced in April 2022 and was immediately successful in establishing that the stibnite veins in fact had a NNW strike.

Historically, all mineralisation at the Nagambie Mine had been simplistically thought to run E-W and all exploration holes were drilled N-S to hit the expected mineralisation at right angles. It is now evident that, post the E-W mineralisation, secondary antimony-gold mineralisation had been emplaced as variable thickness veins in N- to NNW-striking cross faults.

In November 2022, Nagambie announced the discovery of the first high-grade, antimony-gold vein system, C1, under the West Pit – an important discovery for the company, the Nagambie region and Victoria.

The first eight waste-diluted, mineable intersections within the C1 vein-system averaged 7.4% antimony (Sb), 3.0 g/t gold (Au) and 20.5 g/t gold equivalent (AuEq). The company's updated gold model predicted the existence of more such C-vein systems to the W and SW of C1.

Antimony Refinery Interest

Preliminary discussions were held late in the half year with a large overseas antimony-gold refinery that approached Nagambie in regard to an offtake arrangement for Nagambie's future antimony-gold flotation concentrate.

Gold Exploration Joint Ventures with Southern Cross Gold

Southern Cross currently manages gold exploration within the Redcastle and Whroo JV Properties of 75 sq km and 179 sq km respectively. No material activity was carried out on the two JV Properties during the half year.

Gold Tenements

Nagambie's tenements, as at 31 December 2022, totalled 3,336.5 sq km in central Victoria.

Bacterial Recovery of Residual Gold in the historic Heap Leach Pad at the Nagambie Mine

\$50,000 of funding assistance for Stage 2 of laboratory testwork, using larger samples from the Nagambie Mine and more bacteria options, was approved under the Federal Government's Innovation Connections Program. The Perth-based laboratory, which is carrying out the work, also agreed to contribute an additional \$55,000 to the Stage 2 work given its positive assessment of the project. The Stage 2 work has now commenced.

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.

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During the half year, the Spark consortium placed orders for two large tunnel-boring machines (TBMs) to excavate the road tunnels for the North East Link Project (NELP), commencing early in CY2024. Nagambie is one of the bidders for the NELP PASS storage and is awaiting advice from the Spark consortium.

Bids were requested for PASS storage for the first stage of the Victorian Government's Suburban Rail Loop Project and Nagambie submitted a bid for underwater storage of the PASS at the Nagambie Mine.

Toll Treatment Plant Joint Venture

Nagambie Resources and Golden Camel Mining (GCM) are proceeding with the construction and operation of a 300,000 tonnes per annum toll treatment facility at the Nagambie Mine. GCM is the Manager and is paying 100% of all additional infrastructure, construction and commissioning costs. After commissioning, all revenues and operating costs will be shared 50:50. Initial feed for the plant is to be trucked from GCM's Golden Camel Mine.

GCM has refurbished key components of the plant and is finalising its financial arrangements with external parties. GCM has advised Nagambie that commissioning of the CIL toll treatment plant at the Nagambie Mine is now scheduled for the March quarter 2024.

Subsequent Events

In January 2023, Nagambie announced the discovery of the second high-grade, antimony-gold vein system, C2, 200m west of C1 and also under the West Pit. This second discovery has greatly increased confidence in the structural model that predicts further C-style vein systems will be discovered to the SW of the West Pit.

The company is today announcing a 1 for 5 renounceable rights issue at \$0.05 per New Share, to raise a maximum of \$5.3 million (before the costs of the issue) which is partially underwritten for \$1.25 million.

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
16 March 2023

RSM Australia Partners

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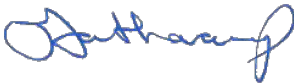
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Nagambie Resources Ltd for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



M PARAMESWARAN

Partner

Date: 16 March 2023

Melbourne, Victoria

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Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2022

	Note	Consolidated	
		31 Dec 2022 \$	31 Dec 2021 \$
Rental income		103,156	109,841
Sale of non-gold materials		30,402	25,589
Other income		29,596	2,318
Total Revenue		163,154	137,748
Expenses			
Corporate expenses	3	(400,102)	(223,331)
Cost of sales and rehabilitation		(8,580)	(6,031)
Depreciation		(87,281)	(103,103)
Directors and employee benefits expense	3	(973,992)	(780,975)
Finance costs	3	(1,051,020)	(405,818)
Loss on disposal of property, plant and equipment		(19,948)	-
Total Expenses		(2,540,923)	(1,519,258)
Loss before income tax		(2,377,769)	(1,381,510)
Income tax benefit		-	-
Other Comprehensive Income			
<i>Items that will not be re-classified to profit or loss</i>			
Movement in Fair Value of investments		(26,865)	(558,879)
Convertible loan note derecognition		(104,439)	-
Total comprehensive loss for the period		(2,509,073)	(1,940,389)
Loss per share			
Basic and diluted loss per share in cents		(0.52)	(0.31)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 31 December 2022

	Note	Consolidated	
		31 Dec 2022 \$	30 Jun 2022 \$
Current assets			
Cash and cash equivalents		1,433,938	127,211
Prepayments		78,880	-
Trade and other receivables		76,033	33,967
Equity investments at fair value	4	-	220,074
Total current assets		1,588,851	381,252
Non-current assets			
Security deposits		750,896	750,795
Property, plant and equipment		1,381,898	1,502,538
Right of use assets		-	54,806
Exploration and evaluation assets	5	15,629,033	14,506,514
Total non-current assets		17,761,827	16,814,653
Total assets		19,350,678	17,195,905
Current liabilities			
Borrowings	6	-	1,559,199
Financial liabilities	7	500,000	-
Trade and other payables		698,557	691,135
Lease liabilities		-	62,075
Provisions		50,828	51,420
Contract liabilities		-	41,876
Total current liabilities		1,249,385	2,405,705
Non-current liabilities			
Borrowings	6	7,097,183	4,291,192
Provisions		31,177	28,310
Total non-current liabilities		7,128,360	4,319,502
Total liabilities		8,377,745	6,725,207
Net assets		10,972,933	10,470,698
Equity			
Issued capital	8	29,138,490	27,977,836
Reserves		5,818,906	4,138,612
Accumulated losses		(23,984,463)	(21,645,750)
Total equity		10,972,933	10,470,698

The accompanying notes form part of these financial statement

Statement of Changes in Equity for the half-year ended 31 December 2022

	Consolidated					Total \$
	Issued capital \$	Options reserve \$	Asset revaluation reserve \$	Convertible notes reserve \$	Accumulated losses \$	
Balance at 1 July 2021	27,284,103	2,562,295	(311,301)	2,280,598	(19,737,410)	12,078,285
Loss for the 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 of value of options lapsed	-	(497,570)	-	-	497,570	-
Balance at 31 Dec 2021 restated	27,284,103	2,793,167	(828,301)	2,280,598	(20,663,229)	10,866,338
Balance at 1 July 2022	27,977,836	2,793,167	(935,153)	2,280,598	(21,645,750)	10,470,698
Loss for the half year	-	-	-	-	(2,377,769)	(2,377,769)
Transfer of loss on disposal of investment	-	-	(26,865)	-	-	(26,865)
Convertible loan note	-	-	-	-	(104,439)	(104,439)
Total comprehensive loss for the half	-	-	(26,865)	-	(2,482,208)	(2,509,073)
Transfer from investment reserve	-	-	962,018	-	(962,018)	-
Recognition of share based payments	-	923,095	-	-	-	923,095
Transfer value of options lapsed	-	(413,676)	-	-	413,676	-
Derecognition of equity in Series 6 convertible notes	-	-	-	(691,837)	691,837	-
Recognition of equity in Series 10 convertible notes	-	-	-	927,559	-	927,559
Shares issued during the half	1,317,549	-	-	-	-	1,317,549
Share issue expenses	(156,895)	-	-	-	-	(156,895)
Balance at 31 December 2022	29,138,490	3,302,586	-	2,516,320	(23,984,463)	10,972,933

The accompanying notes form part of these financial statements

**Statement of Cash Flows
for the half-year ended 31 December 2022**

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	75,157	166,581
Payments to suppliers and employees	(528,762)	(460,123)
Interest received	4,056	538
Interest paid	(438,109)	(240,024)
Net cash used in operating activities	(887,658)	(533,028)
Cash flows from investing activities		
Receipts from disposal of plant and equipment	210,000	-
Receipts from disposal of investments	193,208	972,363
Payments for exploration expenditure	(1,122,519)	(593,672)
Payments for property plant and equipment	(141,783)	(863,870)
Payments for security bonds	(101)	-
Net cash used in investing activities	(861,195)	(485,179)
Cash flows from financing activities		
Repayment of lease liabilities	(62,075)	(150,742)
Proceeds from issue of shares	1,160,655	-
Proceeds from Subscription agreement	500,000	-
Net proceeds from issue of convertible notes	1,457,000	-
Net cash provided by financing activities	3,055,580	(150,742)
Net increase in cash and cash equivalents	1,306,727	(1,168,949)
Cash and cash equivalents at the beginning of the financial period	127,211	1,359,055
Cash and cash equivalents at the end of the financial period	1,433,938	190,106

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Notes to the Financial Statements for the half-year ended 31 December 2022

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 2022 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 2022 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.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a net loss after taxes of \$2,377,769, cash outflow from operating activities of \$887,658 and cash outflows of \$861,195 from investing activities during the half-year ended 31 December 2022.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Directors are lodging a prospectus with ASIC on 16 March 2023 to raise additional capital in April 2023 of \$5.3 million. The capital raise offer is partially underwritten for \$1.25 million;
- As disclosed in note 7, the Group can access an additional \$1.5 million of investment from Pioneer Resource Partners, LLC; and
- Except for minimum expenditure commitments as disclosed in Note 11, the Group has the flexibility to adjust some of the timing and scope of its exploration and evaluation activities as and when funds are available.

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Significant accounting policies (Continued)

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

3. Expenses

	31 Dec 2022	31 Dec 2021
	\$	\$
Corporate expenses		
Accounting fees	(16,000)	(15,400)
Audit fees	(19,000)	(16,500)
ASIC & ASX fees	(45,185)	(38,151)
Company secretarial	(18,085)	(21,107)
Consulting	(24,492)	(4,760)
Corporate expenses	(55,160)	(1,500)
Director fees	(85,215)	(50,340)
Insurance	(32,213)	(24,546)
Legal expenses	(27,014)	(25,191)
Share registry expenses	(8,325)	(5,813)
All other	(69,413)	(20,023)
Total corporate expenses	(400,102)	(223,331)
Directors and employee benefits expense		
Accrued leave	(2,276)	(13,195)
Share options issued	(923,095)	(728,442)
Wages	(145,346)	(143,009)
less wages capitalised to exploration	120,416	117,950
Superannuation	(23,691)	(14,279)
Total directors and employee benefits expense	(973,992)	(780,975)
Finance costs		
Interest expense Convertible notes	(1,042,289)	(373,953)
Interest paid Finance leases	(1,561)	(24,881)
Interest paid insurance premium funding	(7,170)	(5,430)
Interest paid Equipment finance	-	(1,554)
Total finance costs	(1,051,020)	(405,818)

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4. Equity Investments at fair Value

Shares in Mawson Gold Limited as at 30 June 2022	220,074
Sale of investments during the period	(193,209)
Revaluation on investments held at 31 December	(26,865)
Total Equity Investments at fair value as at 31 December 2022	-

	31 Dec 2022	30 Jun 2022
Current assets	\$	\$
Shares in Mawson Gold Limited	-	220,074
Total Equity Investments at fair value as at	-	220,074

The company disposed of the remaining 1,625,000 shares it held in Mawson Gold Limited during the period.

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 2022	30 Jun 2022
	\$	\$
Opening balance	14,506,514	13,282,132
Expenditure for the period	1,122,519	1,224,382
Closing Balance	15,629,033	14,506,514

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

At fair value

	31 Dec 2022	30 Jun 2022
	\$	\$
Current		
Convertible Notes Series 6		
Series 6 Face value of notes issued	-	1,800,000
Series 6 Equity component	-	(691,837)
Series 6 Interest	-	451,036
Total current borrowings	-	1,559,199
Non-Current		
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	202,485	146,657
	633,437	577,609
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	225,343	165,207
	1,036,392	976,256
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	400,555	234,089
	2,903,793	2,737,327
Convertible Notes Series 10		
Series 10 Face value of notes issued	3,257,000	-
Series 10 Equity component	(927,559)	-
Series 10 Interest	194,120	-
	2523,561	-
Total non-current borrowings	7,097,183	4,291,192
Total borrowings	7,097,183	5,850,391

(a) As at 31 December 2022 the Company has 4 series of Unsecured Convertible Notes on issue for a total face value of \$8,591,000.

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

Series 10: 40,712,500 Notes issued at 8 cents on 20 July 2022 for a total of \$3,257,000

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. Financial Liabilities – current

The Company announced to the ASX that it had received a commitment from Pioneer Resource Partners, LLC, (the investor) a US-based institutional investor, to invest up to \$2,000,000 in the Company by way of share placements of ordinary shares. Each of the investments made by the Investor will be made by way of a prepayment of shares to be issued by the Company.

The investor has made an initial investment of \$500,000 for \$549,451 worth of shares. 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 less a 9% discount. The purchase price is subject to a floor price of \$0.04 but not a cap. As at the 31 December 2022 no placement shares had been issued under the agreement.

The Investor has given the Company a commitment for an additional \$1,500,000 of investment for \$1,648,352 worth of shares.

Financial Liabilities - current

	31 Dec 2022	30 Jun 2022
	\$	\$
Prepayment of shares	500,000	-
Closing balance	500,000	-

8. Issued Capital

Issued and paid up capital	Shares	\$ Issued Capital
Opening Balance at 1 July 2022	513,146,158	27,977,836
18 October 2022 Placement of shares @ \$0.070	15,525,281	1,086,773
18 October 2022 share issue costs	-	(47,577)
28 November 2022 Pioneer subscription fee shares	1,419,355	88,000
28 November 2022 share issue costs	-	(88,000)
28 November 2022 Pioneer initial placement	1,480,000	-
30 November 2022 share issue costs	-	(21,318)
12 December 2022 Placement of shares @ \$0.070	2,039,669	142,776
Balance 31 December 2022	533,610,463	29,138,490

9. Share options

A total of 17,650,000 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 12.00 cents per share and an expiry date of 25 November 2027. They were valued using a binomial model and the expense was \$923,095.

The fair value of the share options granted during the half-year is 5.23 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	25/11/2022
Options Issued	17,650,000
Share price at grant date	8.00 cents
Exercise price	12.00 cents
Expected volatility	91.10%
Option life	5 years
Dividend yield	Nil
Risk free interest rate	3.53%
Vesting date	25/11/2022

9. Share options (Continued)

No options were exercised during the half-year 14,750,000 options lapsed in the period.

	Date	Options on issue	Options reserve balance
Opening balance	30 Jun 2022	75,450,000	\$ 2,793,167
Lapsed	24 Nov 2022	(13,750,000)	\$ (385,630)
Grant	25 Nov 2022	17,650,000	\$ 923,095
Lapsed	20 Dec 2022	(1,000,000)	\$ (28,046)
Closing balance	31 Dec 2022	75,450,000	\$ 3,302,586

10. 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.

11. 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 \$1,284,260 for the 12 months ending 31 December 2023. 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 \$40,000 held directly by DEDJTR.

12. Contingent liabilities

Apart from the matter mentioned in Note 10, the Group has no contingent liabilities as at 31 December 2022 (June 2022 Nil).

13. Events subsequent to balance date

In January 2023, Nagambie announced the discovery of the second high-grade, antimony-gold vein system, C2, 200m west of C1 and also under the West Pit. This second discovery has greatly increased confidence in the structural model that predicts further C-style vein systems will be discovered to the SW of the West Pit.

The company is today announcing a 1 for 5 renounceable rights issue at \$0.05 per New Share, to raise a maximum of \$5.3 million (before the costs of the issue) which is partially underwritten for \$1.25 million.

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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 2022 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
16 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Nagambie Resources Limited

Conclusion

We have reviewed the accompanying half-year financial report of Nagambie Resources Limited (the 'Company') and the entities it controlled during the period (together referred as the 'Consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 2022, 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, notes comprising a summary of significant accounting policies and other explanatory notes, 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 accompanying half-year financial report of the Consolidated entity does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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* ('ASRE 2410'). 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 Consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 Nagambie Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Consolidated entity incurred a net loss amounting to \$2,377,769 and had net cash outflows from operating activities of \$887,658 during the six-month period ended 31 December 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Nagambie Resources Limited 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 is free from material misstatement, whether due to fraud or error.


Auditor's Responsibility 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 Consolidated entity's financial position as at 31 December 2022 and of 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 blue ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'M Parameswaran'.

M PARAMESWARAN
Partner

16 March 2023
Melbourne, Victoria