



2012 Annual Report

Corporate Directory

Front Cover:
Waranga Formation Outcrop at Wandean

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

REGISTERED OFFICE, HEAD OFFICE & OPERATIONS OFFICE

533 Zanelli Road

Nagambie Vic 3608

PO Box 339

Tel: (03) 5794 1750

Fax: (03) 5794 1790

Web: www.nagambiemining.com.au

Email: info@nagambiemining.com.au

DIRECTORS

Michael W Trumbull
(Non-Executive Chairman)

Colin Glazebrook
(Executive Director)

Geoff Turner
(Non-Executive Director - Exploration)

Kevin J Perrin
(Non-Executive Director - Finance and Deputy Chairman)

CHIEF EXECUTIVE OFFICER & EXPLORATION MANAGER

Colin Glazebrook

COMPANY SECRETARY

Alfonso M G Grillo

PRINCIPAL LEGAL ADVISER

TressCox Lawyers
Level 9, 469 La Trobe Street
Melbourne Vic 3000
Tel: (03) 9602 9444
Fax: (03) 9642 0382
Web: www.tresscox.com.au

AUDITOR

William Buck
Level 1, 465 Auburn Road
Hawthorn East, Vic 3123

SHARE REGISTRY

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009
Ph: (08) 9389 8033
Fax: (08) 9389 7871

SECURITIES EXCHANGE LISTING

Nagambie Mining Limited shares are listed
on the Australian Securities Exchange
ASX Code: NAG

Table of Contents

Corporate Directory & Table of Contents	IFC
Chairman's Letter	1
Operation & Exploration Review	3
Directors' Report	13
Remuneration Report	16
Auditor's Independence Declaration	20
Corporate Governance Statement	21
Statement of Comprehensive Income	28
Statement of Financial Position	29
Statement of Changes In Equity	30
Statement of Cash Flows	31
Notes to the Financial Statements	32
Directors' Declaration	49
Independent Auditor's Report	50
Additional ASX Information	53

Chairman's Letter

Dear Shareholder

The 2011/2012 financial year was not a good year to be a shareholder in Nagambie Mining or, in fact, most ASX-listed companies. It was the worst year for shares, particularly gold shares, in my memory in the industry. I have been told that old timers consider that it was the worst year for Australian stocks since 1962, 50 years ago.

However, I also recall the advice of old timers that the two most important share prices are the price when you buy and the price when you sell. Prices in between can make you feel better or worse about your investment but they don't determine the size of your ultimate profit or loss.

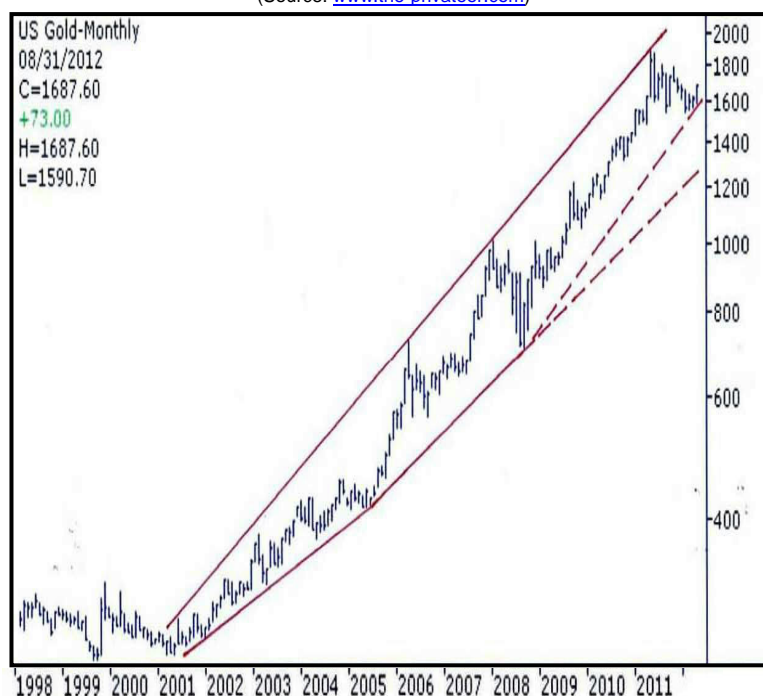
Gold exploration/development/production is still a great industry to be exposed to despite the current, almost total "disconnect" between company market values and the gold price. The simple reason is that market values, when they are so far "out of whack", always correct themselves and that correction can be rapid, significant and unheralded.

Gold Price

The good news is that the US dollar gold price is still very much in its exponential uptrend since 2001. It appears increasingly likely that the gold price will exceed US\$2,000 per ounce in 2013. As I said at last year's AGM, gold's exponential price increase correlates with the continuing exponential increase in the debt of the United States (US) Government and the resultant decline in the real value of the US dollar. US Government "official" debt (refer to the graph on the next page) now exceeds US\$16 trillion or US\$16,000 billion.

Gold Price in US Dollars per Ounce (Log Scale)

(Source: www.the-privateer.com)

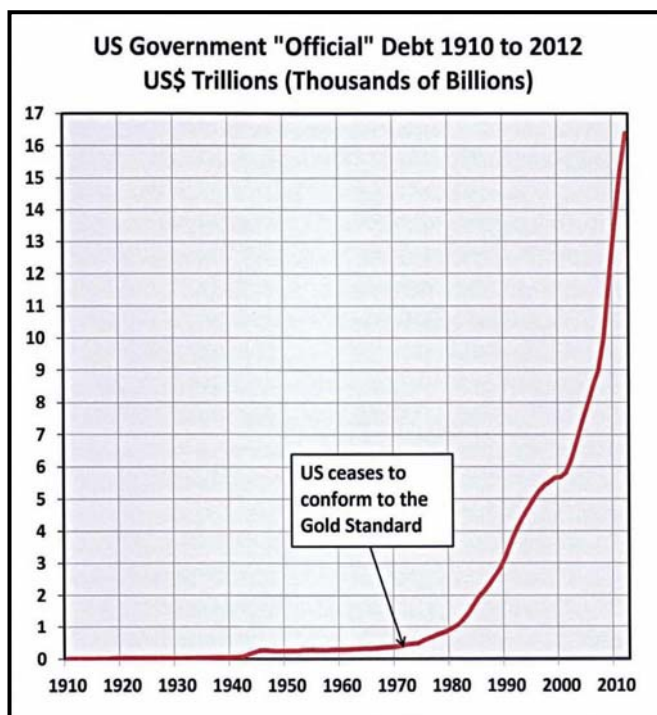


US Government "unofficial" debt, including liabilities such as unfunded US Government employees' superannuation, is many multiples of the "official" debt. The US has become addicted to debt since the US walked away from the Gold Standard in 1971 and the world has been powerless to stop the addiction which has hooked both US politicians and bureaucrats.

US Government debt is now virtually out of control and will explode when US interest rates finally start rising again. The US Government clearly will not be able to ultimately repay all its debt in full unless the value of that debt is decimated through hyperinflation in the US. The fiat money (paper money) system continues to operate on the dubious basis that the day of reckoning is so far in the future that it can be ignored.

Importantly, under the recently adopted Basel III international banking accord, the World's Central Banks are now able to treat gold as a "risk-free", undiscounted Tier 1 asset in their balance sheets. Previously, only cash and government bonds could be valued at 100% of value as Tier 1 assets and gold had to be valued at 50% of value as a Tier 3 asset.

The big appeal of gold for banks and investors worldwide is that gold can't be printed like confetti. China in particular is keen to increase its gold holdings and reduce the percentage of its total reserves held in US cash and US bonds.



The Nagambie Regional Gold Project

The Company's various activities during the year are covered in the Operations & Exploration Review that follows. I would however like to emphasise the breakthrough in understanding that was achieved with the Company's most valuable exploration asset, the Nagambie Regional Gold Project.

A thorough review of all open-file reports by previous explorers in the Nagambie region was carried out during the year. Since the 1980s, companies including Metana, Perseverance, Metex, Barrick and Newcrest have individually explored different gold prospects in the area. Available information and data sets included geological mapping, geophysical surveys, Nagambie Mine reports, stream sediment sampling, rock chip sampling, soil sampling and drilling results.

The great advantage for Nagambie Mining was that we were able to pull all that valuable open-file information together, add it to our own growing soil sampling and drill hole database, and significantly improve our regional gold model. We feel that we have "cracked the geological code" for the Nagambie region.

It's exciting for the Company, being a real minnow in market capitalisation terms, to have 100% ownership of such a complete package of land containing many compelling targets. We are very confident of being able to systematically hunt down Nagambie-style gold orebodies that are amenable to low cost open pit mining and heap-leach treatment.

The Wandean Gold Prospect

Wandean, 9 km to the north west of the Nagambie Mine, is the Company's most compelling drilling target to date.

Soil sampling by Metex in 1995 located two parallel mineralised trends, 150 to 200 metres apart and at least 500 metres long, with gold values up to 237 ppb (0.24 g/t). Recent rock chip sampling of outcropping quartz-veined sandstones (best assay 2.86 g/t gold) by Nagambie Mining has confirmed the presence of gold mineralisation. Recent roadside mapping has also confirmed a faulted east-west anticline in the area. In summary, Wandean has a similar structural setting as well as rock type and mineralisation style to that at the Nagambie Mine.

The Company has planned a 20-hole RC (reverse circulation) percussion drilling program for Wandean. Drilling is expected to commence in October 2012 after the necessary approvals are obtained.

Finally, I would again like to thank my fellow directors and the small but focussed Nagambie Mining management team for their continued efforts in advancing all aspects of the Company's activities.

Mike Trumbull
Chairman
21 September 2012

Operations & Exploration Review

The Company's principal medium-term objectives are to:

- Produce 10,000 ounces of gold per year at an operating cost of around A\$700 per ounce with a projected mine life of at least 10 years. The Company is evaluating 100%-owned oxide gold prospects on and within economic trucking distance of the Nagambie Mine, targeting a minimum of 100,000 to 200,000 ounces in total of heap-leachable gold mineralisation. The current focus is on the three historical goldfields at Nagambie, Redcastle and Rushworth (refer Figure 1). Redcastle is 40 km west of the Nagambie Mine, 19 km east of the Fosterville Mine and 12 km north of the Costerfield Mine. Doctors Gully at Rushworth is 28 km north west of the Nagambie Mine; and
- Develop all the construction material opportunities at the Nagambie Mine, including the sale of overburden and tailings and the commercialisation of the sand deposits. The emphasis is to utilise experienced contractors wherever possible.

With another year of wet weather conditions delaying exploration and road construction material production, it was again a somewhat frustrating year. The main focus of exploration was at the Redcastle and Nagambie South Projects. The Company also carried out extensive reviews of open-file exploration reports and applied for two more exploration areas in the Nagambie region. Nagambie Mining's current tenements are shown in Table 1. Over 350 km² of area prospective for low cost gold oxide operations are now held in 8 tenements.

Table 1 Nagambie Mining Limited Current Tenements

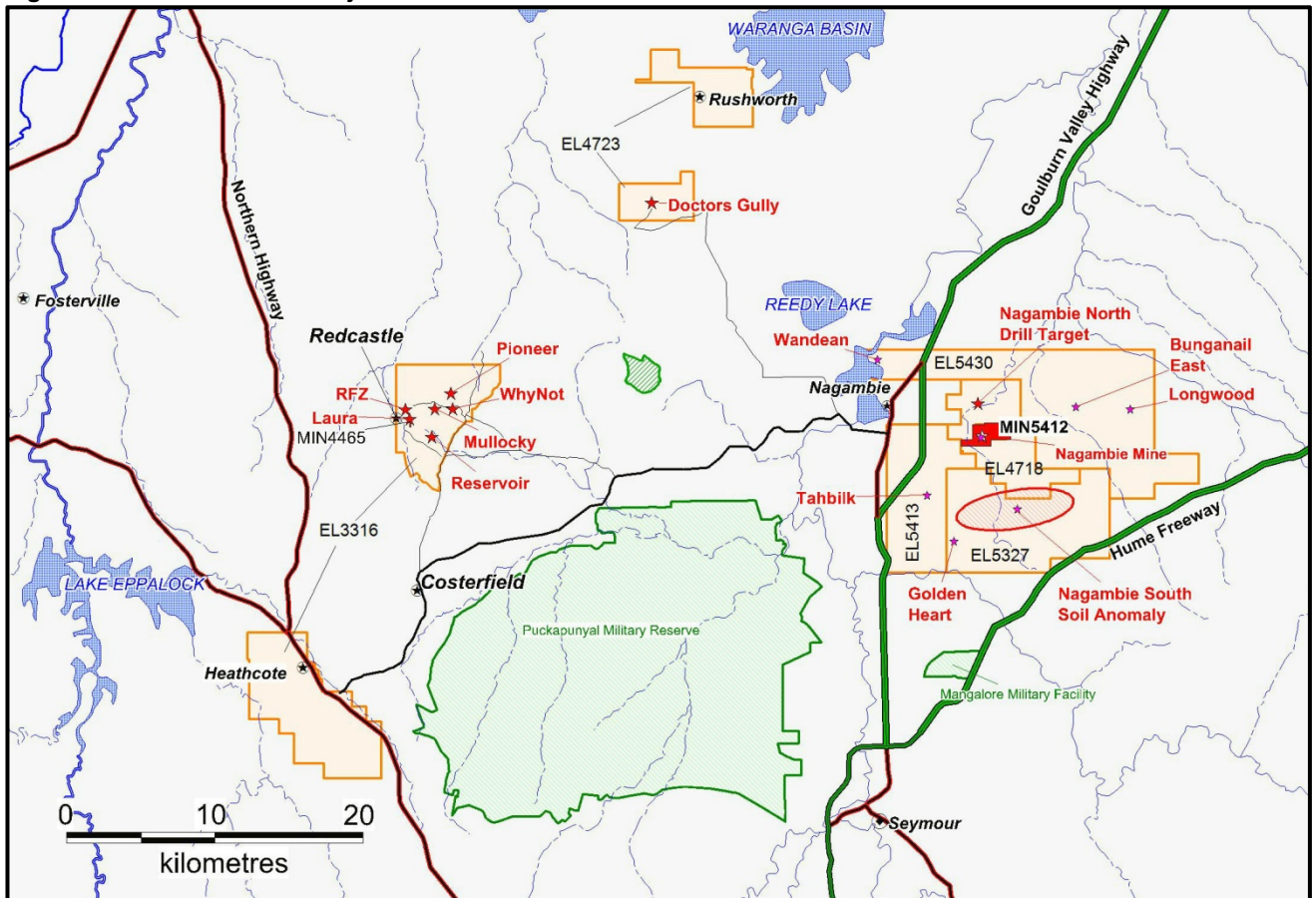
Group Area	Project	Name	Licence Number	Area km ²	Interest %
Exploration Group Areas					
NAGAMBIE	<i>RUSHWORTH</i>	Doctors Gully	EL 4723	24.1	100
	<i>NAGAMBIE NORTH</i>	Nagambie North	EL 4718	33.1	100
	<i>NAGAMBIE SOUTH</i>	Nagambie South	EL 5327	64.0	100
	<i>NAGAMBIE SOUTH</i>	Nagambie West	EL 5413	43.1	100
	<i>WANDEAN, BUNGANAIL EAST, LONGWOOD</i>	Nagambie Regional	EL 5430	102.0	100
REDCASTLE	<i>REDCASTLE</i>	Redcastle	EL 3316	89.1	100
	<i>LAURA</i>	Laura Mine	MIN 4465	0.1	100
Development Group Area					
NAGAMBIE	<i>NAGAMBIE</i>	Nagambie Mine	MIN 5412	3.6	100
TOTAL				359.1	

Overview

- The third costeaning program at the Redcastle Goldfield (EL 3316), including the Laura Mining Licence, was completed during the year at the Mullocky, Pioneer and Laura Prospects and provided further encouragement with a best result of 4m at 4.0 g/t gold at Laura. A further detailed costeaning program has been approved by the Department of Primary Industries (DPI) ahead of planned bulk sampling.
- The Doctor's Gully Prospect at Rushworth, which was taken into EL 4723 at the end of last year, has a compelling broad mineralized halo zone striking north south and parallel to an extensive shear system. The best reverse-circulation (RC) percussion drilling intersections by a previous explorer in the 1980s included 7 metres at 4.1 g/t gold from 40 metres downhole, 8 metres at 3.2 g/t from 40 metres downhole and 1 metre at 14.6 g/t from 62 metres downhole. A detailed costeaning program has been approved by the DPI ahead of planned bulk sampling.
- An initial soil sampling program at Nagambie South gave very encouraging results with 5 gold anomalies located within a corridor of interest approximately 5 km south of the Nagambie Mine. Follow up in-fill soil sampling has identified 9 areas requiring further selective soil sampling ahead of Aircore drilling.
- During the year, the Company completed a thorough review of all past exploration in the Nagambie region and substantially refined its gold mineralisation model for the area.
- Abigroup, the main contractor for the Nagambie Bypass, completed taking its initial amount of undifferentiated rock fill for road base on the Nagambie Bypass from both the Western and Eastern Overburden Dumps at the Nagambie Mine during the year.

- Global Contracting committed to significant capital expenditure in the second half of the year in order to produce various sized gravel products from the overburden dumps at the Nagambie Mine.
- The proposed Green Organics Recycling Facility of Australian Native Landscapes at the Nagambie Mine is still awaiting final Council and EPA approvals.

Figure 1 Tenement and Project Locations



Exploration & Development of Gold Assets

The Company's most valuable gold assets are the tenements in the Nagambie area, centred on the old Nagambie Mine. The five tenements have a total area of 245.8 km².

When the Nagambie Mine operated in the 1990s, the average head grade of the gold oxide ore stacked on the heap leach pad was approximately 0.8 g/t gold. Heap leach gold recovery was approximately 80%. Importantly, the gold price averaged around only A\$500 per ounce at that time but is currently trading in a range of A\$1,500 to A\$1,700 per ounce. Costs for contract activities such as open-pit mining, trucking, crushing, agglomerating and stacking have not increased nearly as much as the A\$ gold price in the intervening years.

Heap leach operations can be developed quickly and are much lower cost than conventional gold treatment operations, both in terms of total capital cost and operating cost per tonne. The recommencement of heap leach operations at the Nagambie Mine will benefit from the proven technology and successful operations history at the Mine in the 1990s. Recommencement will also benefit from the bitumen public road access to the Mine gate, the Company's freehold land (roughly 200 hectares) and the process water that can be pumped from the East Pit. Other infrastructure remaining on site includes the haulage roads, the pondage civil works, the operations shed, the grid electricity supply and the potable water supply.

The planned West Pit Extension at the Nagambie Mine is targeted to contain 25,000 ounces of gold mineralisation over 200 metres strike length at 0.8 g/t gold. At 80% heap leach recovery, this would give 2 years' life at 10,000 ounces of gold production per year. The target grade for Nagambie-style oxide mineralisation for other prospects in the region is also 0.8 g/t gold. Target size for a gold discovery under shallow cover in the Nagambie region is 200,000 ounces given the size of the Nagambie Mine orebody (184,000 ounces of gold mined in the 1990s plus 25,000 ounces targeted in the West Pit Extension).

The Company estimates that ore trucking costs from Redcastle and Rushworth to the Nagambie Mine would equate to around 0.2 g/t gold head grade equivalent. Hence an average head grade of 1.0 g/t gold or higher for Redcastle and Rushworth ore could produce attractive returns.

Nagambie Mining is confident of being able to delineate various open pits at Redcastle and Rushworth containing a significant tonnage of mineralisation averaging 1.0 to 2.0 g/t gold.

Historical production at Redcastle and Rushworth focussed entirely on narrow, high-grade quartz veins hosted by sedimentary rocks, predominantly sandstones and siltstones. Apart from the mineralised quartz veins which occur in fractures associated with local anticlinal folding, lower-grade disseminated gold has been identified within the sediments, thus presenting as large open-cut style targets. The depth of oxidation is around 60 to 70 metres. Nagambie Mining is planning to mine by open pit the lower-grade disseminated oxide gold, none of which was mined by the historical miners, together with the mineralised quartz veins that remain. These remnant quartz veins would have been either too thin or too low grade for previous underground mining operations, but will lift the average grade of the open-pit mineralisation.

Nagambie Mining's current portfolio of 100%-owned gold targets is as follows:

Table 2 Current Portfolio of Gold Targets

Location	Gold Targets
Nagambie Mine	1. West Pit Extension 2. Nagambie Footwall Mineralisation
Nagambie Regional	3. Wandean 4. Longwood 5. Nagambie South 6. Nagambie North 7. Bunganaill East
Redcastle	8. Reservoir 9. Mullocky 10. Laura 11. RFZ 12. Why Not 13. Pioneer
Rushworth	14. Doctors Gully

Development Group Area

NAGAMBIE MINE - MIN 5412

Area: 3.64 km²

In conjunction with Global, an active construction materials operation is now established as an integral part of Nagambie Mining's rehabilitation program at the mine.

Identified Projects: 2

Planned reactivation of gold mining at the site with a West Pit Extension to target 25,000 ounces of gold mineralisation and by investigation of a possible footwall zone.

Identified Prospects: 4

West Pit Extension and Possible Footwall Oxide Gold Mineralisation

The planned West Pit Extension covers 200 metres of strike length and Nagambie Mining is targeting 25,000 ounces of mineralisation at 0.8 g/t gold in the extension. Previous drill hole intersections some 130 metres and 160 metres to the west of the current West Pit gave 27 metres at 1.04 g/t gold (including 6 metres at 2.2 g/t) and 8 metres at 1.6 g/t respectively, clearly indicating that mineralisation extends to the west under the alluvial cover.

The overburden, which is predominantly free-dig layers of sand and clay, will be stockpiled on dumps to the north and south of the West Pit. A new plastic-lined heap leach pad and pregnant pond are planned for the area north of the East Pit and south of the large 1990s heap leach pad. The existing barren pond and overflow pond, immediately to the north of the existing heap leach pad, are planned to be recommissioned after repairing the existing plastic liners. The existing operations shed, which previously housed the 1990s gold room, is also planned to be recommissioned with new gold room equipment and tankage.

The only western drill hole that was extended more than 100 metres to the south of the main orebody intersected 25 metres of sulphide mineralisation averaging 0.62 g/t gold between 231 metres and 256 metres downhole in 2007. The mineralisation intersected (best 1.0 metre assay of 2.9 g/t gold) is interpreted to result from faulting associated with repeat local anticlinal folding. RC drilling of the postulated oxide target within 80 metres of the surface has been planned.

If the western Footwall Oxide Zone target does exist at economic grades, it would be mined at the same time as the West Pit Extension in order to reduce the overall overburden stripping ratio.

MIN 5412 Rehabilitation and Site Utilisation

The Company has continued its development of the non-gold material opportunities on the freehold land at the Nagambie Mine, including the sale of sized rock overburden and the commercialisation of sand deposits.

Following on from the Memorandum of Understanding entered into between Nagambie Mining and Global Contracting Pty Ltd (Global) in June 2010, the Company has concluded a more specific agreement whereby Global will produce marketable sized gravel products for supply to local Shires, developers and nurseries. The agreement currently covers the material from the East and West Overburden Dumps which contain over 2 million tonnes of uncrushed rock. Separate agreements will be entered into for other materials as opportunities develop.

Global has acquired new crushing, screening and loading equipment for the mine operation and during the year commenced producing three sizes of gravel from the Eastern Overburden Dump – minus 40 mm together with plus 25 mm / minus 25 mm and plus 40 mm / minus 100 mm.

Abigroup concluded its initial take of undifferentiated rock fill from the mine during the year.

The proposed Green Organics Recycling Facility of Australian Native Landscapes (ANL) at the Nagambie Mine is still awaiting final Council and EPA approvals.

Photo 1 Global screening and loading crushed rock at the East Overburden Dump



Photo 2 40mm minus gravel on the sales pad at the Nagambie Mine



Exploration Group Areas

1.0 REDCASTLE – HEATHCOTE

Area: 89.2 km²

At Redcastle, the Company is targeting open-pittable oxide disseminated gold mineralisation together with high-grade quartz veins that were left unmined by the historical miners.

Identified Projects: 2

The target is to outline significant tonnages of gold mineralisation averaging 1.0 to 2.0 g/t gold .

Identified Prospects: 7

1.1 Redcastle Goldfield - EL 3316

Area: 35.9 km²

The third costeaning program at Redcastle during the year concentrated on the Mullocky, Pioneer and Laura Prospects and provided further encouraging definition of surface mineralisation. The best result was 4m at 4.0 g/t gold at Laura.

The Company has decided that the next step at Redcastle should be to surface bulk sample the most defined target to date, the Reservoir Prospect, before any RC drilling is carried out. At Reservoir, two costeans approximately 100m apart along strike have given intersections (previously reported) of 6m at 2.3 g/t gold (including 2m at 6.1 g/t) and 6m at 2.8 g/t (including 2m at 8.1 g/t). Mineralisation is located over a strike length of 380 metres, close to a fold axis and an oblique fault.

A detailed (20 metre spacing) costeaning program has been designed by the Company and approved by the DPI to define the surface mineralisation grading better than 2.0 g/t gold at Reservoir that could be bulk sampled. The maximum size permitted by the DPI for each bulk sample is 5,000 cubic metres (around 10,000 tonnes). The mineralisation outlined by the detailed costeaning will also allow for better planning and interpretation of future RC drilling.

1.2 Laura Mining Licence - MIN 4465

Area: 8.6 Ha

MIN 4465 was included in the third Redcastle costeaning program to establish mineralisation trends. The best result was 4m at 4.0 g/t gold in a costean in the northern part of the licence area in which four reefs commence to converge.

This result is of interest to Nagambie Mining as an old report on the area indicated that the Tommy Dodd Reef is very narrow (100mm) near the Laura Shaft but widens to the south with grades up to 6 ounces of gold per tonne and up to 60% stibnite (antimony). A reef of stibnite 400mm thick with high grade gold was noted in Redcastle reports of the late 1800s when many tonnes of stibnite were processed. The comparison with the stibnite/gold ore at the Costerfield Mine, 12 km to the south, is obvious. The Company is considering how best to follow up the potential for high grade stibnite/gold mineralisation at Laura.

1.3 Heathcote South Project – EL 3316

Area: 53.2 km²

No significant work was carried out on the Heathcote project during the year.

Photo 3 Costean Mapping at Redcastle



2.0 NAGAMBIE GROUP**Area: 278.5km²**

The Company substantially refined its gold mineralisation model for the Nagambie region during the year.

Identified Projects: 3

A new exploration licence, EL 5430, contains the compelling Wandean and Longwood gold prospects. RC drilling at Wandean is planned to commence in October 2012.

Identified Prospects: 9

A thorough review of all open-file reports by previous explorers in the Nagambie region was carried out during the year.

Since the 1980s, companies including Metana Minerals NL (1988), Perseverance Mining Pty Ltd (1980s and 1990s), Metex Exploration Ltd (1995 - 1997), Barrick Gold of Australia Limited (2003) and Newcrest Operations Ltd (2006 - 2007) have individually explored different gold prospects in the area. Available information and data sets included geological mapping, geophysical surveys, Nagambie Mine reports, stream sediment sampling, rock chip sampling, soil sampling and drilling results.

Nagambie Mining pulled all the valuable open-file information together, added it to the Company's own growing soil sampling and drill hole database, and significantly improved its Nagambie Regional gold model.

Nagambie Mining's updated gold mineralisation model is built around conclusions including:

- a) The Devonian basement marine sediments (fine grained mudstones/siltstones with minor sandstone) were subjected to north-south regional compression, resulting in east-west trending anticlinal (convex up) and synclinal (convex down) folding of the sedimentary beds;
- b) Continuing regional compression caused the folded Devonian rocks to fail with the subsequent development of east-west trending, north-dipping thrusts (reverse faults). These thrusts have provided the plumbing system for the gold and arsenic mineralised fluids;
- c) The mineralisation contains quartz, disseminated sulphides (arsenic from arsenopyrite is an important pathfinder element as is antimony), occasional massive stibnite (antimony) and disseminated gold;
- d) Faults in the region that are not east-west trending are weakly mineralised or are barren;
- e) The Strathbogie Granite appears to be poorly mineralised;
- f) The Devonian basement appears to be poorly mineralised within about 4 km north of the Strathbogie Granite (the granite may or may not be a heat source for and/or the origin of the mineralised fluids);
- g) The major east-west thrusts interpreted from airborne magnetics are around 1 km to 2 km apart;
- h) Mineralisation along a thrust can extend for over 2 km (as at the Nagambie Mine);
- i) The disseminated oxide gold is amenable to heap leach recovery (Nagambie Mine) and possibly well-controlled dump leach recovery (as at White Dam in South Australia); and
- j) Depth of oxidation is around 70 metres (Nagambie Mine).

Figure 2 summarises all the anomalous gold results reported in the area in relation to surface geology and Nagambie Mining's interpretation to date of east-west mineralised thrusts.

2.1 Wandean, Bunganil East and Longwood Prospects – EL 5430**Area: 102 km²**

The Company was recently granted EL 5430, covering 102 sq km of ground to the north west, north east and east of the Nagambie Mine (Hill 158 on Figure 2). The re-evaluation work carried out by Nagambie Mining has concentrated on the relationship between the altered turbidite sequence of the Early Devonian Waranga Formation and the presence of east-west thrusts and anticlinal folds.

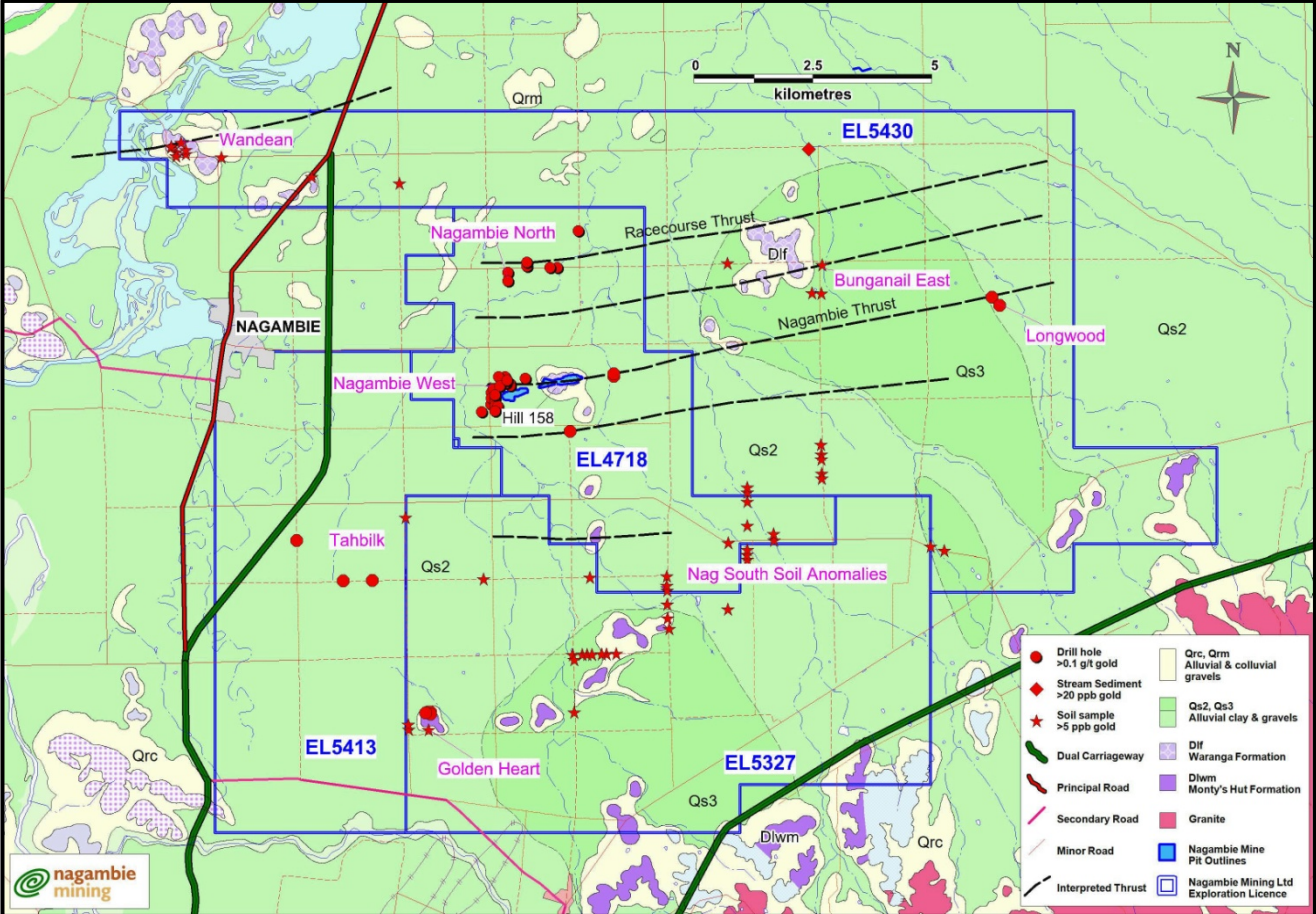
In both the East Pit (Hill 158) and the West Pit at the Nagambie Mine, gold was won from stockwork quartz-sulphide-gold mineralisation that had developed in the centre of an east-west striking anticline located immediately south of the east-west Nagambie Thrust. Photo 4 shows the Nagambie Thrust exposed in the north-west face of the East Pit at the Nagambie Mine. The annotation in blue shows the position of the Thrust. The annotation in green shows the complexly folded and brecciated sediments immediately to the north (in the hanging wall) of the Nagambie Thrust (a north over south reverse fault). The hangingwall sediments distal from the fault and the sediments in the footwall of the fault are relatively undeformed.

This Nagambie Thrust model of mineralisation is the key component of the Nagambie Regional gold model.

Photo 4 Nagambie Thrust exposed in the north-west face of the East Pit at the Nagambie Mine



Figure 2 Nagambie Region Surface Geology with Anomalous Gold Results



The regional extent of the east-west Nagambie Thrust (refer Figure 2) is interpreted from the mapping in the Nagambie Mine, airborne magnetics flown by Metana over the Bunganail-Nagambie Mine area in 1988, anomalous drill intersections to the east of the mine by Perseverance in 1992 and anomalous drill intersections at the Longwood Prospect by Newcrest in 2007 (the best intersection by Newcrest being 18 metres at 1.0 g/t gold).

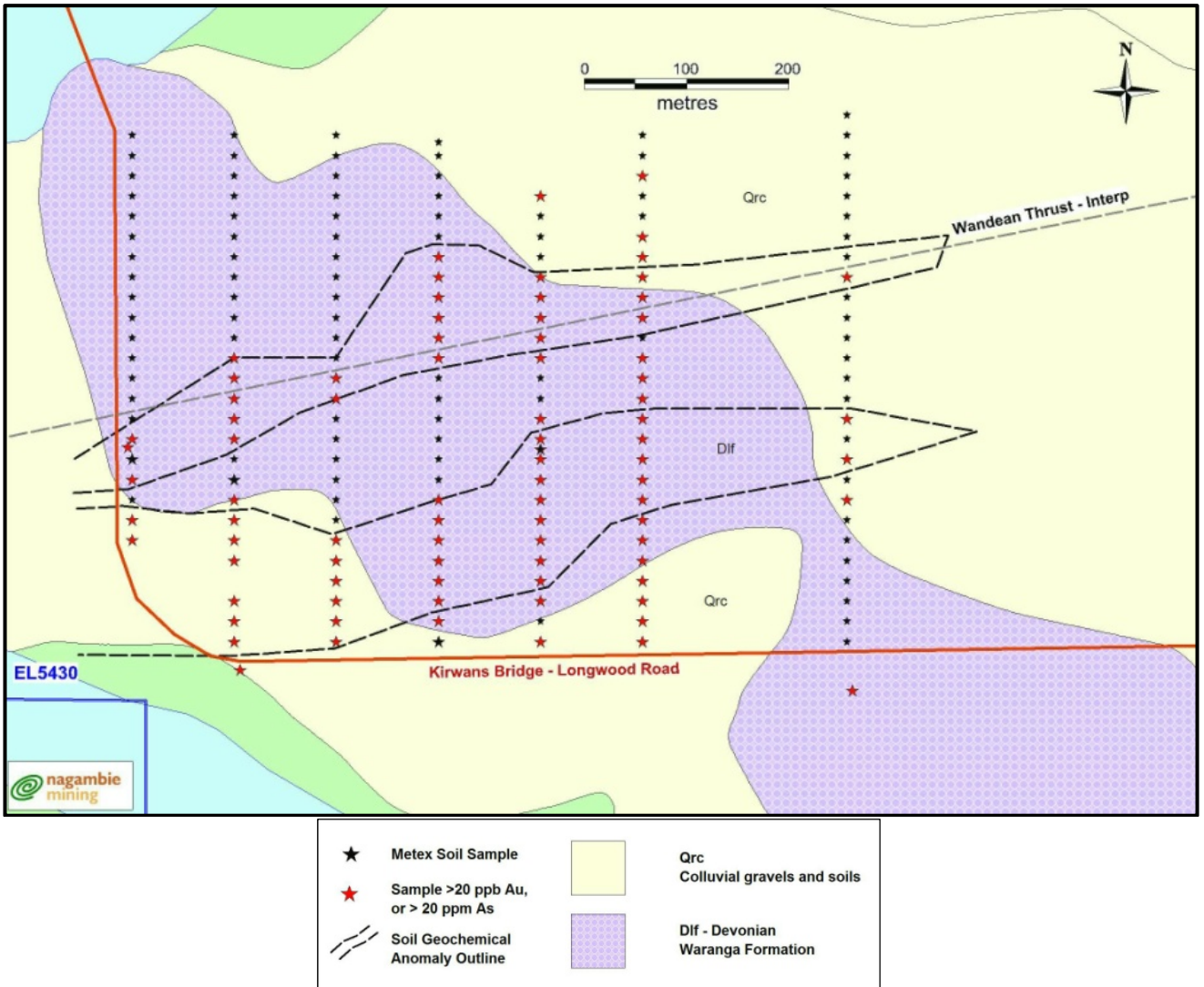
The east-west Racecourse Thrust (refer Figure 2) is interpreted from the anomalous drill intersections at Nagambie North (drilled by Nagambie Mining in 2011) and supported by the airborne magnetics flown by Metana in 1988.

A further east-west thrust is interpreted at Wandean (refer Figure 2) based on close-spaced soil sampling completed by Metex in 1995 and recent confirmatory roadside mapping by Nagambie Mining.

Wandean Prospect

183 soil samples were taken by Metex over a 800m by 500m grid (refer Figure 3) covering the anomalous portion of the Devonian outcrop at Wandean. Very encouragingly, 25% of the soil samples assayed both 20 ppb gold or better and 20 ppm arsenic or better. These results clearly indicate two strong approximately east-west gold-arsenic trends that are 150 metres to 200 metres apart.

Figure 3 Wandean East-West Soil Trends



Individual gold-in-soil values up to 236 ppb (0.24 g/t) and arsenic-in-soil values up to 266 ppm were recorded by Metex.

Recent roadside rock chip sampling by Nagambie Mining returned up to 2.86 g/t gold in a group of outcropping, strongly quartz-veined and brecciated sandstones over an area of 20 metres by 25 metres. Antimony and arsenic values in the rock chip samples up to 1,280 ppm and 1,210 ppm respectively, indicative of Nagambie-style gold mineralisation, were also recorded.

A similar strong gold-arsenic trend was evident in the outcropping sandstones at Hill 158 at the Nagambie Mine before Hill 158 was later excavated as the East Pit by Perseverance (refer Photo 5).

In summary, given that the recent roadside mapping also confirmed a faulted east-west anticline, Wandean has a similar structural setting as well as rock type and mineralisation style to that at the Nagambie Mine.

Nagambie Mining has planned a 20-hole RC percussion drilling program for Wandean. Drilling is expected to commence in October 2012 after the necessary approvals are obtained.

**Photo 5 1985 photo of pre-stripping at Hill 158 looking west
Note the sandstone boulders in the foreground**



Photo 6 Wandean sandstone outcrop (rock chip assay 2.86 g/t gold)



Bunganail East Prospect

The Bunganail East Prospect, approximately 6 km north east of the Nagambie Mine, lies immediately east of the Bunganail Hill Devonian outcrop. The Company is planning a soil sampling program for the area which is considered to be a high priority target with potentially shallow Tertiary cover.

Longwood Prospect

The Longwood Prospect, approximately 9 km east of the Nagambie Mine and on trend with the mapped east-west Nagambie Mine Thrust, was drilled by Newcrest (total of 17 holes) in 2007. The best drill intersection achieved was 18 metres at 1.0 g/t gold from 59 metres depth, including 3 metres at 3.2 g/t gold. Tertiary cover where Newcrest drilled was around 20 metres in thickness. Nagambie Mining is planning to soil sample the Longwood Prospect at the same time as the Bunganail East Prospect.

2.2 Nagambie North Prospect – Northern EL 4718

Two rounds of AirCore drilling previously outlined an anomalous zone, roughly 1.5 km long by 0.3 km wide along the interpreted Racecourse Thrust (refer Figure 2). Further AirCore drilling will be required to adequately define RC drilling targets within the anomalous zone.

Wandean and Longwood currently rank ahead of Nagambie North as a drilling target.

2.3 Nagambie South Project – EL 5327, Southern EL 4718 and Southern EL 5413

The initial gold-in-soil sampling program at Nagambie South was carried out during the first half of the year after numerous delays due to heavy rain. Results within a corridor of interest approximately 6 km to the south of the Nagambie Mine were very encouraging. The maximum values within three of the anomalies in the corridor of interest, west to east, of 33, 20 and 94 ppb gold were significantly higher than the maximum value of 9 ppb gold obtained from all the soil sampling at Nagambie North and the general background value for the Nagambie area of 0 to 2 ppb gold.

Over 250 infill soil samples were taken during the final quarter of the year in a follow up program. Nine areas are now considered to require further selective soil sampling ahead of Aircore drilling.

2.4 Rushworth Project – EL 4723

Area: 24.1 km²

The most advanced prospect at Rushworth is Doctors Gully in the historic Whroo Goldfield.

The Company has decided that the next step at the Doctors Gully Prospect should be to surface bulk sample the most defined area, which extends north-south over a 200m strike length, before carrying out any additional RC drilling. Over this strike length, drilling intersections by a previous explorer in the 1980s included 7 metres at 4.1 g/t gold from 40 metres downhole and 8 metres at 3.2 g/t gold from 40 metres downhole.

A detailed (20 metre spacing) costeaning program has being designed to define surface mineralisation grading better than 2.0 g/t gold that could be bulk sampled and toll-treated at one of the existing gold plants in central Victoria. The maximum size permitted by the DPI for each bulk sample is 5,000 cubic metres (around 10,000 tonnes). The mineralisation outlined by the detailed costeaning will also allow for better planning and interpretation of future RC drilling.



Colin Glazebrook
Chief Executive Officer

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Colin Glazebrook, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Glazebrook is a Director of Nagambie Mining Limited and consents to the inclusion in the report of the matters based on information in the form and context in which it appears. Mr Glazebrook has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Directors' report

The directors of Nagambie Mining Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2012. The directors report as follows:

Directors

The names and particulars of the company directors in office during the financial period and until the date of this report are as follows. The directors were in office for this entire period unless otherwise stated:

Name	Particulars
<p>MICHAEL W TRUMBULL <i>Non-Executive Director</i> Appointed 28 July 2005</p> <p><i>Non-Executive Chairman</i> Appointed 20 December 2007</p>	<p>Michael W Trumbull has a degree in mining engineering (first class honours) from the University of Queensland and an MBA from Macquarie University. A Fellow of the Australian Institute of Mining and Metallurgy, he has over 35 years of broad mining industry experience with mines / subsidiaries of MIM, Renison, WMC, CRA, AMAX, Nicron, ACM and BCD Resources.</p> <p>From 1983 to 1991, he played a senior executive role in expanding the Australian gold production assets of ACM Gold. From 1993 to 2004, he was Executive Director for BCD Resources and was involved in the exploration and subsequent mine development at Beaconsfield.</p> <p>Michael is a member of the Audit and Compliance Committee</p> <p><i>Other current Directorships of Listed Companies</i> None</p> <p><i>Former Directorships of Listed Companies in last three years</i> BCD Resources NL – appointed March 1993, resigned February 2011 BCD Resources (Operations) NL - appointed August 2007, resigned February 2011</p>
<p>COLIN GLAZEBROOK <i>Executive Director</i> Appointed 20 December 2007</p> <p><i>Chief Executive Officer</i> Appointed 20 December 2007</p>	<p>Colin Glazebrook is a geologist with a B.Sc. (Geology Hons, Geophysics) and a Fellow and Chartered Professional (Management) of the AusIMM. He has 48 years experience in the resources industry including 36 years direct involvement in gold and base metal exploration in all States and Territories in Australia and internationally in New Zealand, the South Pacific, Indonesia and the former Soviet Union. In Victoria, he has directed exploration and mining activities at various gold properties prior to Nagambie including the Wattle Gully Gold Mine at Castlemaine, the Poverty Reef at Tarnagulla, the A1 Mine at Woods Point, Glen Wills and Cassilis.</p> <p><i>Other Current Directorships of Listed Companies</i> None.</p> <p><i>Former Directorships of Listed Companies in last three years</i> None.</p>
<p>GEOFF TURNER <i>Non-Executive Director</i> <i>Exploration</i> Appointed 20 December 2007</p>	<p>Geoff Turner, a geologist with a B.Sc (Hons) & M.Sc (Exploration & Mining Geology), is a Registered Professional Geoscientist with the Australian Institute of Geoscientists (AIG). He has 30 years experience in mineral exploration in the Lachlan Fold Belt, the Tanami, the West African Shield and the Yilgarn. Since 2000, he has managed his own exploration services company based in Bendigo, Exploration Management Services Pty Ltd, which provides field and technical services to the mineral industry.</p> <p>Geoff is a member of the Audit and Compliance Committee.</p> <p><i>Other Current Directorships of Listed Companies</i> None.</p> <p><i>Former Directorships of Listed Companies in last three years</i> Resource Base Ltd - appointed 11 November 2007, resigned 6 January 2009</p>

<p>KEVIN J PERRIN</p> <p><i>Non-Executive Director Finance</i> Appointed 17 September 2010</p> <p><i>Deputy Chairman</i> Appointed 20 December 2010</p>	<p>Kevin Perrin is a Certified Practising Accountant (CPA). Since 1 July 2012, he has been a consultant to Prowse Perrin & Twomey after having been a partner in that business for 37 years. Prowse Perrin & Twomey is a firm of CPAs located in Ballarat which conducts an accounting, taxation, audit and financial advisory practice. He is also a consultant to PPT Financial Pty Ltd, having been a director and shareholder of that company for 22 years. PPT Financial Pty Ltd is an independent investment advisory firm holding an Australian Financial Services Licence. Prior to that time, he held a personal Securities Dealers Licence and was a member of the Stock Exchange of Ballarat Limited.</p> <p>Kevin is Chairman of the Audit and Compliance Committee</p> <p><i>Other Current Directorships of Listed Companies</i> None</p> <p><i>Former Directorships of Listed Companies in last three years</i> BCD Resources NL – appointed February 2006, resigned September 2012 BCD Resources (Operations) NL - appointed February 2007, resigned September 2012</p>
--	--

Company Secretary

ALFONSO M G GRILLO BA LLB

Alfonso M G Grillo is a Partner at TressCox Lawyers. He holds a Bachelor of Arts and Bachelor of Law degree. Alfonso has expertise in various aspects of commercial law, including company meeting practice and corporate governance procedures, fundraising and fundraising documentation, ASX Listing Rules and mergers and acquisitions.

Alfonso advises resource industry companies in relation to mining and exploration projects, acquisition and divestment of assets, joint ventures, due diligence assessments and native title issues.

Principal activities

The principal activity of the group during the financial period was exploration for, and development of, gold, associated minerals and construction materials in Victoria.

Review of operations

As at 30 June 2012, the company held a total of seven Exploration and Mining Licences in Victoria, an increase of one licence during the year. The total area held under licence increased slightly from 264.7 km² to 267.4 km².

All tenements are in good standing. Total expenditure on the seven tenements for the 2012 financial year was \$504,399. The majority of the expenditure was for the Nagambie Mine, Redcastle and Nagambie South.

Name	Licence	Equity (%)	Area (km ²)
Rushworth	EL 4723	100	34.4
Nagambie North	EL 4718	100	33.1
Nagambie South	EL 5327	100	64.0
Nagambie West	EL 5413	100	43.1
Redcastle	EL 3316	100	89.1
Laura Mine	MIN 4465	100	0.1
Nagambie Mine	MIN 5412	100	3.6
Total Area			267.4

The company's principal objectives continue to be to: (1) evaluate the 100% owned oxide gold prospects on and within economic trucking distance of the Nagambie Mine, targeting a minimum of 100,000 to 200,000 ounces of gold; and (2) develop all the construction material opportunities at the Nagambie Mine, including the sale of overburden and tailings and the commercialisation of the sand deposits.

Total revenue, principally from sales of non-gold materials, decreased by \$33,021 to \$245,830 for the 2012 financial year. The net loss of \$472,558 for the 2012 financial year was \$52,142 more than the 2011 financial year loss of \$420,416.

A total of \$1,300,000 of funding was raised by the company in the 2012 financial year. \$550,000 was raised on 2 September 2011 from the issue of 13.75 million 5-year convertible notes with a face value of 4.0 cents each and \$750,000 was raised on 4 May 2012 from the issue of 25 million 5-year convertible notes with a face value of 3.0 cents each.

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year.

Use of funds

The company has used cash and assets in the form readily convertible to cash in a manner consistent with its business objectives.

Subsequent events

The following event occurred after balance date and is of significance to the company:

On 17 August 2012 the company announced a non-renounceable, non-underwritten rights issue. The issue entitles eligible shareholders to acquire 1 new share for every 3 shares held at a price of \$0.02 per share. A maximum of 56,286,650 new shares will be issued to raise up to \$1,125,733.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental regulations

The company's exploration and mining tenements are located in Victoria. The operation of these tenements is subject to compliance with the Victorian and Commonwealth mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The directors are not aware of any breaches of mining and environmental regulations and legislation during the period covered by this report.

Dividends

No dividends in respect of the current financial period have been paid, declared or recommended for payment (2011:Nil).

Share options

Share options granted to directors and consultants

Options with an exercise price of \$0.10 were granted during the year to the following directors and consultants:

Michael Trumbull	1,000,000
Colin Glazebrook	1,000,000
Geoff Turner	1,000,000
Kevin Perrin	1,000,000
Alfonso Grillo	250,000

Shares under option or issued on exercise of options

There were no options exercised during the year. Details of issued options are included within the Remuneration Report.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, executive officers and any related body corporate against a liability incurred by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year 6 board meetings and 3 audit and compliance committee meetings were held.

Directors	Board of directors		Audit and compliance committee	
	Held	Attended	Held	Attended
Michael W Trumbull	6	6	3	3
Colin Glazebrook	6	6	-	-
Geoff Turner	6	6	3	3
Kevin J Perrin	6	5	3	3

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Michael W Trumbull	17,265,192	3,500,000
Colin Glazebrook	779,167	5,000,000
Geoff Turner	602,084	3,500,000
Kevin J Perrin	7,544,834	2,000,000

Remuneration report (Audited)

Remuneration policy for directors and executives

Details of key management personnel

The directors and key management personnel of Nagambie Mining Limited during the financial year were:

Michael W Trumbull	Non-Executive Director
Colin Glazebrook	Executive Director and Chief Executive Officer
Geoff Turner	Non-Executive Director
Kevin J Perrin	Non-Executive Director
Alfonso Grillo	Company Secretary

Remuneration Policy

The Board is responsible for determining and reviewing the compensation of the directors, the chief executive officer, the executive officers and senior managers of the company and reviewing the operation of the company's Employee Option Plan. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the company's operations. The board of directors also recommends levels and form of remuneration for non-executive directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to non-executive directors shall not exceed the sum fixed by members of the company in general meeting.

In accordance with ASX Listing Rule 10.17, the current maximum aggregate compensation payable out of the funds of the company to non-executive directors for their services as directors is \$250,000. For the year ending 30 June 2012, the board resolved that the chairman's remuneration be set at \$78,750 (2011: \$78,750) per annum excluding superannuation and share based payments. For non-executive director's, remuneration was set at \$42,000 (2011: \$42,000) per annum excluding superannuation and share based payments. Where a director performs special duties or otherwise performs consulting services outside of the scope of the ordinary duties of a director then additional amounts will be payable.

There is no direct relationship between the company's remuneration policy and the company's performance. That is, no portion of the remuneration of directors, secretary or senior managers is 'at risk'. However, in determining the remuneration to be paid in each subsequent financial year, the board will have regard to the company's performance. Therefore, the relationship between the remuneration policy and the company's performance is indirect.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2012.

	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Revenue	246	279	73	84	223
Net loss before tax	(473)	(420)	(985)	(2,352)	(3,256)
Net loss after tax	(473)	(420)	(985)	(2,352)	(3,256)

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Share price at start of year	\$0.023	\$0.030	\$0.030	\$0.030	\$0.092
Share price at end of year	\$0.015	\$0.023	\$0.030	\$0.030	\$0.030
Dividends paid	Nil	Nil	Nil	Nil	Nil
Basic earnings per share (cents)	(0.28)	(0.25)	(0.63)	(2.10)	(3.47)
Diluted earnings per share (cents)	(0.28)	(0.25)	(0.63)	(2.10)	(3.47)

Director and executive remuneration

The directors, executives and consultants detailed below received the following amounts as compensation for their services during the year:

Year ended 30 June 2012	Short Term Benefits	Post Employment Benefits	Share Based Payment	Other Long Term Benefits	Termin- ation Benefits	Total
	Salary and fees	Super- annuation	Options			
	\$	\$	\$	\$	\$	\$
Directors						
Michael W Trumbull	42,919	42,919	5,100	-	-	90,938
Colin Glazebrook *	200,009	-	5,100	-	-	205,109
Geoff Turner (1)	119,656	3,780	5,100	-	-	128,536
Kevin J Perrin (2)	45,780	-	5,100	-	-	50,880
	408,364	46,699	20,400	-	-	475,463

Other Key Management Personnel

Alfonso Grillo (3)	36,056	-	1,275	-	-	37,331
--------------------	--------	---	-------	---	---	--------

Year ended 30 June 2011	Short Term Benefits	Post Employment Benefits	Share Based Payment	Other Long Term Benefits	Termin- ation Benefits	Total
	Salary and fees	Super- annuation	Options			
	\$	\$	\$	\$	\$	\$
Directors						
Michael W Trumbull	42,919	42,919	6,000	-	-	91,838
Colin Glazebrook *	205,524	-	6,000	-	-	211,524
Geoff Turner (1)	107,075	3,780	6,000	-	-	116,855
Kevin J Perrin (2)	36,115	-	6,000	-	-	42,115
	391,633	46,699	24,000	-	-	462,332

Other Key Management Personnel

Alfonso Grillo (3)	35,767	-	1,500	-	-	37,267
Joe Fekete (4)	30,164	-	-	-	-	30,164
	65,931	-	1,500	-	-	67,431

* Colin Glazebrook is employed under a contract which expires on 30 June 2013. The terms of the contract provide that the company may terminate the contract by giving of 3 months prior written notice of termination.

Apart from the contract disclosed above there were no other contracts with management or directors in place during the 2012 and the 2011 financial years.

- (1) During the 2012 financial year Geoff Turner was paid director's fees of \$42,000 (2011: \$42,000) plus \$3,780 (2011: \$3,780) in superannuation for his services as a director of the company. The company also paid fees of \$77,656 (2011: \$65,075) to Exploration Management Services Pty Ltd (EMS), a company controlled by Geoff Turner, for professional geological consultancy services provided by Geoff Turner and other EMS personnel.
- (2) During the 2012 financial year fees of \$45,780 (2011: \$36,115) were paid to Vinda Pty Ltd, a company controlled by Kevin Perrin, for his services as a director of the company. The company also paid fees of \$19,350 (2011: \$6,150) to Prowse Perrin & Twomey for accounting services. Prowse Perrin & Twomey is a firm of Certified Practising Accountants in which Kevin Perrin was a partner during 2012 and 2011.
- (3) During the 2012 financial year fees of \$86,682 (2011: \$61,342) were paid to Tresscox Lawyers which includes secretarial fees of \$36,056 (2011: \$35,767). Alfonso Grillo is a partner in the legal firm of TressCox Lawyers. Share options were also issued to Alfonso Grillo for the provision of services as company secretary.
- (4) During the 2011 financial year fees were paid to Fekete Management Services Pty Ltd for the provision of services of Joe Fekete as chief financial officer. Mr Fekete retired as chief financial officer on 4 March 2011.

Elements of compensation of directors and 5 named highest paid company executives consisting of securities

The directors, chief executive officer, company secretary and executive officer's compensation may include the issuance of securities. These are at the discretion of the board. Securities in the form of options were issued in the 2012, 2011, 2010 and 2009 financial years.

Executive Options

The consolidated entity has an ownership-based remuneration scheme for staff and executives (including executive and non-executive directors) of the company. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, staff and executives of the company may be granted options to purchase parcels of ordinary shares at an exercise price determined at the discretion of the board of directors.

Each share option converts into one ordinary share of Nagambie Mining Limited on exercise by the payment of 10 cents. No amounts are paid or payable by the recipient on receipt of the options. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the discretion of the board of directors of the company.

The options granted expire five years after their issue, one month after the resignation of the staff member or executive, whichever is the earlier, or as otherwise determined by the board of directors. There are 15,900,000 share options on issue under this plan, of which 15,000,000 are executive share options.

Options held at the end of the reporting period

Number of Options	Grant Date	Vesting Date	Expiry Date	Exercise Price
550,000	04/09/2008	04/09/2010	04/09/2013	\$0.10
4,000,000	02/12/2008	02/12/2010	02/12/2013	\$0.10
550,000	09/07/2009	09/07/2011	09/07/2014	\$0.10
2,000,000	17/12/2009	17/12/2011	17/12/2014	\$0.10
4,000,000	26/11/2010	26/11/2012	26/11/2015	\$0.10
400,000	11/03/2011	11/03/2013	11/03/2016	\$0.10
4,400,000	30/11/2011	30/11/2011	30/11/2016	\$0.10

Value of options issued to directors and executives

The following grants of share-based payment compensation to directors and senior management relate to the 2012 financial year:

Name	Option series	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compensation for year consisting of options
M.Trumbull	issued 28 Nov 2011	1,000,000	1,000,000	100%	0%	6%
C.Glazebrook	issued 28 Nov 2011	1,000,000	1,000,000	100%	0%	2%
G.Turner	issued 28 Nov 2011	1,000,000	1,000,000	100%	0%	4%
K. Perrin	issued 28 Nov 2011	1,000,000	1,000,000	100%	0%	10%
A.Grillo	issued 28 Nov 2011	250,000	250,000	100%	0%	3%

The following table summarises the value of options granted, exercised or lapsed during the 2012 financial year to directors and senior management:

	Value of options granted at the grant date (i)	Value of options exercised at the exercise date	Value of options lapsed at the date of lapse (ii)
	\$	\$	\$
M.Trumbull	5,100	Nil	Nil
C.Glazebrook	5,100	Nil	Nil
G.Turner	5,100	Nil	Nil
K. Perrin	5,100	Nil	Nil
A.Grillo	1,275	Nil	Nil

- (i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.
- (ii) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied.

No options were exercised or expired during the reporting period.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

Auditor's independence declaration

The auditor's independence declaration is included on page 11 of the annual report.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors



Michael W Trumbull
Non-Executive Chairman

Melbourne
12 September 2012



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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2012 there have been:

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

William Buck

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



J.C. Luckins
Director

Dated this 12th day of September, 2012

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | Hawthorn: Level 1, 465 Auburn Road, Hawthorn East VIC 3123
PO Box 185, Toorak VIC 3142 • Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580
williambuck.com

William Buck is an association of independent firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.



STRATEGIC THINKING | TAILORED ADVICE | INTEGRATED SOLUTIONS

CHARTERED ACCOUNTANTS & ADVISORS

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Nagambie Mining Limited (*Nagambie Mining* or *the Company*) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the ASX Corporate Governance Council's **Corporate Governance Principles and Recommendations: 2nd Edition (Revised Principles)** (*the Principles*), the corporate governance statement reports on the Company's adoption of the Principles on an exception basis. This statement provides specific information whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. Nagambie Mining's corporate governance principles and policies are therefore structured with reference to the Principles, which are as follows:

- 1: Lay solid foundations for management and oversight.
- 2: Structure the board to add value.
- 3: Promote ethical and responsible decision making.
- 4: Safeguard integrity in financial reporting.
- 5: Make timely and balanced disclosure.
- 6: Respect the rights of shareholders.
- 7: Recognise and manage risk.
- 8: Remunerate fairly and responsibly.

1. Lay Solid Foundations for Management and Oversight

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return.

The Board is therefore concerned to ensure that the Company is properly managed to protect and enhance shareholder interests and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance.

The Board is responsible for, inter alia, development of strategy, oversight of management, risk management and compliance systems, and monitoring performance. The Board has established certain policies and protocols in relation to the Company's operations, some of which are summarised in this statement.

A statement as to the corporate governance policies adopted by the Company is available at the Company's website.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The performance of the Board, individual Directors and key executives is reviewed regularly, and has taken place during this reporting period.

The Company has not established a Remuneration or Nomination Committee as subcommittees of the Board. Remuneration and nomination issues are discussed and resolved at Board meetings and accordingly, the Board is responsible for determining and reviewing the remuneration of the Directors. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. In making decisions regarding the appointment of Directors, the Board as a whole periodically assesses the appropriate mix of skills and experience represented on the Board. The Board may also obtain information from, and consult with management and external advisers, as it considers appropriate.

The remuneration policy for the Directors is disclosed in the Directors' Report.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

In accordance with the 'Guide to Reporting on Principle 1', the Company provides the following information:

- as at the date of this statement, the Company is of the view that it has complied with each of the Recommendations under Principle 1; and
- the Company has undertaken a performance evaluation for senior executives during the financial year in accordance with the process set out in Recommendation 1.2.

2. Structure the Board to Add Value

Recommendation 2.1: A majority of the board should be independent directors

At the date of this statement, the Board comprises of four Directors, two of whom, Mr Geoff Turner and Mr Kevin Perrin are deemed as independent Directors as defined under the Board policy on Director independence. Mr Michael Trumbull was previously deemed an independent Director of the Company. However, Mr Trumbull became a substantial shareholder in the Company on 5 September 2008.

The Board is currently of the view that the current composition of the Board is adequate, having regard to the Company's level of operations and cash resources.

Recommendation 2.2: The chair should be an independent director

The Chairman, Mr Michael Trumbull, is a Non-Executive Director, however is not deemed to be independent. Since December 2007, it was resolved by the current Directors that Mr Michael Trumbull be appointed Chairman having regard to his extensive mining industry experience as both an executive and director of ASX listed companies, the current size of the Board and the Company's current level of operations.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same person

Mr Michael Trumbull is the Chairman of the Board, and Mr Colin Glazebrook is the Chief Executive Officer.

Recommendation 2.4: The board should establish a nomination committee

Due to the small size of the Board and the Company's current level of operations, the Company does not have a separate nomination committee.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board reviews and evaluates the performance of the Board and the Board committees. The process is to involve the assessment of all of the Board's key areas of responsibility. The Board's contribution as a whole is reviewed and areas where improvement can be made are noted. The performance evaluation process is as follows:

- (a) each Director will periodically evaluate the effectiveness of the Board and its committees and submit observation to the Chairman;
- (b) the Chairman of the Board will make a presentation incorporating his assessment of such observations to enable the Board to assess, and if necessary, take action;
- (c) the Board will agree on development and actions required to improve performance;
- (d) given the small size of the Company and the scale and nature of its current level of operations, the Board has considered and believes that the current mix of skills and diversity as outlined in the Directors' Report is adequate. The Board will continue to monitor the mix of skills and diversity it is looking to achieve periodically;
- (e) outcomes and actions will be minuted; and
- (f) the Chairman will assess during the year the progress of the actions to be achieved.

This process aims to ensure that individual Directors and the Board as a whole contribute effectively in achieving the duties and responsibilities of the Board. The performance of the Board, individual Directors and key executives has taken place during this reporting period in accordance with the process set out above.

Recommendation 2.6: Provide the information indicated in Guide to Reporting on Principle 2

The 'Guide to Reporting on Principle 2' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available ideally on the Company's website.

In accordance with the 'Guide to Reporting on Principle 2', the Company provides the following information:

- (a) The skills, experience and expertise relevant to the position of Director held by each Director as at the date of the Annual Report is detailed in the Director's Report.
- (b) Mr Geoff Turner and Mr Kevin Perrin are considered by the Board to constitute independent Directors. In assessing whether a director is independent, the Board has regard to the standards it has adopted that reflect the independence requirements of applicable laws, rules and regulations, including the Principles. Mr Michael Trumbull was previously deemed an independent Director. However, he is now not deemed to be independent since becoming a substantial shareholder of the Company.
- (c) Whenever necessary, individual members of the Board may seek independent professional advice at the expense of the Company in relation to fulfilling their duties as Directors. All Directors are encouraged to actively participate in all decision making processes and are given every opportunity to have their opinion heard and respected on all matters.
- (d) The term of office held by each Director as at the date of the Annual Report is detailed in the Director's Report.
- (e) Due to the small size of the Board, the Company does not have a separate nomination committee and therefore a charter or an appointment policy has not been created.

- (f) The performance of the Board, individual Directors and key executives has taken place during the reporting period in accordance with the process set out in Recommendation 2.5.

As at the date of this statement, the Company is of the view that it has complied with each of the recommendations under Principle 2, except for Recommendations 2.1 and 2.4. An explanation for the departures from Recommendations 2.1 and 2.4 is set out above.

3. Promote Ethical and Responsible Decision-making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- (a) *the practices necessary to maintain confidence in the company's integrity;*
- (b) *the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and*
- (c) *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Board has established a Code of Conduct that provides a framework in which the Company and its representatives conduct their business and activities in a fiscally efficient and socially responsible manner whilst seeking to maximise shareholder returns.

The Code of Conduct outlines how the Company expects Directors, management and employees to behave and conduct business in a range of circumstances. In particular, the Operating Procedures and Policy Guidelines require awareness of and compliance with laws and regulations relevant to Nagambie Mining's operations including environmental laws and community concerns. All Board members are qualified professionals within their respective industries and accordingly conduct themselves in a professional and ethical manner in both their normal commercial activities and the discharge of their responsibilities as Directors.

The Code of Conduct adopted by the Company is available at the Company's website.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company has not adopted a formal diversity policy and therefore, has not set measurable objectives for achieving gender diversity. The Board is of the view that the size of the Company and the scale and nature of its operations does not currently lend itself to an effective and meaningful application of such a policy. However, the Board intends to reconsider the adoption of a formal diversity policy periodically.

Recommendation 3.3: Companies should disclose in each Annual Report the measurable objectives for achieving gender diversity

The Company has not adopted a formal diversity policy and therefore, has not set measurable objectives for achieving gender diversity. The Board is of the view that the size of the Company and the scale and nature of its operations does not currently lend itself to an effective and meaningful application of such a policy. However, the Board intends to reconsider the adoption of a formal diversity policy periodically.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board

	Number	Percentage
Women in the whole organisation	1	50%
Women in senior executive positions	Nil	0%
Women on the board	Nil	0%

Recommendation 3.5: Provide the information indicated in the Guide to reporting on Principle 3

The Company has not adopted a formal diversity policy and therefore, has not set measurable objectives for achieving gender diversity. The Board is of the view that the size of the Company and the scale and nature of its operations does not currently lend itself to an effective and meaningful application of such a policy. However, the Board intends to reconsider the adoption of a formal diversity policy periodically.

4. Safeguard Integrity in Financial Reporting

Recommendation 4.1: The board should establish an audit committee.

The Board has established an Audit and Compliance Committee. The composition of this committee and its effectiveness is reviewed on a regular basis. The Audit and Compliance Committee comprises of Non-Executive Directors, Mr Kevin Perrin, Mr Michael Trumbull and Mr Geoff Turner. Invitations to executives to attend meetings are extended where appropriate.

The Audit and Compliance Committee monitors and reviews the effectiveness of the Company's controls in the areas of operational and balance sheet risk and financial reporting.

Members of the management and the Company's external auditors attend meetings of the Audit and Compliance Committee by invitation. The Audit and Compliance Committee may also have access to financial and legal advisers in accordance with the Board's general policy.

Recommendation 4.2: The audit committee should be structured so that it:

- (a) consists only of non-executive directors;
- (b) consists of a majority of independent directors;
- (c) is chaired by an independent chair, who is not chair of the board; and
- (d) has at least three members.

The Audit and Compliance Committee consists of the three Non-Executive Directors of the Company, Mr Kevin Perrin, Mr Michael Trumbull and Mr Geoff Turner. Mr Kevin Perrin is Chairman of the Audit and Compliance Committee and is an independent director.

The Audit and Compliance Committee consists of a majority of independent directors.

Recommendation 4.3: The audit committee should have a formal charter

The Audit and Compliance Committee operates under a charter approved by the Board.

It is the Board's responsibility to ensure that an effective internal control framework exists to examine the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the integrity of financial information, the implementation of quality assurance practices and procedures and ensuring compliance with environmental regulations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control mechanisms for the management of the Company to the Audit and Compliance Committee.

The Audit and Compliance Committee meets at least every six months and is responsible for:

- overseeing the implementation and the operation of the Code of Conduct;
- administering continuous disclosure and compliance;
- external financial reporting;
- risk management, internal control structures and compliance with laws and regulations; and
- administering external audit activities.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

The 'Guide to Reporting on Principle 4' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available ideally on the Company's website.

In accordance with the 'Guide to Reporting on Principle 4', the Company provides the following information:

- (a) The qualifications of the Audit and Compliance Committee members, Mr Kevin Perrin, Mr Michael Trumbull and Mr Geoff Turner, are detailed in the Directors report;
- (b) The Audit and Compliance Committee met three times throughout the year. Mr Michael Trumbull, Mr Geoff Turner and Mr Kevin Perrin were present at all meetings;
- (c) The Charter of the Audit Committee adopted by the Company is available at the Company's website; and
- (d) The Company periodically puts to private tender the appointment of its external auditor. The Company's external audit engagement partner is rotated in consultation with the external auditor, as required by Division 5 of the Corporations Act.

5. Make Timely and Balanced Disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Board and senior management are aware of the continuous disclosure requirements of the ASX and have written policies and procedures in place, including a 'Continuous Disclosure and Compliance Policy' to disclose any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Directors and senior management of Nagambie Mining acknowledge that they each have an obligation to immediately identify and immediately disclose information that may be regarded as material to the price or value of the Company's securities.

The Chief Executive Officer and Chairman are authorised to make statements and representations on the Company's behalf. The Company Secretary is responsible for overseeing and coordinating the disclosure of information to the ASX, analysts, stockbrokers, shareholders, the media and the public. The Company Secretary must inform the Directors, senior management and employees of the Company's continuous disclosure obligations on a quarterly basis.

The Directors and senior management of Nagambie Mining ensure that the Company Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, shareholders, the media and the public. Prior to being presented, information that has not already been the subject of disclosure to the market and is not generally available to the market is the subject of disclosure to the ASX. Only when confirmation of receipt of the disclosure and release to the market by the ASX is received may the information be presented.

If information that would otherwise be disclosed comprises of matters of supposition or is insufficiently definite to warrant disclosure, or if the effect of a disclosure on the value or price of Nagambie Mining's securities is unknown, Nagambie Mining may request that the ASX grant a trading halt or suspend Nagambie Mining's securities from quotation. Management of Nagambie Mining may consult Nagambie Mining's external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

The written policies and procedures in relation to the Company's continuous disclosure requirements with the ASX is available at the Company's website.

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

In accordance with the 'Guide to Reporting on Principle 5', the Company has made its Continuous Disclosure and Compliance Policy available on its website.

6. Respect the Rights of Shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Board aims to ensure that in accordance with Recommendation 6.1, all shareholders are informed of major developments affecting the affairs of the Company. Information is communicated to the shareholders through the annual and half year reports, disclosures made to the ASX, notices of meetings and letters to shareholders where appropriate.

A description of the arrangements the Company has to promote communications with shareholders is detailed in the Code of Conduct available at the Company's website.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

In accordance with the 'Guide to Reporting on Principle 6', the Company has made its Code of Conduct available on its website.

7. Recognise and Manage Risk

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board has procedures in place to recognise and manage risk in accordance with Recommendation 7.1. Monthly reporting of financial performance is in place as are policies to manage credit, foreign exchange and other business risks.

The Company is committed to the proper identification and management of risk. Nagambie Mining regularly conducts technical meetings that are attended by Messrs Glazebrook, Trumbull and Turner. Nagambie Mining also regularly undertakes reviews of its risk management procedures which include implementation of a system of internal sign-offs to ensure not only that Nagambie Mining complies with its legal obligations, but that the Board and ultimately shareholders can take comfort that an appropriate system of checks and balances is in place regarding those areas of the business which present financial or operating risks.

The Audit and Compliance Committee meets regularly to ensure, amongst other things, that the risk management, internal control structures and compliance with laws and regulations are operating effectively.

The Code of Conduct sets out the Company's commitment to maintaining the highest level of integrity and ethical standards in all business practices which is available at the Company's website.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Company's management is responsible for providing leadership and direction, for establishing a context which fosters a risk management culture and for ensuring business, financial and risk management approaches are integrated during the planning, implementation and reporting of major ventures at all levels within the organisation.

At the Company's board meetings and technical meetings, the Company regularly undertakes reviews of its risk management procedures, which include implementation of a system of internal approvals to ensure not only that it complies with its legal obligations, but that the Board and shareholders can take comfort that an appropriate system of checks and balances is in place in those areas of the business that present financial or operating risks. As part of this risk management process, the Company's management has reported to the Board in relation to its management of the Company's material business risks.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Mr Colin Glazebrook, as the Company's Chief Executive Officer, has declared to the Board that the statement given to the Board regarding the Financial Reports (as discussed under Section 4 of this statement) is founded on a sound system of risk management, internal compliance and control which implements the policies adopted by the Board.

Mr Colin Glazebrook has also declared to the Board that the Company's risk management, internal compliance and control system is operating efficiently and effectively in all material respects.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

In accordance with the 'Guide to Reporting on Principle 7', the Company provides the following information:

- (a) The Company has not departed from Recommendations 7.1 to 7.4.
- (b) The Board has received the report from management under Recommendation 7.2.
- (c) The Board has received assurance from Mr Colin Glazebrook, as the Company's Chief Executive Officer, under Recommendation 7.3

8. Remunerate Fairly and Responsibly

Recommendation 8.1: The board should establish a remuneration committee

Due to the small size of the Board and the Company's current level of operations, the Company has not established a Remuneration Committee as a subcommittee of the Board. The Board is responsible for determining and reviewing the remuneration of the Directors, the Chief Executive Officer and the executive officers of the Company and reviewing the operation of the Company's Employee Option Plan. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executive with the skills to manage the Company's operations. In making decisions regarding the appointment of Directors, the Board as a whole periodically assesses that an appropriate mix of skills and experience is represented on the Board.

It is the Company's objective to provide maximum shareholder benefit from the retention of high quality Board members having regard to the Company's level of operations and financial resources. Directors are remunerated with reference to market rates for comparable positions. Remuneration policies for each Non-Executive Director are disclosed in the Directors' Report.

The Board may obtain information from, and consult with management and external advisers, as it considers appropriate.

Recommendation 8.2: The remuneration committee should be structured so that it:

- (a) consists of a majority of independent directors
- (b) is chaired by an independent chair
- (c) has at least three members.

The Company does not currently have a formal remuneration sub-committee and the relevant issues are the responsibility of the Board as a whole. There are two independent directors on the Board, a non-executive Chairman and an executive director.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The remuneration structure of Non-Executive Directors and executives is disclosed in the Director's Report in this Annual Report. The remuneration of executives is dependent on the terms of the service agreement with those executives. The remuneration structure of Non-Executive Directors and executives is clearly distinguishable as required by recommendation 8.2.

Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

In accordance with the 'Guide to Reporting on Principle 8', the Company provides the following information:

- (a) there are no schemes for retirement benefits, other than statutory superannuation, in existence for the Non-Executive Directors;
- (b) due to the small size of the Board, the Company does not have a separate Remuneration Committee and therefore a charter or an appointment policy has not been created; and
- (c) as at the date of this statement, the Company is of the view that it has complied with each of the Recommendations under Principle 8, except for Recommendation 8.1. An explanation for the departure from Recommendation 8.1 is set out above.

Statement of Comprehensive Income for the financial year ended 30 June 2012

	Note	Consolidated	
		2012 \$	2011 \$
Revenue	4	245,830	278,851
Corporate expenses		(476,565)	(480,910)
Depreciation and amortisation		(20,433)	(23,124)
Employee benefits expense	4	(32,625)	(51,684)
Finance costs	4	(188,765)	(143,549)
Loss before income tax		(472,558)	(420,416)
Income tax expense	5	-	-
Loss for the year		(472,558)	(420,416)
Other comprehensive income		-	-
Total comprehensive income for the year		(472,558)	(420,416)
Earnings per share			
Basic per share in cents	6	(0.28)	(0.25)
Diluted per share in cents	6	(0.28)	(0.25)

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2012

	Note	Consolidated	
		2012 \$	2011 \$
Current assets			
Cash and cash equivalents	14(b)	344,656	19,227
Trade and other receivables	7	35,460	110,057
Total current assets		380,116	129,284
Non-current assets			
Security deposits	8	565,214	582,961
Property, plant and equipment	9	77,803	99,526
Exploration and evaluation assets	10	5,654,646	5,150,247
Total non-current assets		6,297,663	5,832,734
Total assets		6,677,779	5,962,018
Current liabilities			
Trade and other payables	11	113,286	220,461
Borrowings	15	10,086	28,953
Provisions	16	3,180	1,348
Total current liabilities		126,552	250,762
Non-current liabilities			
Borrowings	15	2,300,000	1,009,911
Total non-current liabilities		2,300,000	1,009,911
Total liabilities		2,426,552	1,260,673
Net assets		4,251,227	4,701,345
Equity			
Issued capital	12	13,801,484	13,801,484
Reserves	13	121,999	99,559
Accumulated losses		(9,672,256)	(9,199,698)
Total equity		4,251,227	4,701,345

The accompanying notes form part of these financial statements

**Statement of Changes in Equity
for the financial year ended 30 June 2012**

	Consolidated			Total \$
	Issued capital \$	Options reserve \$	Accumulated losses \$	
Balance at 1 July 2010	13,801,484	73,159	(8,779,282)	5,095,361
Recognition of share based payments	-	26,400	-	26,400
Total comprehensive income	-	-	(420,416)	(420,416)
Balance at 30 June 2011	13,801,484	99,559	(9,199,698)	4,701,345
Recognition of share based payments	-	22,440	-	22,440
Total comprehensive income	-	-	(472,558)	(472,558)
Balance at 30 June 2012	13,801,484	121,999	(9,672,256)	4,251,227

The accompanying notes form part of these financial statements

Statement of Cash Flows for the financial year ended 30 June 2012

	Note	Consolidated	
		2012 \$	2011 \$
Cash flows from operating activities			
Receipts from customers		268,662	140,687
Payments to suppliers and employees		(641,716)	(450,928)
Interest received		28,075	43,147
Interest paid		(129,381)	(56,372)
Net cash used in operating activities	14(a)	(474,360)	(323,466)
Cash flows from investing activities			
Purchase of property, plant and equipment		(963)	(28,065)
Proceeds from sale of property, plant and equipment		16,182	-
Payments for exploration expenditure		(504,399)	(755,396)
Proceeds from cancellation of security bonds		17,747	54,891
Net cash used in investing activities		(471,433)	(728,570)
Cash flows from financing activities			
Repayment of borrowings		(28,778)	(24,067)
Proceeds from issue of convertible notes		1,300,000	1,000,000
Payment of share and note issue costs		-	(57,588)
Net cash provided by financing activities		1,271,222	918,345
Net increase (decrease) in cash and cash equivalents		325,429	(133,691)
Cash and cash equivalents at the beginning of the financial period		19,227	152,918
Cash and cash equivalents at the end of the financial period	14(b)	344,656	19,227

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the financial year ended 30 June 2012

1. General information

Nagambie Mining Limited (the Company) is a listed public company, incorporated in Australia and operating in Victoria.

The registered office and principal place of business for the Company are located at 533 Zanelli Road, Nagambie Vic 3608.

2. Significant accounting policies

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements includes the consolidated financial statements of the Group.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. Comparative information where necessary has been reclassified in order to achieve consistency in presentation with amounts disclosed in the current year.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Going concern

For the year ended 30 June 2012 the consolidated net loss was \$472,558 (2011: \$420,416). The net cash outflows from operations for the year were \$474,360 (2011: \$323,466).

The Group has cancellable capital expenditure commitments under its leased tenements extending to 30 June 2013 of \$671,980 (2012: \$594,984).

The directors have assessed the current cash balances available to the entity, along with the operating and capital expenditure plans and expected obligations over the next 12 months and the anticipated growth in sales of non-gold materials from the Nagambie Mine. The assessment shows that the raising of \$750,000 in September 2012 from the recently announced non-renounceable issue of shares should provide sufficient funding for the Group over the next 12 months.

If necessary, the Group has additional capacity to meet its financial commitments through the following:

- Reclaiming cash backed environmental bonds for mineral tenements with the Department of Primary Industries Victoria and therefore foregoing any capital commitments on those tenements surrendered: and
- Scaling back its administrative and corporate costs.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2. Significant accounting policies (continued)

(d) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the group in respect of services provided by employees up to the end of the reporting period.

Contributions to defined contribution superannuation plans are expensed when incurred.

(e) Financial assets and liabilities

Financial assets and liabilities are recognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value.

Financial assets and liabilities are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets and liabilities are subsequently measured at amortised cost using the effective interest rate method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for all debt instruments.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(f) Exploration and evaluation assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measure of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

2. Significant accounting policies (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with the development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance will then be reclassified to capitalised development costs.

(g) Impairment of tangible and intangible assets other than exploration and evaluation assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are

allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

2. Significant accounting policies (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(i) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined. The respective lease assets are recognised in the statement of financial position based on their nature.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the

group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including leasehold improvements.

2. Significant accounting policies (continued)

Depreciation is calculated on a diminishing value and straight line basis so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(l) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Rock revenue

Revenue from the sale of rock is measured at the fair value for the consideration received or receivable. There are no cartage expenses as the customer utilises their own assets to source and remove the rock.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

(m) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. When a clause is written into the share-based payment contract that permits management the discretion to override the vesting conditions the full fair value cost of the share-based payment is recognised at grant date.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of each reporting period.

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

2. Significant accounting policies (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financial activities which are recoverable from a payable to the taxation authority, are presented as operating cash flows.

(o) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Exploration and evaluation assets

The recoverability of the carrying amount of exploration and evaluation assets is dependant on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Restoration and rehabilitation provision

Under its existing tenements, the Group has obligations to restore and rehabilitate its areas of interest disturbed by its exploratory activities. As the Group's operations are still in their extractive phase, the quantum and timing of any payments under these obligations cannot be reliably measured, and as such will be recognised when incurred.

Valuation of convertible notes

Convertible notes are measured at amortised cost as there is no market evidence available that would allow the Group to measure the fair value residual component of the notes in equity.

(p) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

(q) Adoption of new and revised standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. Adoption of these standards has not materially impacted upon the disclosures in these financial statements.

3. New Accounting Standards for Application in Current and Future Periods

The Australian Accounting Standards Board has issued new and amended accounting standards and interpretations that have mandatory application date for future reporting periods. The Group has decided to early adopt these standards, the effect of which has not materially impacted upon the disclosures in these financial statements.

4. Revenue and expenses

	Consolidated	
	2012 \$	2011 \$
The loss before income tax includes the following items of revenue and expenses.		
(a) Revenue		
Operating revenue		
Sale of non-gold materials	194,065	214,316
Other revenue		
Interest	37,836	64,535
Profit on sale of fixed assets	13,929	-
Total revenue	245,830	278,851
(b) Expenses		
Employee benefits expense		
Employee benefits	1,832	16,459
Share based payments expense	24,440	26,400
Defined contribution plans	6,353	8,825
	32,625	51,684
Finance costs		
Interest	164,735	85,961
Convertible note issue expenses	24,030	57,588
	188,765	143,549

5. Income tax

- (a) The tax rate used in this reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Loss from operations	(472,558)	(420,416)
Prima facie tax calculated at 30% (2011: 30%)	(141,767)	(126,125)
Add tax effect of:		
Non deductible expenses	(2,829)	(7,199)
Share based payments	7,332	7,920
Less tax effect of:		
Current year tax loss not recognised	137,264	125,404
Income Tax Expense	-	-

- (b) The following deferred tax asset is not recognised due to the uncertainty of timing in relation to when future taxable profits will be derived.

A deferred tax asset attributable to tax losses and timing differences has not been brought to account.	3,127,821	2,990,557
---	-----------	-----------

6. Earnings per share

Consolidated	
2012	2011
\$	\$

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

Net loss	472,558	420,416
Basic earnings per share (cents per share)	(0.28)	(0.25)
Diluted earnings per share (cents per share)	(0.28)	(0.25)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	168,859,948	168,859,948

As discussed in Note 20, the company has issued options over its unissued share capital. As the company continues to incur losses, these options are anti-dilutive in nature and have not been incorporated into the diluted earnings per share calculation.

7. Receivables

Trade receivables	9,761	91,206
GST receivable (net)	25,699	18,851
Total receivables	35,460	110,057

8. Security deposits

Current assets	-	-
Non-current assets		
Security deposits - environmental bonds (i)	564,000	579,343
Security deposits - rental bonds	1,214	3,618
Total other assets	565,214	582,961

(i) Security deposits – environmental bonds

The company holds security deposits, in the form of term deposits with its banker. These are guarantees for performance conditions set by the Department of Primary Industries on mining tenements held by the company. Those guarantees are held to cover any future rehabilitation obligations the company may have on the mining tenements. When all obligations in relation to a mining tenement are finalised the relevant guarantee will be released and associated environmental bond will be redeemed. The deposits are shown as non-current assets since it is not expected that they will be repaid during the coming 12 months. These cash deposits earn interest for the company.

9. Property, plant and equipment

	Consolidated				
	Land	Plant and equipment	Computer equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance at 1 July 2010	2,506	66,386	124,831	130,845	324,568
Additions	24,522	1,037	-	-	25,559
Balance at 1 July 2011	27,028	67,423	124,831	130,845	350,127
Additions	-	-	963	-	963
Disposals	-	-	(2,103)	(44,634)	(46,737)
Balance at 30 June 2012	27,028	67,423	123,691	86,211	304,353
Accumulated Depreciation					
Balance at 1 July 2010	-	(18,054)	(90,524)	(118,899)	(227,477)
Depreciation expense	-	(8,894)	(11,243)	(2,987)	(23,124)
Balance at 1 July 2011	-	(26,948)	(101,767)	(121,886)	(250,601)
Depreciation expense	-	(6,496)	(11,855)	(2,082)	(20,433)
Disposals	-	-	1,753	42,731	44,484
Balance at 30 June 2012	-	(33,444)	(111,869)	(81,237)	(226,550)
Net book value					
As at 30 June 2011	27,028	40,475	23,064	8,959	99,526
As at 30 June 2012	27,028	33,979	11,822	4,974	77,803

10. Exploration and evaluation assets

	Consolidated	
	2012 \$	2011 \$
Balance at beginning of the year	5,150,247	4,339,434
Exploration costs capitalised for the year	504,399	810,813
Impairment charge for the year	-	-
Balance at end of the year	5,654,646	5,150,247

During the financial year the group reassessed the recoverable value of all tenemented areas of interest to which exploration costs had been capitalised and no impairment charges were deemed applicable.

The future recoverability of the carrying amount of exploration and evaluation assets is dependant upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

11. Trade and other payables

Trade payables	53,675	209,538
Other payables	59,611	10,923
	113,286	220,461

12 Issued capital**(a) Issued and paid capital**

Ordinary shares fully paid	13,801,484	13,801,484
----------------------------	-------------------	------------

(b) Movements in shares on issue

	Year ended 30 June 2012		Year ended 30 June 2011	
	Number of shares issued	Issued capital \$	Number of shares issued	Issued capital \$
Balance at beginning of the year	168,859,948	13,801,484	168,859,948	13,801,484
Movements during the year	-	-	-	-
Balance at end of the year	168,859,948	13,801,484	168,859,948	13,801,484

Share options granted under the employee share option plan

As at 30 June 2012 there were 1,900,000 options over ordinary shares. These options were issued in accordance with the provisions of the employee share option plan to executives and senior employees (2011: 1,500,000). Of these options 1,500,000 were vested by 30 June 2012 (2011: 550,000).

Share options granted under the employee share option plan carry no rights to dividends and have no voting rights. Further details of the employee share option plan are contained in note 20 to the financial statements.

Other share options on issue

As at 30 June 2012 there were 14,000,000 options over ordinary shares issued to directors (2011: 10,000,000). Of these options 10,000,000 were vested by 30 June 2012 (2011: 4,000,000).

The options carry no rights to dividends and have no voting rights. Further details of these options are detailed in note 20 to the financial statements.

13. Reserves**Options Reserve**

Balance at beginning of the year	99,559	73,159
Recognition of share based payments	22,440	26,400
Balance at end of the year	121,999	99,559

The options reserve represents the fair value of unvested and vested ordinary shares under option granted to directors, consultants and employees.

14 Notes to the statement of cash flows

	Consolidated	
	2012 \$	2011 \$
(a) Reconciliation of loss after tax to net cash flows from operations		
Net loss for the period	(472,558)	(420,416)
Depreciation of property, plant and equipment	20,433	23,124
Share option expenses	22,440	26,400
Profit on sale of fixed assets	(13,929)	-
Finance costs – transfer to financing activity	-	57,588
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in receivables	74,597	(95,017)
(Increase)/Decrease in other assets	-	(55,417)
Increase/(Decrease) in creditors	(107,175)	145,970
Increase/(Decrease) in employee provisions	1,832	(5,698)
Net cash used in operating activities	(474,360)	(323,466)
(b) Reconciliation of cash		
Cash and cash equivalents comprise:		
Cash on hand and at call	344,656	19,227
	344,656	19,227

15. Borrowings

Current

Secured chattel mortgage loans (i)	10,086	28,953
------------------------------------	--------	--------

Non-current

Secured chattel mortgage loans (i)	-	9,911
Unsecured convertible notes (ii)	2,300,000	1,000,000
	2,300,000	1,009,911

Total borrowings

	2,310,086	1,038,864
--	------------------	------------------

- (i) Secured by motor vehicle under finance. This is a fixed rate loan with a finance company having a repayment period not exceeding 1 year. The interest rate on the loan is 11.7% per annum.
- (ii) The Company has issued 3 series of Unsecured Convertible Notes for a total of \$2,300,000.

Series 1: 25 million Notes issued at 4 cents on 14 September 2010 for a total of \$1,000,000.

Series 2: 13.75 million Notes issued at 4 cents on 2 September 2011 for a total of \$550,000

Series 3: 25 million Notes issued at 3 cents on 4 May 2012 for a total of \$750,000

Each series of Convertible Note has the following terms:

- Interest is payable at 10% per annum every six months 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.

16. Provisions

	Consolidated	
	2012	2011
	\$	\$
Current		
Employee benefits – annual leave	3,180	1,348

17. Expenditure commitments**(a) Exploration expenditure commitments**

The amounts detailed below are the minimum expenditure required to maintain ownership of the current tenements held.

Not longer than 1 year	671,980	594,984
Longer than 1 year and not longer than 5 years	1,443,660	787,600
Longer than 5 years	-	-
	2,115,640	1,382,584

(b) Capital expenditure commitments

There were no capital expenditure commitments at 30 June 2012 or 30 June 2011.

(c) Finance lease commitments

Not longer than 1 year	10,738	31,838
Longer than 1 year and not longer than 5 years	-	10,739
Longer than 5 years	-	-
	10,738	42,577

(d) Operating lease commitments

Not longer than 1 year	3,386	33,392
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	3,386	33,392

The above relates to a non-cancellable property lease on a house at Nagambie which is used for company business. The lease is for a 12 month period expiring in October 2012. There is no option to purchase the property at the end of the lease period.

18. Subsidiaries

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>	
		2012	2011
		%	%
Parent entity			
Nagambie Mining Limited	Australia	-	-
Subsidiaries			
Sierra Minerals Pty Ltd	Australia	100	100
Nagambie Developments Pty Ltd	Australia	100	100

19. Financial instruments

The board of directors is responsible for monitoring and managing the financial risk exposures of the Group, to which end it monitors the financial risk management policies and exposures and approves financial transactions and reviews related internal controls within the scope of its authority. The board has determined that the only significant financial risk exposure of the Group is liquidity. Other financial risks are not significant to the Group due to the following:

- It has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars;
- It has no significant outstanding receivable balances that have a credit risk;
- Its mining operations are in the exploration phase and therefore have no direct exposure to movements in commodity prices;
- All of its interest bearing instruments are held at amortised cost which have fair values that approximate their carrying values since all cash and payables have maturity dates within one financial year. The chattel mortgage loans have repayment terms up to 1 year. Term deposits on environmental bonds and convertible notes have interest rate yields consistent with current market rates;
- The majority of the financing for the Group is from equity and convertible note instruments with its only secured debt on its chattel mortgage commitments; and
- The Group has no externally imposed capital requirements.

(a) Categories of financial instruments

	Consolidated	
	2012 \$	2011 \$
Financial assets		
Term deposits and receivables	600,674	693,018
Cash and cash equivalents	344,656	19,227
Financial liabilities		
Trade and other payables	113,286	220,461
Borrowings	2,310,086	1,038,864

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient cash balances to meet obligations as and when they fall due.

The following tables detail the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated liabilities	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
	%	\$	\$	\$	\$	\$
2012						
Trade and other payables	-	113,286	-	-	-	-
Chattel mortgage liabilities	11.73	895	2,685	7,158	-	-
Convertible notes	10.00	-	77,500	152,500	3,220,000	-
		114,181	80,185	159,658	3,220,000	-
2011						
Trade and other payables	-	220,461	-	-	-	-
Chattel mortgage liabilities	13.08	3,909	7,818	20,111	10,739	-
Convertible notes	10.00	-	50,000	50,000	1,400,000	-
		224,370	57,818	70,111	1,410,739	-

20. Share-based payments

The consolidated entity has an ownership-based remuneration scheme for executives (including executive directors) of the company. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, executives with the company may be granted options to purchase parcels of ordinary shares at an exercise price determined at the discretion of the board of directors. Each executive share option converts into one ordinary share of Nagambie Mining Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the discretion of the board of directors. The options granted expire five years after their issue, or one month after the resignation of the executive, whichever is the earlier. There is a total of 15,900,000 (2011: 11,500,000) options on issue. Of these 1,900,000 (2011: 1,500,000) have been issued to executives and employees and the balance of 14,000,000 (2011: 10,000,000) have been issued to directors as approved by shareholders.

Information with respect to the number of all options granted including executive options is as follows:

	30 June 2012		30 June 2011	
	Number of options	Exercise price	Number of options	Exercise price
Balance at beginning of period	11,500,000	\$0.10	7,100,000	\$0.10
- granted	4,400,000	\$0.10	4,400,000	\$0.10
- lapsed/exercised	-	-	-	-
Balance at end of period	15,900,000	\$0.10	11,500,000	\$0.10

Options held at the end of the reporting period

Number of options	Grant date	Vesting date	Expiry date	Exercise price	Fair value at grant date
550,000	04/09/2008	04/09/2010	04/09/2013	\$0.10	\$0.008
4,000,000	02/12/2008	02/12/2010	02/12/2013	\$0.10	\$0.009
550,000	09/07/2009	09/07/2011	09/07/2014	\$0.10	\$0.013
2,000,000	17/12/2009	17/12/2011	17/12/2014	\$0.10	\$0.013
4,000,000	26/11/2010	26/11/2012	26/11/2015	\$0.10	\$0.006
400,000	11/03/2011	11/03/2013	11/03/2016	\$0.10	\$0.006
4,400,000	30/11/2011	30/11/2011	30/11/2016	\$0.10	\$0.0051
15,900,000					

(i) **Exercised during the financial year**

There were no options exercised during the financial year

(ii) **Equity-settled employee benefits reserve**

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

The weighted average fair value of the share options granted during the financial year is \$0.0051 (2011: \$0.006).

Options were priced using a binomial option pricing 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 not be exercised early, executives and senior employees are not be able to exercise the options before vesting date.

Inputs into the model	Options
	Series 1
Grant date	30/11/2011
Options Issued	4,400,000
Share price at grant date	\$0.032
Exercise price	\$0.10
Expected volatility	70%
Option life	5 years
Dividend yield	Nil
Risk free interest rate	3.60%
Vesting date	30/11/2011

21. Key management personnel compensation

	Consolidated	
	2012	2011
	\$	\$
Short-term employee benefits	444,420	457,564
Post-employment benefits	46,699	46,699
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	21,675	25,500
	512,794	529,763

(a) Remuneration options: granted and vested during the period

There were 4,250,000 options issued during the reporting period relating to key management personnel (2011: 4,250,000).

(b) Shares issued on exercise of remuneration options

No shares were issued on the exercise of remuneration options during the reporting period relating to key management personnel (2011: Nil).

(c) Option holdings of key management personnel

Unlisted options held by key management personnel. Details of options are contained in Note 20.

Year ended 30 June 2012	Opening Balance 1 July 2011	Granted as remuneration	Options exercised or transferred out	Closing Balance 30 June 2012	Vested and exercisable at 30 June 2012
Colin Glazebrook	4,000,000	1,000,000	-	5,000,000	4,000,000
Michael Trumbull	2,500,000	1,000,000	-	3,500,000	2,500,000
Geoff Turner	2,500,000	1,000,000	-	3,500,000	2,500,000
Kevin Perrin	1,000,000	1,000,000	-	2,000,000	1,000,000
Alfonso Grillo	750,000	250,000	-	1,000,000	750,000
Total	10,750,000	4,250,000	-	15,000,000	10,750,000

Year ended 30 June 2011	Opening Balance 1 July 2010	Granted as remuneration	Options exercised or transferred out	Closing Balance 30 June 2011	Vested and exercisable at 30 June 2011
Colin Glazebrook	3,000,000	1,000,000	-	4,000,000	2,000,000
Michael Trumbull	1,500,000	1,000,000	-	2,500,000	1,000,000
Geoff Turner	1,500,000	1,000,000	-	2,500,000	1,000,000
Kevin Perrin	-	1,000,000	-	1,000,000	-
Joe Fekete*	500,000	-	*500,000	-	-
Alfonso Grillo	500,000	250,000	-	750,000	250,000
Total	7,000,000	4,250,000	500,000	10,750,000	4,250,000

*Joe Fekete retired as chief financial officer on 4 March 2011

21. Key management personnel compensation (continued)**(d) Shareholdings of key management personnel**

Year ended 30 June 2012	Balance 1 July 2011	Granted as remuneration	On exercise of options	Net change	Balance 30 June 2012
Ordinary shares					
Michael W Trumbull	17,265,192	-	-	-	17,265,192
Colin Glazebrook	779,167	-	-	-	779,167
Geoff Turner	602,084	-	-	-	602,084
Kevin J Perrin	7,544,834	-	-	-	7,544,834
Total	26,191,277	-	-	-	26,191,277

Year ended 30 June 2011	Balance 1 July 2010	Granted as remuneration	On exercise of options	Net change	Balance 30 June 2011
Ordinary shares					
Michael W Trumbull	11,810,039	-	-	5,455,153	17,265,192
Colin Glazebrook	779,167	-	-	-	779,167
Geoff Turner	602,084	-	-	-	602,084
Kevin J Perrin*	-	-	-	*7,544,834	7,544,834
Joe Fekete**	1,010,000	-	-	** (1,010,000)	-
Total	14,201,290	-	-	11,989,987	26,191,277

Net change refers to on market and off market acquisitions/disposals and the following movements.

* Kevin J Perrin was appointed a director on 17 September 2010

** Joe Fekete retired as chief financial officer on 4 March 2011

All equity transactions with key management personnel other than those arising from the exercise of options have been entered into on terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

22. Related party transactions**(a) Transactions with key management personnel and related parties**

The company paid consulting fees of \$200,012 (2011: \$205,524) to Glazco Consultants Pty Ltd, a company controlled by Colin Glazebrook.

The company paid consulting fees of \$85,422 (2011: \$65,075) to Exploration Management Services Pty Ltd, a company controlled by Geoff Turner.

The company paid consulting fees of \$45,780 (2011: \$36,115) to Vinda Pty Ltd, a company controlled by Kevin Perrin. The company also paid fees of \$19,350 (2011: \$6,150) to Prowse Perrin & Twomey for accounting services. Prowse Perrin & Twomey is a firm of Certified Practising Accountants in which Kevin Perrin was a partner during 2012 and 2011.

The company paid legal and consulting fees of \$95,350 (2011: \$61,342) to TressCox Lawyers, a firm of solicitors of which Alfonso Grillo is a Partner. This amount includes the fees for Alfonso Grillo acting as Company Secretary.

During the 2011 financial year fees of \$30,164 were paid to Fekete Management Services Pty Ltd, a company controlled by Joe Fekete for consulting and outgoings relating to use of premises.

All transactions between related parties were on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

As at 30 June 2012 the Group owed trade payables to related parties of its key management personnel totaling \$44,233 (2011: \$17,078). These liabilities were unsecured and payable at call and had no interest-bearing terms.

23. Segment information

The Group operates in one principal geographical area – in Victoria, Australia. The Group carries out exploration for, and development of, gold, associated minerals and construction materials in this area.

24. Remuneration of auditors

	Consolidated	
	2012	2011
	\$	\$
Auditor of the parent entity		
Audit or review of the financial report	19,120	21,150
Other non-audit services – taxation related	8,800	1,700
	27,920	22,850

The auditor of Nagambie Mining Limited is William Buck Audit (Vic) Pty Ltd.

25. Contingent liabilities

On 19 August 2011 the company was served with a claim in the Magistrates Court from L & S Essex Pty Ltd for an alleged debt and damages in the vicinity of \$44,000 to \$68,000. The company is strenuously defending this action.

Apart from the above and the matter described at Note 8, Nagambie Mining Limited has no contingent liabilities as at 30 June 2012.

26. Subsequent events

The following event occurred after balance date and it is of significance to the company:

On 17 August 2012 the company announced a non-renounceable, non-underwritten rights issue. The issue entitles eligible shareholders to acquire 1 new share for every 3 shares held at a price of \$0.02 per share. A maximum of 56,286,650 new shares will be issued to raise up to \$1,125,733.

27. Parent entity disclosures

The following information are the disclosures pertaining to the parent entity:

	Parent	
	2012	2011
	\$	\$
Current assets	380,116	129,284
Total assets	6,677,779	5,962,018
Current liabilities	126,552	250,762
Total liabilities	2,426,552	1,260,673
Issued capital	13,801,484	13,801,484
Options reserve	121,999	99,559
Accumulated losses	(9,672,256)	(9,199,698)
Loss	(472,558)	(420,416)
Total comprehensive income	(472,558)	(420,416)

There were no contingent liabilities and commitments of the parent entity not otherwise disclosed in the consolidated financial statements. Guarantees of the Company are discussed at note 8.

Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors



Michael W Trumbull
Non-Executive Chairman

Melbourne
12 September 2012



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAGAMBIE MINING LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report of comprising Nagambie Mining Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | Hawthorn: Level 1, 465 Auburn Road, Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142 • Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580

williambuck.com

William Buck is an association of independent firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.

Praxity
MEMBER
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

STRATEGIC THINKING | TAILORED ADVICE | INTEGRATED SOLUTIONS

CHARTERED ACCOUNTANTS & ADVISORS



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAGAMBIE MINING LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

- a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the going concern paragraph in Note 2 to the financial statements, there is inherent uncertainty whether the economic entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Nagambie Mining Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAGAMBIE MINING LIMITED AND CONTROLLED ENTITIES (CONT)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Nagambie Mining Limited for the year ended 30 June 2012 included on their web site. The company's directors are responsible for the integrity of the the company's web site. We have not been engaged to report on the integrity of the the company's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

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

J.C. Luckins
J.C. Luckins
Director

Dated this 12th day of September, 2012

Additional ASX Information

Additional information required by the ASX Ltd and not shown elsewhere in this report is as follows. The information is current as at 5 September 2012

Number of holders of equity securities

Ordinary share capital

168,859,948 fully paid ordinary shares are held by 383 individual shareholders. All issued ordinary shares carry one vote per share.

Options

15,900,000 options are held by 9 individual option holders. Options do not carry a right to vote.

Unsecured convertible notes

63,750,000 unsecured convertible notes are held by 4 individual noteholders. The convertible notes do not carry a right to vote.

Buy-Back

The company does not have a current on-market buy-back.

Distribution of holders of ordinary shares

	Number of holders	Number of shares
1 – 1,000	20	2,353
1,001 – 5,000	13	56,651
5,001 – 10,000	45	431,251
10,001 – 100,000	198	8,343,500
100,001 and over	107	160,026,193
Totals	383	168,859,948
Holding less than a marketable parcel as at 5 September 2012	166	2,147,027

Substantial shareholders

Fully paid ordinary shareholders

	Voting power	Number of shares
Mr Ralph Douglas Russell & Ms Anne-Maree Hynes	16.98%	28,670,817
Cairnglen Investments Pty Ltd	13.92%*	23,499,659
Michael W Trumbull	10.22%	17,265,192
	41.12%	69,435,668

* This figure represents Cairnglen Investments Pty Ltd's current shareholding in the company. Cairnglen Investments Pty Ltd lodged its last substantial holder notice on 20 November 2008 stating that it held 15,706,667 shares in the company, representing 14.50% of the issued capital in the company. Cairnglen Investments Pty Ltd acquired additional shares in the company under a share purchase plan in August 2009 and a placement in February 2010. However Cairnglen Investments Pty Ltd has not released a substantial holder notice in relation to its change of shareholding following these issues as its percentage interest has not moved by greater than 1% since 20 November 2008.

Distribution of holders of unquoted options

	Number of holders	Number of options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,000 and over	9	15,900,000
Totals	9	15,900,000

Distribution of holders of unquoted convertible notes

	Number of holders	Number of convertible notes
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,000 and over	4	63,750,000
Totals	4	63,750,000

Optionholders holding greater than 20% of unquoted options

Optionholder name	Unquoted options	
	Options held	% held
Ecooper Pty Ltd as trustee for the Glazco Super Fund A/c	5,000,000	31.45%

Convertible Noteholders holding greater than 20% of unquoted convertible notes

Noteholder name	Unquoted convertible notes	
	Notes held	% held
PPT Nominees Pty Ltd	44,166,667	69.28%

Unquoted options over unissued Shares

Exercise price	Grant Date	Vesting Date	Expiry Date	Number
\$0.10	4 September 2008	4 September 2010	4 September 2013	550,000
\$0.10	2 December 2008	2 December 2010	2 December 2013	4,000,000
\$0.10	9 July 2009	9 July 2011	9 July 2014	550,000
\$0.10	17 December 2009	17 December 2011	17 December 2014	2,000,000
\$0.10	26 November 2010	26 November 2012	26 November 2015	4,000,000
\$0.10	11 March 2011	11 March 2013	11 March 2015	400,000
\$0.10	30 November 2011	30 November 2011	30 November 2016	4,400,000
Total options on issue				15,900,000

Twenty largest holders of quoted equity securities

The names of the twenty largest holders and their shareholding in the quoted shares are as follows:

Rank	Name	Units	% of Units
1.	CAIRNGLEN INVESTMENTS PTY LTD	23,499,659	13.92
2.	MR RALPH DOUGLAS RUSSELL + MS ANN MAREE HYNES <THE RUSSELL HYNES S/F A/C>	19,718,649	11.68
3.	PPT NOMINEES PTY LTD	13,332,007	7.90
4.	CYPRON PTY LTD <M W TRUMBULL SUPER FUND A/C>	10,335,000	6.12
5.	NEFCO NOMINEES PTY LTD	9,994,536	5.92
6.	NORMET INDUSTRIES NOMINEE PTY LTD	8,333,333	4.94
7.	MR RALPH DOUGLAS RUSSELL + MS ANNE-MAREE HYNES	8,276,084	4.90
8.	CYPRON PTY LTD	6,690,192	3.96
9.	ADARE MANOR PTY LTD <AM RETIREMENT FUND A/C>	4,468,750	2.65
10.	ADARE MANOR PTY LTD	3,076,084	1.82
11.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,975,633	1.76
12.	MR GEOFFREY MICHAEL WALCOTT + MRS JULIE ANN WALCOTT <GEORET BEACON SUPERFUND A/C>	2,700,000	1.60
13.	MR ROBERT CARL GUERNIER + MRS JEAN GUERNIER	2,494,235	1.48
14.	HONEST REMARK PTY LTD	2,000,180	1.18
15.	MR GREGORY KELVYN STRANGE + MRS LYNETTE ELVIRA STRANGE <SUPER FUND A/C>	1,975,017	1.17
16.	ACN 139 886 025 PTY LTD	1,936,702	1.15
17.	MCCARTHY CATTLE COMPANY PTY LTD <MCCARTHY FAMILY A/C>	1,800,000	1.07
18.	MR DESMOND BROWN <DESRON SUPER FUND A/C>	1,751,000	1.04
19.	MR MICHAEL ROBERT HUDSON	1,383,000	0.82
20.	MR RICHARD EURO MOGOROVICH	1,307,500	0.77
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		128,047,561	75.83
Total Remaining Holders Balance		40,812,387	24.17



nagambie mining

533 Zanelli Road
Nagambie VIC 3608
Tel: (03) 5794 1750
Fax: (03) 5794 1790
nagambiemining.com.au