

## HIGHLIGHTS

- RC drilling commenced at the Wandean gold anomaly in mid October, following extended Spring rains in the region. Assays and interpretation are expected before Christmas.
- In September, Nagambie Mining placed 41.0 million shares at 2.0 cents per share to sophisticated and professional investors, raising a total of \$820,000.
- Global has built up stockpiles of various gravel sizes to around 100,000 tonnes. Gravel sales are expected to increase significantly in the December 2013 and March 2014 quarters as local shires recommence road construction and maintenance after the Winter and Spring rains.
- The Australian Department of Defence (DOD) is close to getting final approval from the Victorian Department of Transport Planning and Local Infrastructure for DOD's underwater explosives testing facility in the East Pit at the Nagambie Mine.
- The Company has progressed its proposal for a landfill site at the Nagambie Mine to take inert dry waste from Melbourne recycling operations.

## COMMENTARY ON THE QUARTER

Nagambie Mining Chairman, Mike Trumbull said: ***“Wandean is a compelling gold target and we’re hopeful that the second-pass RC drilling can successfully define the mineralised quartzite units that we are chasing.***

***“The equity raising of \$820,000 during the quarter from the Company’s supportive shareholder base was a great effort in a very weak market for small gold explorers.***

***“Global have now invested significant capital and built up stockpiles large enough to make them a reliable supplier to local shires and developers.***

***“The DOD are reportedly very close to getting the final go-ahead for their explosives testing facility at the Mine.***

***“The Company considers that its proposal for a landfill site at the Mine meets all the technical requirements for such an operation and that the site would help reduce the increasing pressure on landfill capacity in the Melbourne metropolitan area.”***

### NAGAMBIE MINING

*Nagambie Mining Limited is an Australian ASX-listed gold company that is focussed on the discovery, evaluation and development of shallow, open-pitTABLE and heap-leachable gold deposits.*

*The Company holds 100% of over 500 km<sup>2</sup> of exploration tenements in central Victoria encompassing historic goldfields at Nagambie, Redcastle and Rushworth. It is testing new structural and mineralisation concepts for gold mineralisation by employing geological, geophysical and geochemical techniques.*

*Nagambie Mining is also developing construction material opportunities at the Nagambie Mine site, principally for rock and sand products and to ultimately maximise the value of the freehold land owned by the Company at the mine.*

### SHARES ON ISSUE

264,440,832

### ASX CODE: NAG

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### Board

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

## **EXPLORATION**

The only significant exploration work carried out during the quarter was preparation for the second-pass RC (reverse circulation) drilling program over the Wandean gold-antimony-arsenic anomaly, 9 km north west of the Nagambie Mine in EL 5430.

### **WANDEAN SECOND-PASS RC DRILLING PROGRAM**

It had been planned to commence drilling during September but extended Spring rains meant the paddocks were too wet for the proposed drill rig. Drilling finally commenced in mid October. A total of between 1,500 metres and 2,000 metres is expected to be drilled.

The following photographs illustrate the sample collection and geological logging for each 1.0 metre interval drilled.

***Split for assay collected in calico bag with remainder in green plastic bag***



***Sieve washing a grab sample from each plastic bag to examine rock chips present***



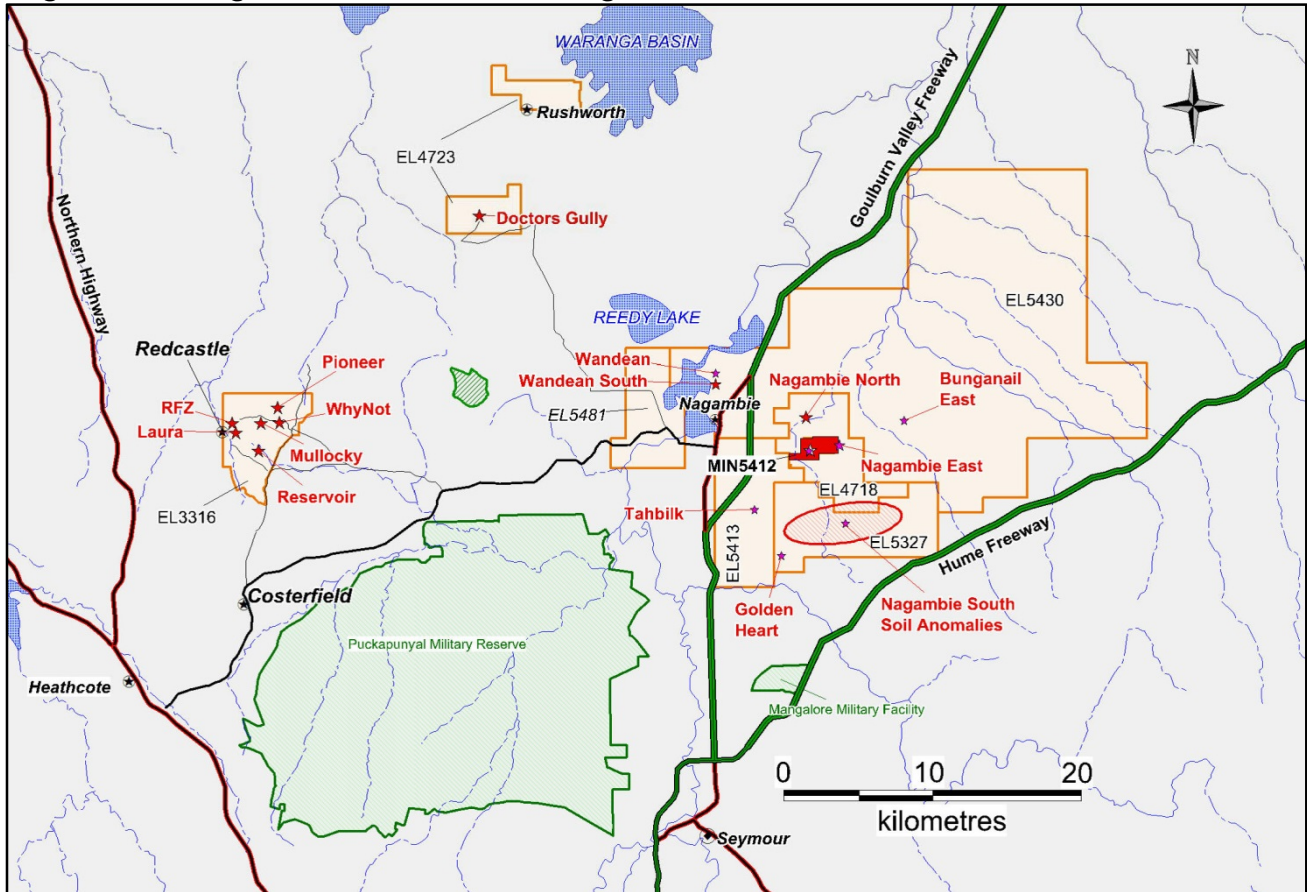
***Typical rock chips are retained in a plastic tray and the geological interpretation logged***



**TENEMENT CHANGES**

EL 5481, Wandean West, was granted during the quarter.

***Nagambie Mining Tenements and Gold Targets***



**NAGAMBIE MINE REHABILITATION AND SITE UTILISATION**

**GLOBAL GRAVEL PRODUCTION**

As part of Nagambie Mining's rehabilitation of the overburden dumps at the Nagambie Mine, Global Contracting Pty Ltd (Global) is producing sized gravel products for sale.

During the quarter, Global increased total stockpiles of all sizes of gravel and rock to around 100,000 tonnes. Sales are now expected to increase significantly in the December 2013 and March 2014 quarters as local shires carry out road construction and maintenance work following the Winter and Spring rains.

**DEPARTMENT OF DEFENCE UNDERWATER EXPLOSIVES TESTING FACILITY**

The Australian Department of Defence (DOD) for many years has conducted underwater explosives testing at a disused quarry in suburban Melbourne. For environmental reasons, DOD is planning to set up a new testing facility in regional Victoria, with the chosen site being the eastern end of the East Pit at the Nagambie Mine. Water depth in the East Pit is greater than 50 metres which is in excess of DOD's requirements.

DOD want to lease a portion of Nagambie Mining's freehold land at the mine and set up a facility involving:

- a security fenced and gated compound for a building and plant to support the operation;
- all-weather roads within the leased area;
- operational and landing facilities for entry to and exit from the water; and
- connections to the Nagambie Mine's grid electricity supply and potable water supply.

#### ***DOD site at the eastern end of the East Pit***



Principal terms and conditions between Nagambie Mining as lessor and DOD as lessee have been drafted. Final documentation of the long term lease agreement will be prepared once DOD has received final approval from the Victorian Department of Transport Planning and Local Infrastructure (DTPLI), anticipated to occur in November or December. Lease rental will be reviewed annually in line with movements in the CPI.

#### **PROPOSED LANDFILL SITE**

Nagambie Mining is seeking to obtain a landfill licence on freehold land owned by the Company at the Nagambie Mine. Nagambie Mining at this stage is uncertain if the application will be successful and, if it is successful, how long it will take to get the necessary regulatory approvals from the Environmental Protection Authority of Victoria (EPA) and the Strathbogie Shire.

The first landfill site selected lies between the East Pit and the Heap Leach Pad from the 1990s operations, is significantly degraded, and is surplus to requirements in that the area is not prospective for gold mineralisation.

The proposed landfill site is being designed to take only Melbourne-sourced, inert, industrial dry waste (principally construction and demolition waste), the residue from commercial recycling operations.

#### **The Outlook for Melbourne-generated Inert Waste after Recycling**

A 2013 consultation draft "Metropolitan Waste & Resource Recovery Strategic Plan", prepared by the Melbourne Metropolitan Waste Management Group, contains important statistical data. The following general statistics can be gleaned from the draft report:

- In 2010/11, around 12.8 million tonnes (Mt) of waste was generated in Victoria;
- Around 10.0 Mt of that 12.8 Mt (78%) was generated and managed in Melbourne;
- In 2010/11, around 4.0 Mt of total waste in Victoria was sent to landfill;
- Around 2.5 Mt of that 4.0 Mt (62%) was industrial waste;
- In 2010/11, around 3.3 Mt of total waste went to landfill in Melbourne;
- Based on the Victorian ratio of 62%, around 2.0 Mt of that 3.3 Mt in Melbourne would have been industrial waste sent to landfill;
- Melbourne landfill tonnes per year are projected to remain generally steady in future years as improved recycling performance negates the projected total waste tonnes increase of 1.6% per year; and
- Various landfill sites in Melbourne are reaching capacity, particularly east of the Yarra River, and new sites will need to be developed.

### ***Landfill site looking north east***



### **Nagambie Mining's Position re Industrial Waste Sourced from Melbourne**

The Company's position and views can be summarised as follows:

- It supports increased recycling as a way of reducing total landfill tonnages in Victoria;
- The great majority of total Victorian waste, 78%, is generated in metropolitan Melbourne;
- Melbourne suburban growth and expansion is projected to continue at a rapid rate, placing increasing strains on all types of necessary infrastructure;
- Communities accept the need for landfill sites but, increasingly, don't want those sites "in their own backyard";

- As commercial recycling operators commit to expanding their facilities in Melbourne, those commercial operators have an increasing commercial imperative to secure long term arrangements to dump their unrecyclable inert industrial waste left over after recycling. This unrecyclable inert waste can be 30% to 40% of their intake in skips and bins (principally from construction and demolition sites);
- The Company wants to establish a landfill site at the Nagambie Mine to specifically take this inert, post-recycling industrial hard waste emanating from commercial recycling operations in metropolitan Melbourne; and
- The Company considers that the extensive freehold land at the Nagambie Mine, degraded by the mining and treatment operations carried out in the 1990s, represents an ideal location for a series of landfill sites.

***Landfill site looking east with the southern side of the Heap Leach Pad on the left and the 1990s Crusher Pad in the middle distance***



### **Advantages of a Landfill Site at the Nagambie Mine**

The advantages include the following:

- The Nagambie Mine is only 120 km north east of the Melbourne CBD;
- The Western Ring Road, the Hume Freeway and the newly upgraded Goulburn Valley Freeway provide high speed connection to within several km of the Mine, the great majority of the travel being at 110 km/hour maximum;
- From the Nagambie turnoff to the south of Nagambie, the Nagambie Bypass means that trucks can access the Mine on Zanelli Road without entering the Nagambie township;

**Landfill site looking east (closer in)**

- The local access roads are all good bitumen roads, up to 100 km/hour maximum, maintained by the Strathbogie Shire;
- The excellent road access out of Melbourne allows three round trips per day and the use of larger, more efficient truck configurations such as B-doubles;
- The Strathbogie Shire is supportive, in principle, of the proposed landfill site, dependent on all relevant authorities giving approval. The new business would be a good fit within the Zanelli Road industrial area which includes various chicken farms, the Costa mushroom mulching operation, the Nagambie sewerage farm and the various activities at the Nagambie Mine;
- There are no nearby residences and the landfill site will not be visible at any stage from Zanelli Road;
- Mining and treatment operations at the Nagambie Mine were conducted in the 1990s, so the mine site generally is significantly degraded. All else being equal, a degraded site is clearly preferable to a non-degraded site for landfill purposes from an environmental point of view.
- The Mine has excellent existing infrastructure including:
  - bitumen road access to the Mine gate;
  - security fencing and gating;
  - good internal gravel haul roads;
  - office buildings;
  - potable water supply;
  - toilet facilities;
  - three-phase grid power; and
  - telephone and internet services.
- The first landfill site selected by the Company, as with the general Mine area, has metres of impermeable clay from surface. This clay prevents any possible groundwater contamination;
- The first landfill site is also approximately 15 metres above the groundwater table, well above the minimum 2 metres preferred by the EPA;
- Nagambie Mining regularly monitors groundwater quality via a series of boreholes as part of the Mining Licence conditions: these historical data provide an excellent baseline reference of the groundwater quality and monitoring will be ongoing during the life of any landfill operation;



*Impermeable surface clay that naturally lines the site*



- The Mines Department have indicated that they would excise any approved landfill site from the Mining Licence (MIN 5412), given that the EPA would monitor the landfill operation;
- The Company's landfill design for the first site uses the existing topography such that the expanding landfill surface would be progressively capped, topsoiled and seeded. Hence the only un-rehabilitated portion of the landfill cell at any time would be the current working face;
- The site requires minimal preparation. The largest capital cost will be for a purpose-built, state-of-the-art weighbridge and CCTV camera coverage; and
- A landfill site at the Nagambie Mine would help reduce the increasing pressure on landfill capacity in the Melbourne metropolitan area.

## **CORPORATE**

### **CASH POSITION**

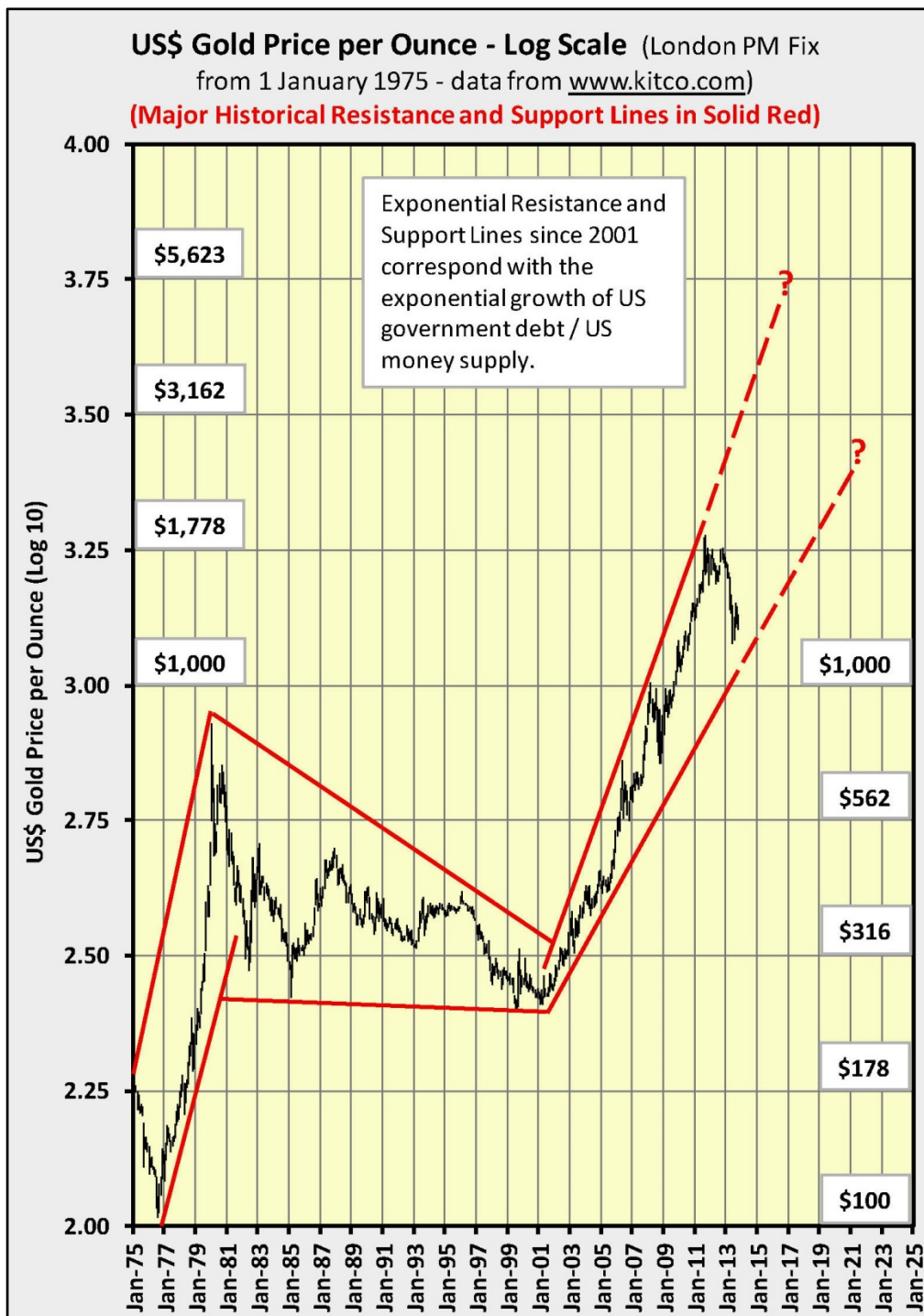
At 30 September 2013, total cash held by the Company was \$1,255,000.

**PLACEMENT OF SHARES**

On 6 September 2013, Nagambie Mining announced the placement of 41.0 million fully-paid ordinary shares at 2.0 cents per share to sophisticated and professional investors, raising a total of \$820,000.

**US\$ GOLD PRICE**

The following graph, based on data from the Kitco website ([www.kitco.com](http://www.kitco.com)), shows the US\$ gold price per ounce from 1 January 1975 to the present. The graph is plotted in log scale to highlight exponential trends, which appear as straight lines. It is a useful graph in that it puts recent movements in the \$US gold price in a long term historical perspective.



## A\$ GOLD PRICE

Recent strength in the A\$/US\$ exchange rate has hindered the A\$ gold price. Last Friday, gold closed at US\$1,352.90 per ounce. The A\$/US\$ exchange rate was 0.9584, meaning that the A\$ spot gold price was A\$1,411.68 per ounce (only 4.3% higher than the US\$ price).

## BLACK CAVIAR

A full-size bronze statue of Black Caviar and jockey Luke Nolen has been donated to the Nagambie community by the horse's breeder, Rick Jamieson, and erected on the main street overlooking the eastern shore of Lake Nagambie. On 24 October 2013, around 2,000 people watched the unveiling of the magnificent statue, which appropriately for Nagambie has touches of gold to go with the famous salmon and black colours.

Black Caviar was born at Gilgai Farm on the western side of Lake Nagambie in 2006. An extraordinarily powerful mare, she was named WTRR World Champion Sprinter in 2010, 2011 and 2012. She won 25 races out of 25 starts in total, a Bradman-like record that may never be repeated, before being retired in April 2013. Black Caviar is now in foal for the first time and the Nagambie community, along with the rest of the racing world, will watch the progress of Black Caviar's progeny with great interest in the years to come.

### *Black Caviar – a very successful NAG*



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**STATEMENT AS TO COMPETENCY**

*The Exploration Results in this report have been compiled by Mr Geoff Turner, who is a Fellow of the Australian Institute of Geoscientists, has more than ten years in the estimation, assessment, and evaluation of mineral resources and ore reserves, and has more than 20 years in exploration for the relevant style of mineralisation that is being reported. In these regards, Geoff Turner qualifies as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Geoff Turner is a Director of Nagambie Mining Limited and consents to the inclusion in this report of these matters based on the information in the form and context in which it appears.*

**FORWARD-LOOKING STATEMENTS**

*This report contains “forward-looking statements” within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “expect”, “target”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Nagambie Mining and any of its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Exploration potential is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Readers are cautioned not to place undue reliance on forward-looking statements and Nagambie Mining assumes no obligation to update such information.*