

20 August 2012

Dear Shareholder

Non-Renounceable Rights Issue – Information for Shareholders

On 17 August 2012, Nagambie Mining Limited (the Company) announced to the ASX that it was to undertake a non-renounceable Rights Issue of New Ordinary Shares to Eligible Shareholders.

Non-Renounceable Rights Issue

It is proposed that the Company issue up to approximately 56,286,650 New Ordinary Shares at a price of \$0.02 per New Ordinary Share on the basis of offering one New Ordinary Share for every three Shares held at the Record Date of 27 August 2012. A Shortfall Facility will be made available whereby Shareholders that subscribe for their full Entitlement may subscribe for additional New Ordinary Shares.

This Offer is not underwritten. The funds raised will be used as working capital for the Company's gold exploration in central Victoria and to identify and assess potential growth opportunities.

Applications

The Entitlement and Acceptance Form will be dispatched together with the Offer Document. Eligible Shareholders must complete the Entitlement and Acceptance Form in order to take up their Entitlements and to apply for additional New Ordinary Shares. Entitlement and Acceptance Forms must be properly completed and received by the Company's Share Registry no later than 5.00pm (AEST) on 21 September 2012 in order for Applicants to be issued New Ordinary Shares and additional New Ordinary Shares.

Eligible Shareholders who receive an Entitlement and Acceptance Form may submit payment for New Ordinary Shares by using BPAY®¹. In order to use BPAY, please follow the instructions set out on the Entitlement and Acceptance Form. Payment via BPAY will not require the return of the Entitlement and Acceptance Form to the Company's Share Registry.

Quotation

New Ordinary Shares issued under the Offer Document will rank equally with the Company's existing Shares.

The Company has applied to ASX for quotation of the New Ordinary Shares on the Official List of the ASX. If approval is not granted by ASX within 3 months after the date of the Offer Document, the Company will not issue any New Ordinary Shares and will repay all application monies without interest.

Enquiries

If you have any questions regarding this non-renounceable Rights Issue, please telephone the Company's Share Registry, Advanced Share Registry Limited, on (08) 9389 8033.

Yours sincerely



Michael Trumbull
Chairman

¹® Registered to BPAY Pty Ltd ABN 69 079 137 518

Nagambie Mining Limited Non-Renounceable Rights Issue - Information sheet

The following information is provided to Shareholders in accordance with the ASX Listing Rules. Full details of the Offer are contained in the Offer Document which will be sent to Eligible Shareholders on or about 31 August 2012.

Foreign Shareholders (being those Shareholders domiciled outside of Australia and New Zealand) may not apply for New Ordinary Shares under the Rights Issue. This information has been provided to Foreign Shareholders for information purposes only.

Is security holder approval required?	No
Is the issue renounceable or non-renounceable?	Non-Renounceable
Ratio in which the securities will be offered	1 New Ordinary Share for every 3 Shares held at 7.00pm AEST on the Record Date
Class of securities issued or to be issued	Ordinary Shares
Number of securities issued or to be issued (if known) or maximum number which may be issued	56,286,650 Ordinary Shares
Do the securities rank equally in all respects from the date of allotment with an existing class of securities	Yes.
Record date to determine entitlements	7.00pm AEST on 27 August 2012
Policy for deciding entitlements in relation to fractions	Where the determination of an Eligible Shareholder's Entitlement results in a fraction of a New Ordinary Share, such a fraction shall be rounded up to the nearest whole Share
Names of countries in which the entity has security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Singapore
Closing date for receipt of acceptances or renunciations	5.00pm AEST time on 21 September 2012
Name of any underwriters	N/A
Amount of any underwriting fee or commission	N/A
Names of any brokers to the issue	N/A
Fee or commission payable to the broker to the issue	N/A
Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
Date entitlement and acceptance form and Offer Document will be sent to persons entitled	31 August 2012
If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	17 August 2012
Despatch date	2 October 2012