Nagambie Mining Limited
ABN 42 111 587 163

533 Zanelli Road
Nagambie Vic 3608

Tel: (03) 5794 1750, (03) 5433 3422
Email: info@nagambiemining.com.au
Web: www.nagambiemining.com.au

Fax: (03) 5794 1750

7 March 2012

The Manager
Company Announcements Office
Australian Securities Exchange

NAGAMBIE SOUTH PROJECT

ENCOURAGING PREVIOUS EXPLORATION RESULTS OBTAINED BY BARRICK AND PERSEVERANCE

- Open-file reports reveal that two locations at Nagambie South, Golden Heart and Tahbilk, have been drilled by previous explorers.

- The Golden Heart Prospect was located by Perseverance Mining Pty Ltd ("Perseverance") in 1995 and the Tahbilk Prospect was located by Barrick Gold of Australia Limited ("Barrick") in 2003.

- Both locations were selected based on geophysical anomalies, rather than gold-in-soil anomalies, and the drilling failed to locate economic bedrock gold mineralisation.

- However, significant transported (alluvial) gold was indicated at the base of the Tertiary cover at both locations (up to **5m thickness at 1.6 g/t gold**) which has likely shed from nearby bedrock gold mineralisation.

- All Tertiary drainage in the Nagambie South area flows to the north, emanating from the Strathbogie Ranges to the south.

- The Barrick and Perseverance results provide further encouragement as they prove the existence of gold well to the south of the Nagambie Mine (endowment of circa 200,000 ounces) and validate the exploration strategy adopted by the Company for the goldfield.

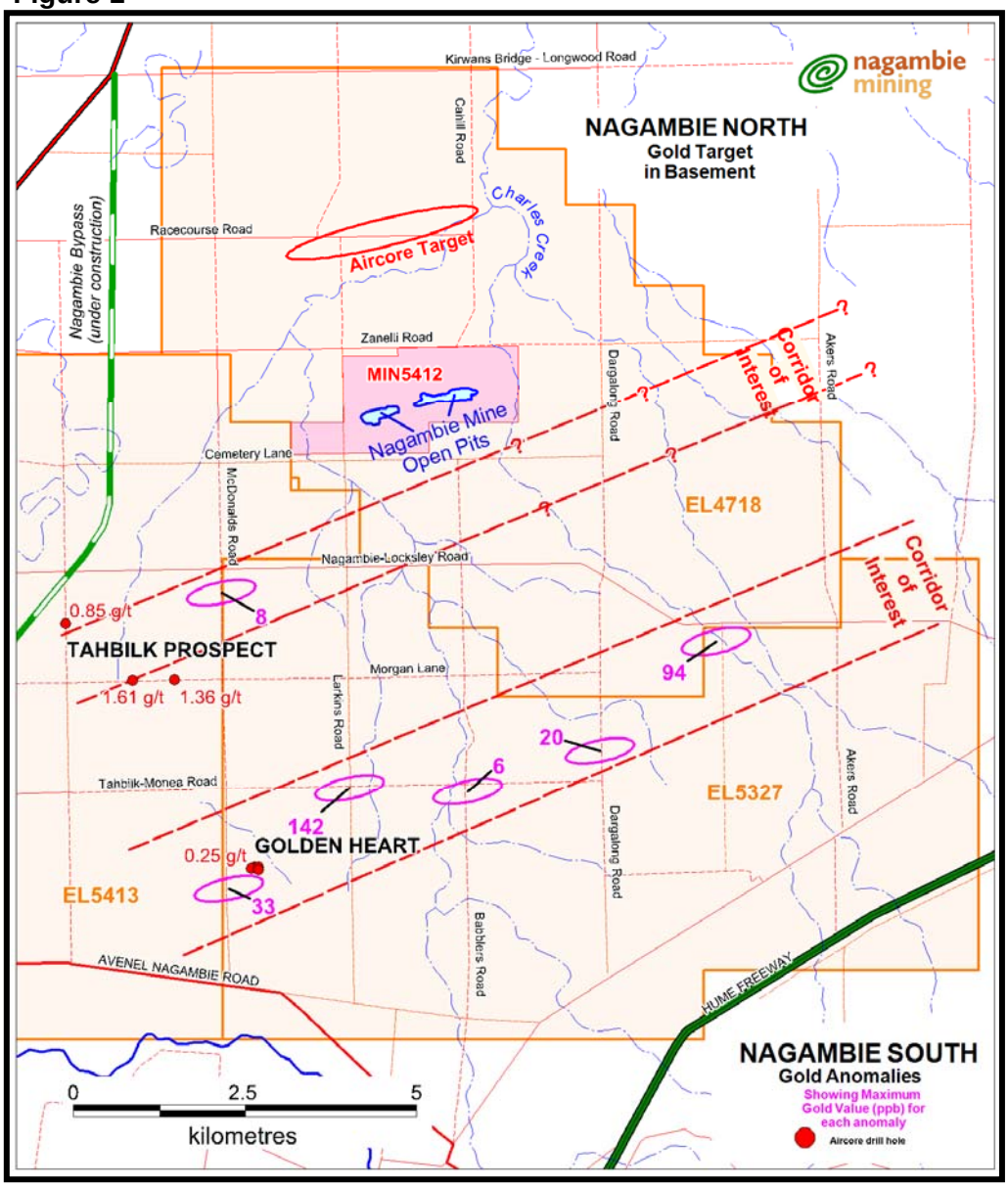
- Exploration by Nagambie Mining, focusing on the 10 km long primary Golden Heart corridor of interest at Nagambie South, is being expedited and will target both bedrock and alluvial gold mineralisation.

- The drilling by Perseverance showed that the Tertiary cover at Golden Heart is only around 3m to 7m thick and, further east along the corridor of interest, several outcrops of the basement have been mapped by previous explorers. Nagambie Mining therefore is anticipating relatively shallow Tertiary cover ahead of carrying out Aircore drilling.

Nagambie Mining Exploration Director, Geoff Turner said: *"The Barrick and Perseverance drill results are very encouraging because they prove the existence of widespread gold at Nagambie South and validate the Company's exploration strategy for the area. We feel that we're honing in on a potentially significant gold discovery".*

Five gold-in-soil anomalies lie within the primary Golden Heart corridor of interest, as announced in the Company's December 2011 quarterly report. This corridor of interest is currently approximately 10 km in length and has the same ENE-WSW trend as the Nagambie Mine gold mineralisation and the Nagambie North Aircore gold target. ENE-WSW trending thrusts (fractures), known to exist at the Nagambie Mine and interpreted by the Company to exist at Nagambie North and Nagambie South, are considered to provide the "plumbing system" necessary for the emplacement of quartz-sulphide-gold mineralisation. Importantly, the maximum values within the 5 gold-in-soil anomalies, west to east, of 33, 142, 6, 20 and 94 ppb gold are significantly higher than the general background for the Nagambie area of less than 2 ppb gold.

Figure 1

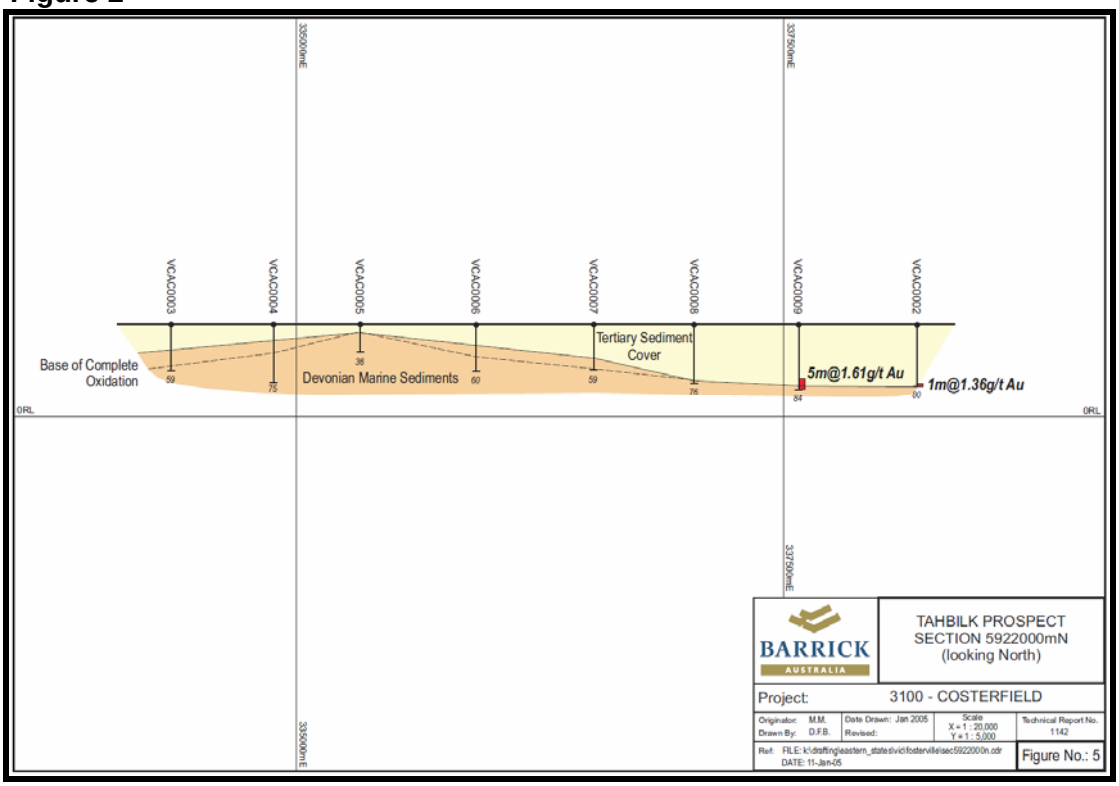


A review of open-file reports by previous explorers in the Nagambie South area has now been carried out by Nagambie Mining and has validated the soil geochemistry. Perseverance drilled the Golden Heart Prospect just 400m to the NE of Nagambie Mining's most westerly gold-in-soil anomaly (refer Figure 1) in 1995 and 1996. Barrick drilled the Tahbilk Prospect in the western limits of a secondary corridor of interest in 2003 and 2004. Both Barrick and Perseverance drilled targets based largely on open-file aeromagnetic and SIROTEM geophysics data – the target in both cases being buried disseminated sediment-hosted gold mineralisation of the Nagambie/Fosterville style.

Barrick Work (2003 and 2004)

Barrick drilled 21 Aircore holes at the Tahbilk Prospect as part of their Costerfield Project. The most significant results were obtained at the very bottom of holes VCAC 2 and VCAC 9 (refer Figure 2).

Figure 2



The intersections of **5m at 1.61 g/t gold** from 79m depth to the end of the hole and **1m at 1.36 g/t gold** from 80m to the end of the hole both occurred at the base of the Tertiary quartz gravels overlying the basement of Devonian marine sediments (fine grained sediments/siltstones with lesser sandstone). A third hole intersected **3m at 0.85 g/t gold** in deeply weathered shales (refer Figure 1). Barrick didn't follow up the intersections, which were 600m to 1 km apart, before dropping the ground in early 2005.

Perseverance Work (1995 and 1996)

Perseverance drilled 16 RAB (rotary air blast) holes, followed by 57 Aircore holes and finally 6 RC (reverse circulation percussion) holes at the Golden Heart Prospect. The RAB and Aircore holes were drilled through the Tertiary transported cover to test the rock at the top of the Devonian marine sediments and were typically only drilled to a depth of 6m to 10m given the shallow cover thickness of typically 3m to 7m. The most significant assay result achieved from the shallow RAB and Aircore drilling was **0.25 g/t gold**. The 6 follow-up RC holes, drilled to an average depth of 51m, gave no significant results.

Nagambie Mining Interpretation of the Barrick and Perseverance Work

- Both Barrick and Perseverance were influenced by the open-file SIROTEM geophysics data when deciding to drill the Tahbilk and Golden Heart Prospects respectively. Nagambie Mining doesn't consider SIROTEM to be a suitable geophysical method for locating disseminated sulphide deposits of the Nagambie/Fosterville style. Best suited for locating massive sulphide deposits, SIROTEM in the Nagambie area is most likely to be affected by salt variations in the groundwater.

- Perseverance clearly only intersected transported gold at the interface of the Tertiary cover and the underlying basement rocks at Golden Heart. While Barrick did not drill any deeper holes to follow up on the 5m at 1.61 g/t and 1m at 1.36 g/t gold intersections at the base of the Tertiary quartz gravels at Tahbilk, it is likely that this gold was also transported gold with no basement gold mineralisation directly below it. As all Tertiary drainage in the Nagambie South area flows to the north (emanating from the Strathbogie Ranges to the south), transported gold at the Tahbilk and Golden Heart Prospects will have shed from topographically-higher, bedrock gold mineralisation to the south of those prospects, possibly from bedrock gold mineralisation within Nagambie Mining's primary corridor of interest.

- The gold grades intersected by Barrick in the transported Tertiary quartz gravels at Tahbilk, 1.61 g/t and 1.36 g/t, are very encouraging given that Nagambie is targeting repeats of the Nagambie Mine which had an average mined grade of 0.8 g/t gold. The gold grades reported for Golden Heart are lower but Perseverance was attempting to sample only the top of the basement rocks and to not sample the overlying transported Tertiary cover, hence the Perseverance assays would greatly understate the real transported gold grades. Significant transported (alluvial) gold, shed from nearby bedrock gold mineralisation, is therefore indicated at both Tahbilk and Golden Heart.

- The Tertiary cover at Golden Heart, which is just 400m NE of Nagambie Mining's most westerly gold-in-soil anomaly, is only around 3m to 7m thick. Further east along the corridor of interest, several outcrops of the basement (Devonian marine sediments) have been mapped by previous explorers. Hence, Nagambie Mining is anticipating relatively shallow Tertiary cover along the primary Golden Heart corridor of interest ahead of carrying out Aircore drilling. For comparison, the Tertiary cover thickness at the Nagambie Mine varied between 0m and 20m when mining was carried out in the 1990s.

- The gold in weathered shales (3m at 0.85 g/t) intersected by Barrick points to nearby basement gold mineralisation. Significantly, this intersection is close to an 8 ppb gold-in-soil anomaly located by Nagambie Mining at the western extremity of the secondary Tahbilk corridor of interest, and validates the methodology and strategy adopted by Nagambie Mining in the search for buried gold deposits in this proven goldfield.

Competent Person's 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 this report 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'.

Colin Glazebrook
Chief Executive Officer
Phone: (03) 5794 1750 or 0416 174 530
E-mail: colin@nagambiemining.com.au