



31 January 2011

QUARTERLY REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2010

OVERVIEW

- The purchase of 100% of the Laura Mine tenement (MIN 4465) at Redcastle was completed during the quarter and planning of 2011 work programs (costeaming and drilling) for the total Redcastle Goldfield has been carried out.
- A revised Work Plan for exploration drilling at Nagambie North has been lodged with the DPI and the program is expected to commence during the March quarter.
- The Company applied for four exploration licences to ensure adequate tenure over possible extensions/repeats of gold mineralisation at Redcastle and Nagambie.
- A Work Plan Variation to develop a new gold open pit at the Nagambie Mine along strike to the west of the current West Pit is in preparation.
- Abigroup, the main contractor for the Nagambie Bypass, commenced excavating and trucking undifferentiated rock fill from the Western Overburden Dump at the Nagambie Mine at 2,000 cubic metres per day from 8 November 2010. Heavy rains in the area subsequently caused Abigroup to call off operations before the planned Christmas break. Abigroup recommenced taking the rock fill on 27 January 2011.
- An 80 acre parcel of surplus freehold land to the east of the Nagambie Mine has been leased to Australian Native Landscapes Pty Ltd ("ANL") at commercial rates. Nagambie Mining is well placed to provide rock fill during the construction of ANL's proposed Green Organics Recycling Facility and provide sand during the operational phase.
- Nagambie Mining revenue from sales of non-gold materials from the Nagambie Mine during the quarter was a record at \$79,000 and it is anticipated further growth will be achieved over 2011.

OBJECTIVES

The Company's principal objectives continue to be to:

- 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
- Develop all the construction material opportunities at the Nagambie Mine, including the sale of overburden and tailings and the commercialisation of the sand deposits.

ABOUT NAGAMBIE

Nagambie Mining Limited (ASX Code: NAG) listed on the ASX in 2006 and is an Australian gold company whose principal focus is on the evaluation and development of shallow open cut gold deposits in Victoria.

The Company currently holds 100% of over 300 km² of exploration tenements in Central Victoria encompassing several historic goldfields and is employing various geological, geophysical and geochemical techniques and geological modelling to develop new structural and mineralisation concepts for the tenements.

The Company is also looking to fully develop all the construction material opportunities at the Nagambie Mine site, principally for rock & sand products and to ultimately maximise the value of the freehold land owned by the Company at the mine.

SHARES ON ISSUE

Quoted: 168,859,948
Issued: 168,859,948

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NAGAMBIE MINING LIMITED PROJECTS

At the end of the quarter the Company held a 100% interest in nine Exploration Licences (some under application) and two Mining Licences in Central Victoria, with a total area of 311 km². All licences are for gold and associated minerals.

Table 1 Nagambie Mining Limited Tenement Holdings

Group Area	Project (km ²)	Name	Licence Number	Area km ²	Interest %	Holder
EXPLORATION GROUP AREAS						
NAGAMBIE	RUSHWORTH	Rushworth	EL4723	68	100	Nagambie
	NAGAMBIE NORTH	Nagambie	EL5023	11	100	Nagambie
	(26)	Nagambie 2	EL5311	2		Nagambie
		Nagambie North	EL4887	13	100	Nagambie
	NAGAMBIE SOUTH	Nagambie	EL4887	10	100	Nagambie
	(97)	Nagambie South	EL4718	23	100	Nagambie
		Nagambie South 2	EL5327	64	100	Nagambie
REDCASTLE	REDCASTLE	Redcastle	EL3316	114	100	Nagambie
	(116)	Redcastle Central 1	EL5312	1	100	Nagambie
		Redcastle Central 2	EL5313	1	100	Nagambie
	LAURA	Laura Mine	MIN 4465	0.1	100	Nagambie
DEVELOPMENT GROUP AREA						
NAGAMBIE	NAGAMBIE	Nagambie Mine	MIN 5412	3.6	100	Nagambie

TOTAL 310.7

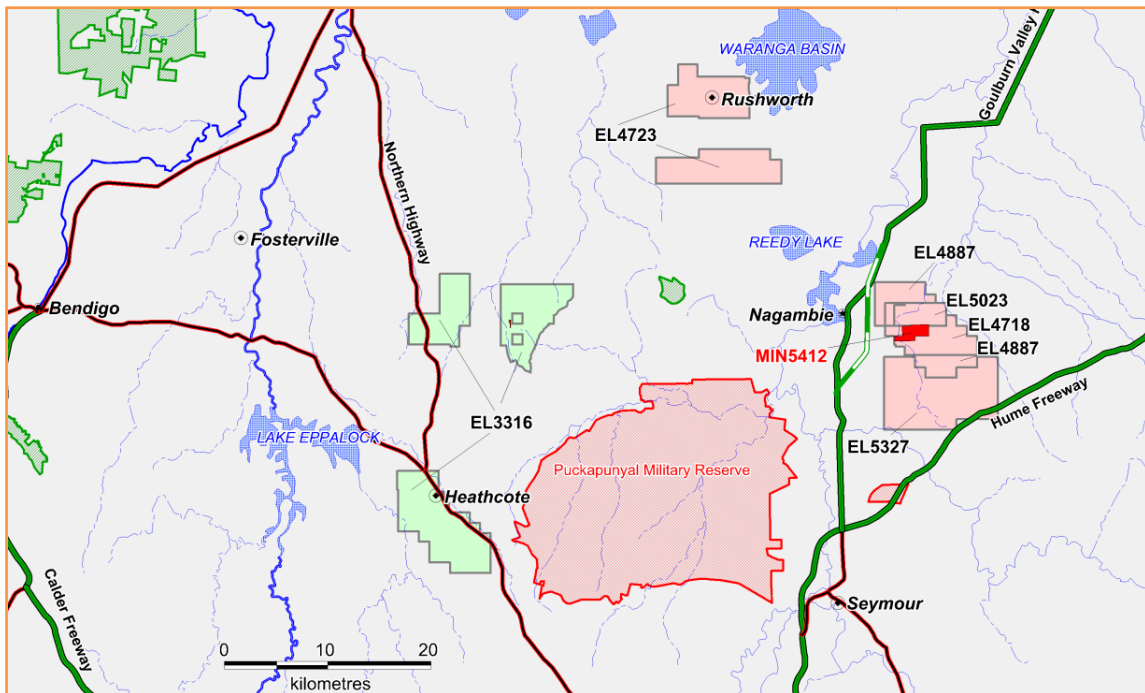


Figure 1 Project Locations



EXPLORATION GROUP AREAS

1. REDCASTLE – HEATHCOTE

Area: 116 km²

**Project Areas: 4
Prospects: 9**

Redcastle (North, Central & South)	EL 3316
Redcastle Central 1	EL 5312 (application)
Redcastle Central 2	EL 5313 (application)

1.1 REDCASTLE PROJECT - EL 3316 (Central), 5312 & 5313 **Area: 36 km²**

This project of 36 km² covers the old Redcastle Goldfield and is composed of the original EL 3316 (Central Part) and two new EL Applications 5312 & 5313 each of one square kilometre. These will be amalgamated into EL 3316 soon after grant.

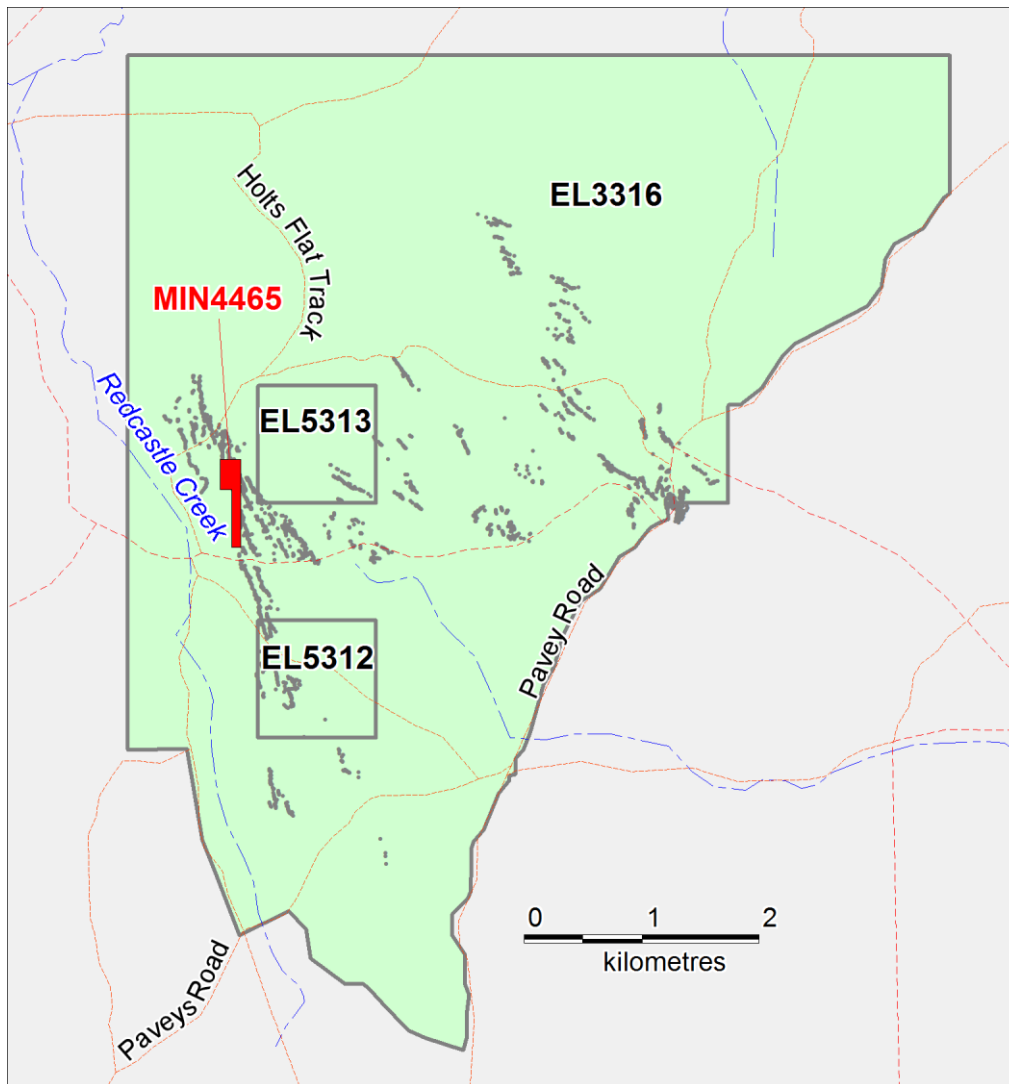


Figure 2 **Redcastle Project Area**
Showing locations of historic workings



During the quarter the Company lodged a Standard Work Plan for the excavation of up to 23 new costeans to a maximum depth of 1.5 metres and maximum length of 100 metres. The total length of costeans constructed will be approximately 2,000 metres.

An Area Work plan has been lodged for an RC drilling program to test mineralisation predicted by the structural model that has been developed from previous costean and drilling data on five areas over the goldfield. The program of 54 holes (4,320 metres) will investigate mineralisation to the base of the oxidised zone which is expected to extend to 80 metres below surface.

1.2 LAURA - MIN 4465 Area: 8.6 Ha

The transfer of MIN 4465 from Greater Bendigo Gold Mines Limited to the Company was completed on 28 October 2010. Acquisition of this licence and the two infill exploration licences (ELs 5312 & 5313) now gives the Company complete coverage of the Redcastle Gold Field and the opportunity to fully evaluate the mineralisation potential of the field as a whole.

The Mining Licence covers the historically most productive, high grade underground mines in the Redcastle Goldfield (refer Figure 3). There are five known parallel reefs encompassed by MIN 4465. The **Laura Reef** was worked to a depth of 60 metres with average results of around 1 ounce per tonne. The **Tommy Dodd Reef** reported grades up to 6 ounces per tonne - this adjacent reef was only worked to the water table at approximately 43 metres. The Redcastle GM Company on the **Welcome** or **Clarke's Reef** reported yields of up to 42 ounces per tonne, and the reef was worked from surface to water level over a strike length of around 800 metres.

The Company intends to carry out an intensive costeaning program on MIN 4465 as part of its regional assessment of the geological and structural controls on gold mineralisation.

1.3 HEATHCOTE SOUTH PROJECT - EL3316 Area: 53 km²

No significant work was carried out on the project during the quarter.

1.4 HEATHCOTE NORTH PROJECT- EL 3316 Area: 27 km²

No significant work was carried on the project during the quarter.

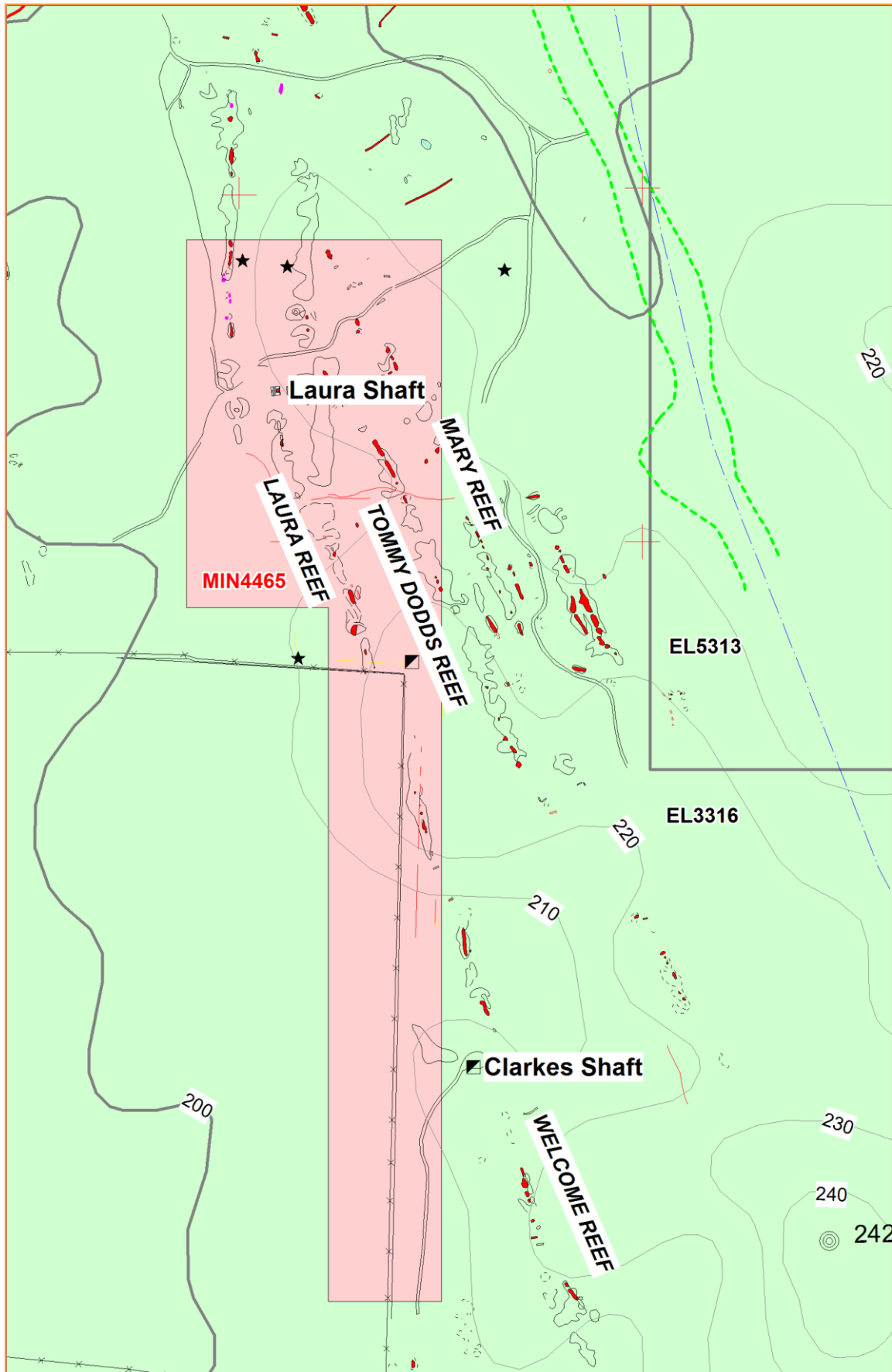


Figure 3 Laura MIN 4465 at Redcastle
Showing major reef lines



2. NAGAMBIE GROUP

Area: 191 km²

**Project Areas: 3
Prospects: 6**

Nagambie North	EL 4887 (part)
Nagambie North	EL 5023
Nagambie North	EL 5311
Nagambie South	EL 4718
Nagambie South	EL 4887 (part)
Nagambie South	EL 5327 (application)
Rushworth	EL 4723

Planned work on geochemical sampling (Nagambie South) and aircore drilling (Nagambie North) has been further postponed due to flooding rains in both the September and December quarters.

This gave the Company time to reassess past interpretations and submit a revised work plan for drilling Nagambie North and also to apply for another Nagambie South exploration licence of 33 square kilometres (refer Figure 4).

2.1 NAGAMBIE NORTH PROJECT – EL 4887, EL 5023 & EL 5311 Area: 26 km²

The Company applied for an infill area of two square kilometres at Nagambie North, EL 5311, and the tenement was granted during the quarter.

On-ground exploration work continued to be delayed due to heavy rain and flooding of the area during the quarter.

An Area Work Plan (allowing greater flexibility in drilling) with a revised program of aircore drilling was submitted to the Department of Primary Industries (“DPI”) for both EL 4887 and EL 5023. The drilling program will consist of up to 50 holes testing the basement rocks under a group of discrete gold-arsenic surface geochemical anomalies that are coincident with a regional structure, the Racecourse Thrust, that is parallel to the Nagambie Thrust at the Nagambie Mine to the south. The program is scheduled to commence in February.

2.2 NAGAMBIE SOUTH PROJECT – EL 4718, EL 4887 and EL 5327 Area: 97 km²

Again work was delayed due to heavy rain and flooding of the area during the quarter. The Company plans to complete the delayed soil sampling program during the March quarter.

Analysis of historical data points to the existence of more surface geochemical anomalies parallel to interpreted regional structures (refer Figure 4), now covered by the Exploration Licence Application 5327. The Nagambie South soil program will be extended when this licence is granted.

2.3 RUSHWORTH PROJECT - EL 4723 Area: 68 km²

This Licence covering 68 km² over the Rushworth and Whroo goldfields is currently under renewal and is being reassessed in light of the results from the 2010 costeaning program.

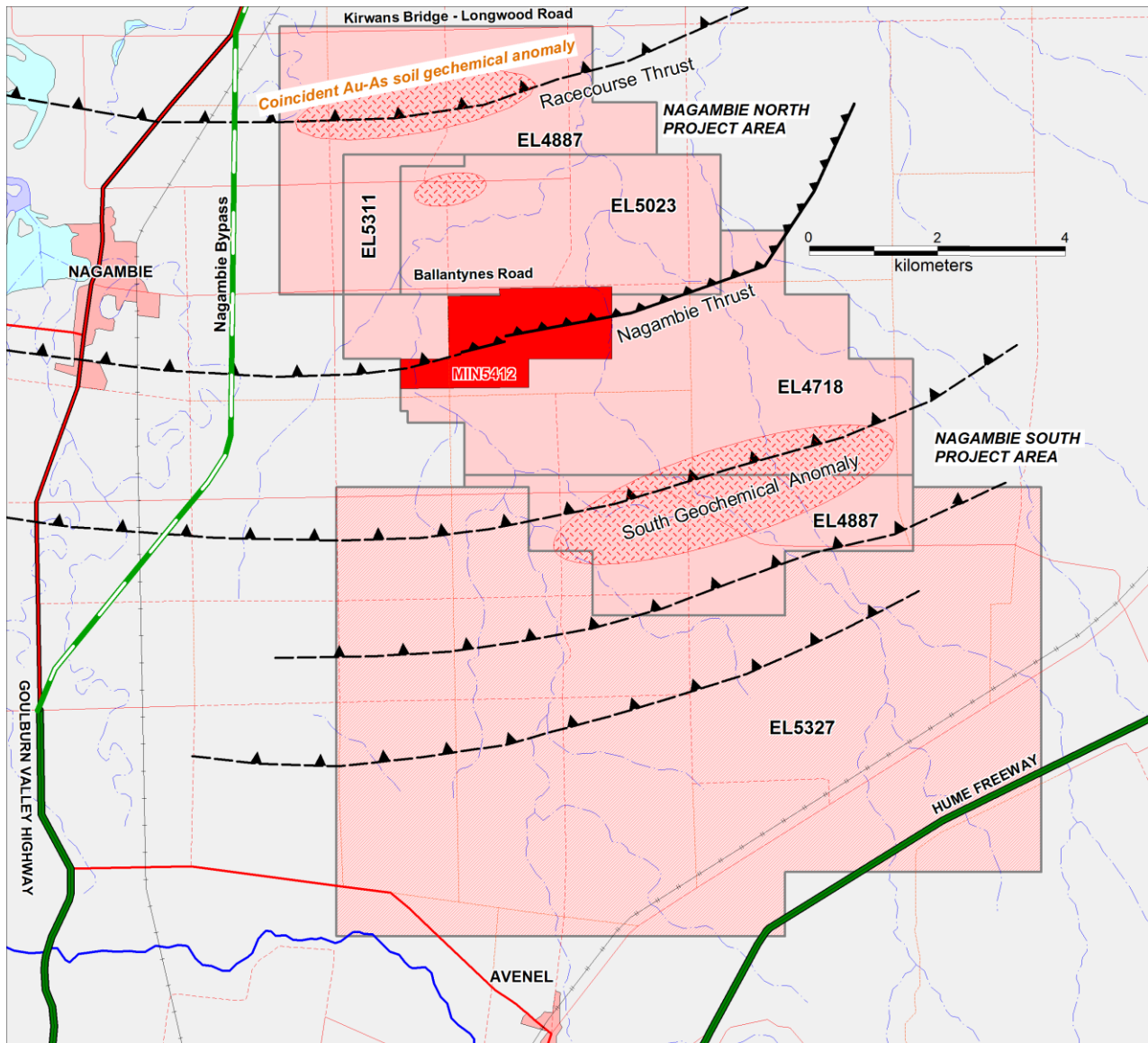


Figure 4 Nagambie Project Areas

Structures interpreted from geophysics and geological observations fit known surface geochemical anomalies.

DEVELOPMENT GROUP AREA

1. NAGAMBIE - MIN 5412 **Area: 3.64 km²** **Identified Projects: 3**

1.1 MIN 5412 ADDITIONAL NEAR SURFACE GOLD MINERALISATION

A Work Plan Variation is being prepared to develop a new open pit (within Area A on Figure 5) to mine the gold mineralisation that extends to the west of the West Pit under alluvial cover.

1.2 MIN 5412 REHABILITATION AND SITE UTILISATION

Work continued on site rehabilitation and site utilisation during the quarter.

Abigroup, contractors for the main 13.5 km section of the Nagambie Bypass, commenced excavating and trucking undifferentiated rock fill from the Western Overburden Dump at the



Nagambie Mine (Area B on Figure 5) on 8 November 2010. Prior to the early suspension of work due to flooding rains ahead of the planned Christmas/New Year shut down, Abigroup were taking the rock fill at the rate of 2,000 cubic metres per day. Abigroup recommenced mining the rock fill on 27 January 2011.

Global Contracting Pty Ltd (“Global”), Nagambie Mining’s preferred earthmoving contractor, has upgraded and is maintaining the mine haul road for the Abigroup trucking operation. Global have also recently acquired new crushing and screening equipment to be utilised at the mine under the commercial arrangements with Nagambie Mining. Material from the Eastern Overburden Dump is to be crushed and screened to produce rock products in various size ranges (minus 20 mm through to minus 100 mm) for sale.

The Company entered into a leasing agreement during the quarter with Australian Native Landscapes Pty Ltd (“ANL”) over an 80 acre parcel of surplus freehold land to the east of the Nagambie Mine. The lease period is initially for 8 years at commercial rates with options of extension and/or purchase available to ANL.

ANL is Australia’s largest compost manufacturer with currently nine compost facilities in NSW and Victoria and will, subject to obtaining all regulatory approvals, construct a Green Organics Recycling Facility on the land leased from Nagambie Mining. The facility will produce a wide range of horticultural and agricultural products. Nagambie Mining will be in a position to sell to ANL rock fill material during the facility construction phase at commercial rates. There is also the potential for the provision of sand suitable for the composting process from the extensive deposits that Nagambie Mining has located at the mine.

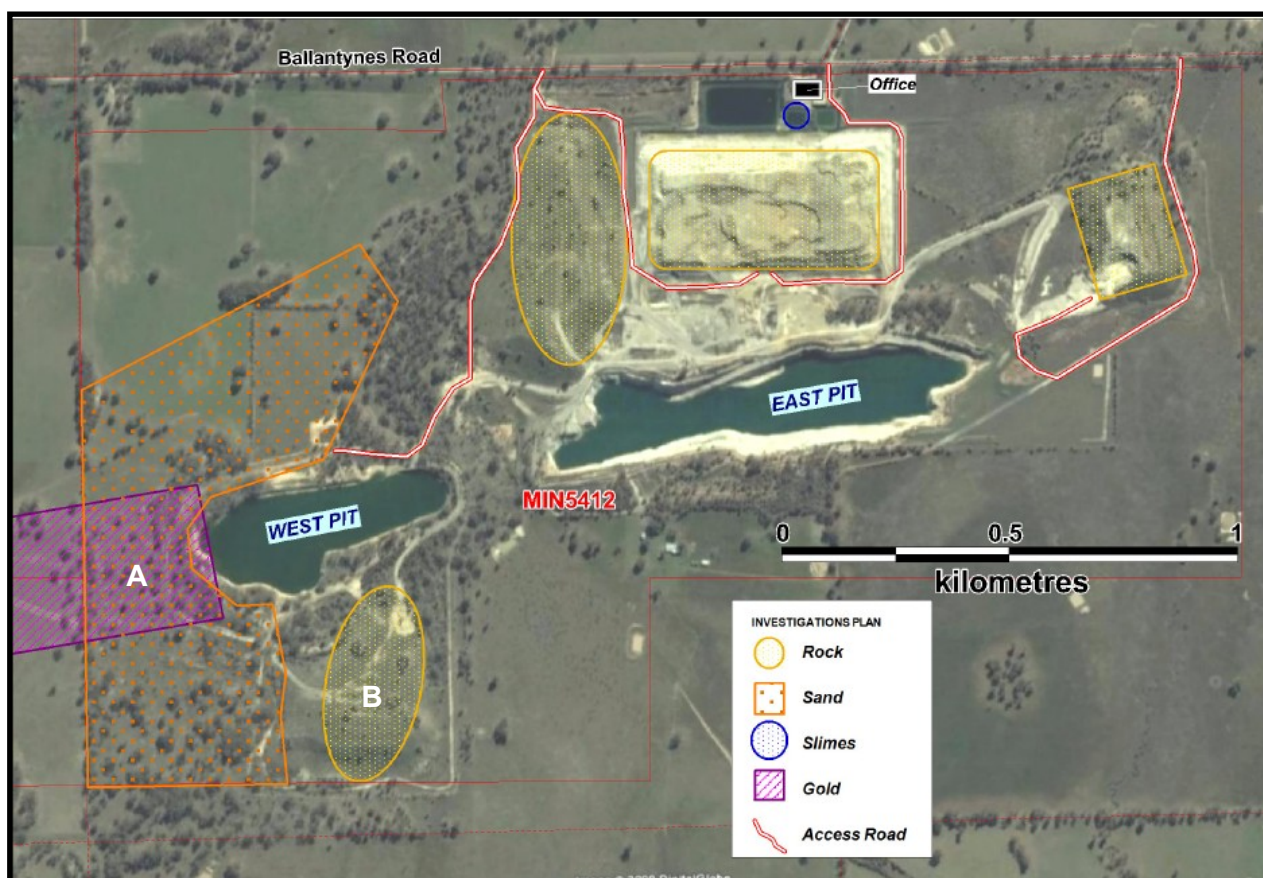


Figure 5 MIN 5412 – Investigations Plan

**TENEMENT CHANGES**

The Company applied for four exploration licences. One licence was granted during the quarter.

Number	Name	Granted Date	Renewal Date
EL 5311	Nagambie 2	24/11/2010	18/05/2013
EL 5312	Redcastle Central 1	application	
EL 5313	Redcastle Central 2	application	
EL 5347	Nagambie South 2	application	

In addition the Company obtained by transfer a Mining Licence within the Redcastle Goldfield.

Number	Name	Transferred	Renewal Date
MIN 4465	Laura	28/11/2010	18/04/2012

CORPORATE**CORPORATE GOVERNANCE**

Mr Kevin Perrin, an Independent and Non-Executive Director of the Company, was appointed Chairman of the Audit and Compliance Committee during the quarter.

Mr Perrin was also appointed Deputy Chairman of the Company during the quarter.

SHARE ISSUES

No shares were issued during the quarter but the Company obtained shareholder approval at the Annual General Meeting in November for the issue of the following options to directors (or their nominees):

- (a) Mike Trumbull 1,000,000;
- (b) Geoff Turner 1,000,000;
- (c) Colin Glazebrook 1,000,000; and
- (d) Kevin Perrin 1,000,000.

The options are unlisted, have an exercise price of 10 cents per option, are exercisable between 26 November 2012 and 26 November 2015 and are not transferable.

CASH POSITION

At 31 December 2010, total cash held by the Company was \$1,139,000.

EXPENDITURE ON EXPLORATION AND ADMINISTRATION

Net expenditure on exploration and administration for the December 2010 quarter was \$260,000. Offsetting total expenditure of \$362,000 was net interest income of \$23,000 and revenue from sales of non-gold materials of \$79,000.

The revenue from sales of non-gold materials was a record for the Company and it is anticipated that further growth will be achieved over 2011.

WEBSITE

The Nagambie Mining Limited website is www.nagambiemining.com.au

**ASX ANNOUNCEMENTS**

The following ASX announcements were released during the quarter:

24/12/2010	Securities Trading Policy
20/12/2010	NAG Leases Land to ANL
26/11/2010	Change of Director`s Interest Notice x 4
26/11/2010	Issue of Options to Directors
23/11/2010	Results of Annual General Meeting
23/11/2010	Chairman`s Address
22/11/2010	Change of Director`s Interest Notice
29/10/2010	Quarterly Activities Report
29/10/2010	Quarterly Cashflow Report
25/10/2010	Annual Report to Shareholders
22/10/2010	Notice of Annual General Meeting/Proxy Form
01/10/2010	Change of Director`s Interest Notice

COMPANY INFORMATION**DIRECTORS**

Michael W Trumbull	Non-Executive Chairman
Colin Glazebrook	Executive Director
Geoff Turner	Non-Executive Director - Exploration
Kevin J Perrin	Non-Executive Director - Deputy Chairman

CHIEF EXECUTIVE OFFICER AND EXPLORATION MANAGER

Colin Glazebrook

COMPANY SECRETARY

Alfonso M G Grillo

CHIEF FINANCIAL OFFICER

Joe Fekete

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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'.