

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

Financial Report

Half-year ended
31 December 2012

TABLE OF CONTENTS

Table of Contents	1
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-9
Directors' Declaration	10
Independent Auditor's Review Report	11-12

CORPORATE DIRECTORY

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

DIRECTORS

Michael W Trumbull (Non-Executive Chairman)
Colin Glazebrook (Executive Director & CEO)
Geoff Turner (Non-Executive Director, Exploration)
Kevin J Perrin (Non-Executive Director, Finance)

COMPANY SECRETARY

Alfonso M G Grillo

AUDITOR

William Buck Audit (Vic) Pty Ltd
Level 20, 181 William Street
Melbourne Vic 3000

PRINCIPAL LEGAL ADVISER

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

REGISTERED OFFICE & OPERATIONS OFFICE

533 Zanelli Road
Nagambie Vic 3608
PO Box 339
Telephone: (03) 5794 1750
Facsimile: (03) 5794 1790
Web: www.nagambiemining.com.au
Email: info@nagambiemining.com.au

SHARE REGISTRY

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

SECURITIES EXCHANGE LISTING

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

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2012, for Nagambie Mining Limited (the "Company") and its controlled entities (the "Group").

DIRECTORS

The names of Directors in office at all times during or since the end of the half-year are:

Michael W Trumbull	(Non-Executive Chairman)
Colin Glazebrook	(Executive Director & CEO)
Geoff Turner	(Non-Executive Director, Exploration)
Kevin J Perrin	(Non-Executive Director, Finance)

REVIEW OF OPERATIONS

The loss of the Group for the half-year ended 31 December 2012 after income tax amounted to \$273,494 compared to a loss of \$235,837 for the 2011 half year, an increase of \$37,657.

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 mineralisation; and (2) develop all the construction material opportunities at the Nagambie Mine.

The Nagambie Regional Gold Project has become the company's most advanced and valuable gold exploration asset and additional tenements were applied for during the period.

The discovery of gold mineralisation at Wandean, 9 km north west of the Nagambie Mine, has provided further validation of the company's gold model for the region. A second round of drilling at Wandean is being planned. Recent soil sampling has resulted in the delineation of two anomalous gold zones in the Nagambie East area and upgrading of these targets, ahead of drilling, is underway.

Global Contracting have located a fleet of equipment at the Nagambie Mine and are producing various sizes of gravel for sale to central Victorian Shires and developers.

Nagambie Mining revenue from sales of non-gold materials from the Nagambie Mine during the half year was \$59,004 (2011: \$109,128).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor has provided a declaration of independence which is set out on page 3.

This report is signed in accordance with a resolution of the directors:



Michael Ward Trumbull

Non-Executive Chairman

Dated in Melbourne on 14 March 2013

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 half-year ended 31 December 2012 there have been:

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



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



J.C. Luckins
Director

Dated in Melbourne on this 14th day of March 2013

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

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

STATEMENT OF COMPREHENSIVE INCOME**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$	\$
Revenue from sale of non-gold materials	59,004	109,128
Other income	21,499	19,764
Total Revenue	80,503	128,892
Corporate and administration	(203,823)	(224,157)
Depreciation and amortisation	(5,092)	(13,474)
Employee benefits expense	(29,606)	(31,033)
Finance costs	(115,476)	(96,065)
Total Expenses	(353,997)	(364,729)
Loss before income tax	(273,494)	(235,837)
Income tax expense	-	-
Loss for the period	(273,494)	(235,837)
Other comprehensive income	-	-
Total comprehensive loss for the period	(273,494)	(235,837)
Earnings per share		
Basic and diluted per share in cents	(0.15)	(0.14)

The accompanying notes form part of these financial statements

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	Consolidated	
		31 Dec 2012	30 June 2012
		\$	\$
Current assets			
Cash and cash equivalents		414,060	344,656
Trade and other receivables		44,801	35,460
Prepayments		27,447	-
Total current assets		486,308	380,116
Non-current assets			
Security deposits		594,231	565,214
Property, plant & equipment		72,711	77,803
Exploration and evaluation assets		6,038,620	5,654,646
Total non-current assets		6,705,562	6,297,663
Total assets		7,191,870	6,677,779
Current liabilities			
Trade and other payables		175,596	113,286
Borrowings		5,190	10,086
Provisions		4,132	3,180
Total current liabilities		184,918	126,552
Non-current liabilities			
Borrowings		2,300,000	2,300,000
Total non-current liabilities		2,300,000	2,300,000
Total liabilities		2,484,918	2,426,552
Net assets		4,706,952	4,251,227
Equity			
Issued capital	3	14,510,278	13,801,484
Reserves		142,424	121,999
Accumulated losses		(9,945,750)	(9,672,256)
Total equity		4,706,952	4,251,227

The accompanying notes form part of these financial statements

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

STATEMENT OF CHANGES IN EQUITY**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Issued capital \$	Options reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2011	13,801,484	99,559	(9,199,698)	4,701,345
Loss for the half-year	-	-	(235,837)	(235,837)
Options issued	-	22,440	-	22,440
Balance at 31 December 2011	13,801,484	121,999	(9,435,535)	4,487,948
Balance at 1 July 2012	13,801,484	121,999	(9,672,256)	4,251,227
Loss for the half-year	-	-	(273,494)	(273,494)
Options issued	-	20,425	-	20,425
Shares issued	746,618	-	-	746,618
Share issue costs	(37,824)	-	-	(37,824)
Balance at 31 December 2012	14,510,278	142,424	(9,945,750)	4,706,952

The accompanying notes form part of these financial statements

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

STATEMENT OF CASH FLOWS**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$	\$
Cash flow from operating activities		
Receipts from customers	59,004	153,081
Payments to suppliers and employees	(186,530)	(309,449)
Interest received	2,482	11,141
Interest paid	(115,476)	(72,035)
Net cash used in operating activities	(240,520)	(217,262)
Cash flow from investing activities		
Payments for exploration expenditure	(383,974)	(302,905)
Payments for security deposits	(10,000)	-
Proceeds from security deposits	-	12,639
Net cash used in investing activities	(393,974)	(290,266)
Cash flow from financing activities		
Proceeds from share issue	746,618	-
Share issue costs	(37,824)	-
Proceeds from convertible note issue	-	550,000
Convertible note issue costs	-	(24,030)
Repayment of borrowings	(4,896)	(21,179)
Net cash provided by financing activities	703,898	504,791
Net increase (decrease) in cash and cash equivalents held	69,404	(2,737)
Cash and cash equivalents at the beginning of the half-year	344,656	19,227
Cash and cash equivalents at end of the half-year	414,060	16,490

The accompanying notes form part of these financial statements

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year financial report does not include all the notes and full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the 2012 annual report and any public announcements made by Nagambie Mining Limited during the half-year.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2012 financial report.

Going Concern

For the half-year ended 31 December 2012 the consolidated net loss was \$273,494 (2011: \$235,837), which increased total accumulated losses to \$9,945,750 (2011: \$9,435,535). The net cash outflows from operations for the half-year were \$240,520 (2011: \$217,262). The Group has capital commitments extending to 31 December 2013 of \$680,000 (2011: \$566,400).

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. In considering its future cash flow forecast the directors have determined that they have further capacity to meet its financial commitments through the following:

- as announced, an equity raising through a shareholder share purchase plan to fund the operating and capital expenditure plans of the consolidated group;
- the ability to place an additional 25% of its issued share capital in any 12 month period without further shareholder approval;
- anticipated growth in the sales of non-gold materials from the Nagambie Mine;
- the ability to scale back exploration costs and activities and to reclaim cash-backed environmental bonds for mineral tenements from the Victorian Department of Primary Industries ("DPI") and therefore foregoing any capital commitments on those tenements surrendered; and
- the ability to scale 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 the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 Dec 2012	30 June 2012
	\$	\$
2. ISSUED CAPITAL		
Issued and paid up capital		
206,190,832 (30 June 2012: 168,859,948) ordinary shares, fully paid	<u>14,510,278</u>	<u>13,801,484</u>

During the period 37,330,884 new shares were issued under a 1 for 3 rights issue at 2 cents per share. This raised funds of \$746,618.

3. SHARE OPTIONS

During the half-year 4,750,000 options were issued to Directors and Officers, all exercisable at 10c per share. The share options vested on their grant and issue date which was 31 October 2012 and expire 5 years after that date.

No options expired unexercised during the half-year.

4. SEGMENT REPORTING

The Group operates in one business segment, being the exploration of mineral resources in Australia.

5. COMMITMENTS FOR CAPITAL EXPENDITURE

The Group holds various tenements for its mineral resources. These tenements require the Group to meet minimum capital expenditure requirements. In order to satisfy those requirements the Group has budgeted to spend \$680,000 for the 12 months ended 31 December 2013 and thereafter it expects to spend approximately \$500,000 every 12 months, indexed for CPI inflation, for as long as it maintains its current portfolio of tenements.

These tenements also have environmental clauses that require the company to restore the disturbed area of interest back to a condition that satisfies the Victorian Department of Primary Industries. As the Group plans to hold onto its existing tenements indefinitely, no allowance has been made in the statement of financial position for any obligation that may arise should the Group decide not to continue holding any of its tenements.

6. CONTINGENT ASSETS AND LIABILITIES

There has been no change in contingent assets and liabilities since the last annual financial report.

7. EVENTS SUBSEQUENT TO BALANCE DATE

The directors have announced plans for an equity raising through a shareholder share purchase plan to further fund the operating and capital expenditure plans of the company.

In the opinion of the directors, there has not arisen in the interval between the end of the half-year and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the operations or state of affairs of the Group in the subsequent financial year.

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. The financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 31 December 2012 and of its performance, for the half-year ended on that date; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Michael W Trumbull
Non-Executive Chairman

Dated in Melbourne on 14 March 2013

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NAGAMBIE MINING LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nagambie Mining Limited (the "company") which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the company's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Nagambie Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
NAGAMBIE MINING LIMITED (CONT)***Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nagambie Mining Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to Note 1 of the interim financial report, which indicates that the Company incurred an after tax loss of \$273,494 (to December 2011: loss \$235,837) during the half year ended 31 December 2012, and generated net cash outflows from operating activities of \$240,520 (to December 2011: \$217,262). These conditions along with other matters set forth in Note 1 indicate that there is a material uncertainty that may cast doubt regarding whether the Company 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 this financial report.

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report

This auditor's review report relates to the half year financial report of the company for the half year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the website. We have not been engaged to report on the integrity of the website. The auditor's review report refers only to the half year 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 reviewed half year financial report to confirm the information included in the reviewed financial report presented on this website.



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



J.C. Luckins
Director

Dated this 14th day of March, 2013