



29 October 2009

QUARTERLY REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2009

OVERVIEW

- The smaller First Stage tender for the Nagambie Bypass closed during the quarter and the larger Second Stage was opened for tender. Nagambie Mining has been asked by all qualified contractors for the tenders to provide details and prices for the Company's material located at the Nagambie Mine. The winning tenderer for the First Stage is expected to be announced shortly and the winner tenderer for the Second Stage is expected to be announced early in calendar 2010.
- The Nagambie Bypass project requires over 3 million tonnes of fill material and the Company is well positioned to supply this amount.
- During the quarter, the Company received Department of Primary Industries (DPI) approval to commence a program of 30 Aircore drill holes to test the identified oxide gold targets on MIN 5412. This program has now commenced.
- A follow-up 20 costean program on the six identified gold prospects in the Redcastle Goldfield is awaiting DPI approval and should commence shortly.
- A drilling program has been designed following the successful soil sampling program at the Nagambie North project, 4 km north of the Nagambie Mine.
- The 2009 shareholder share purchase plan and a complementary share placement were concluded during the quarter and provided \$683,800 for the Company's ongoing operations.

OBJECTIVES

The Company's principal objectives for calendar 2009 are to:

- Position Nagambie MIN 5412 as the lowest cost provider of rock fill for the Nagambie Bypass; and
- Commence resource drilling of its oxide gold prospects on and within economic trucking distance of MIN 5412, targeting a minimum of 100,000 to 200,000 ounces of gold at grades of between 1 and 2 g/t gold.

ABOUT NAGAMBIE

Nagambie Mining Limited (formerly Panaegis Gold Mines 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 over 250 sq km of exploration tenements in Central Victoria encompassing several historic goldfields.

The company is combining historical studies, field investigations and geological modelling to enable the development of new structural and mineralisation concepts to highlight areas for early drilling programs within its exploration areas.

SHARES ON ISSUE

Quoted: 151,359,959
Issued: 151,359,959

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NAGAMBIE MINING PROJECTS

The Company currently holds a 100% interest in 7 Exploration Licences and 1 Mining Licence in central and east Victoria, totalling over 367 km². All licences are actively being explored for gold and associated minerals.

Group Area	Project Name	Licence	Interest %	Holder
EXPLORATION GROUP AREAS				
<i>Nagambie</i>	Nagambie North	EL 4887	100	Nagambie
	Nagambie South	EL 4718	100	Sierra
	Nagambie	EL 5023	100	Sierra
	Rushworth	EL 4723	100	Sierra
<i>Redcastle - Heathcote</i>	Redcastle	EL 3316	100	Nagambie
<i>Taradale</i>	Taradale	EL 4527	100	Nagambie
<i>Howqua</i>	Howqua	EL 5189	100	Nagambie
DEVELOPMENT GROUP AREAS				
<i>Nagambie</i>	Nagambie	MIN 5412	100	Nagambie

Nagambie Held by Nagambie Mining Limited.

Sierra Held by Sierra Minerals Pty Ltd, a wholly owned subsidiary of Nagambie Mining Limited.

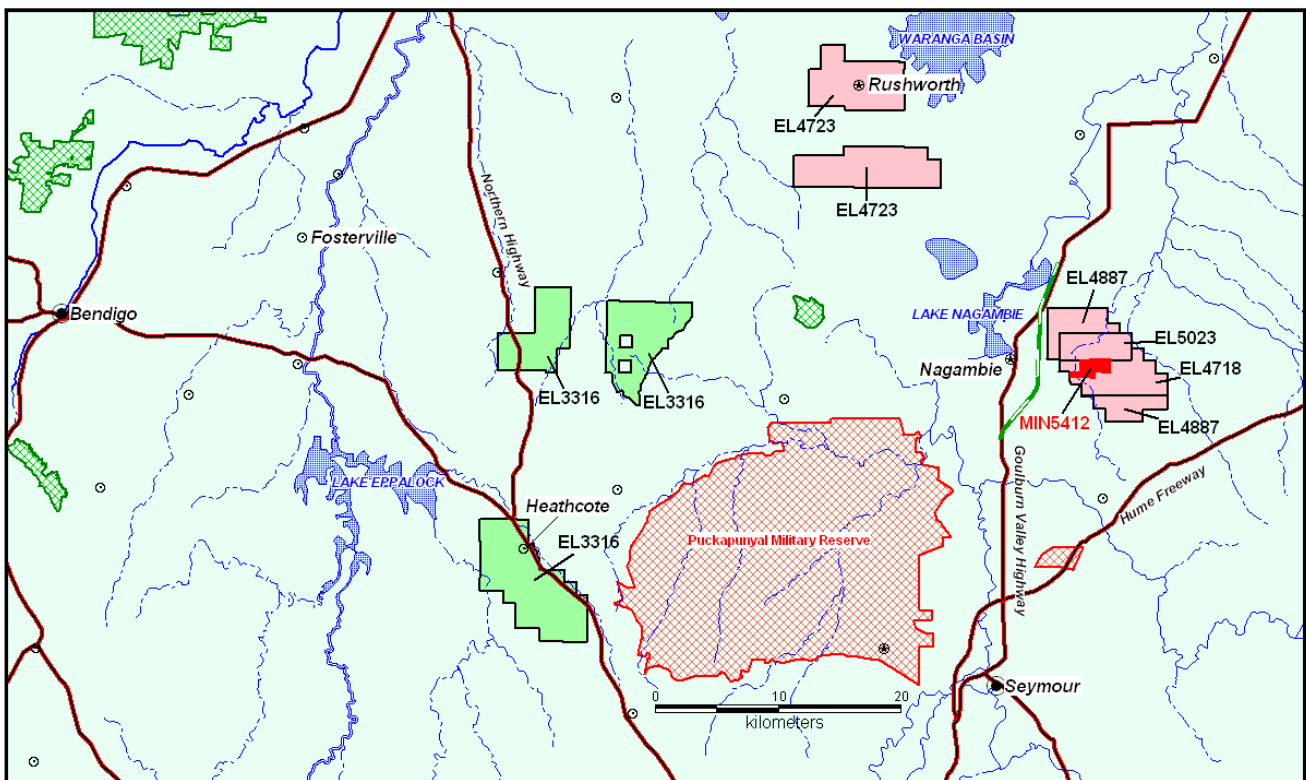


Figure 1 Project Location Map – Central Victorian Projects



DEVELOPMENT GROUP AREAS

1. NAGAMBIE - MIN 5412

Area: 4 km²

Identified Projects: 2

1.1 MIN 5412 Additional Oxide Gold Mineralisation



Figure 2 Proposed Drilling Locations – MIN 5412



During the quarter, the Company received DPI approval to commence a program of infill and extension drilling to test the identified oxide gold potential to the west of the West Pit and between the two Pits.

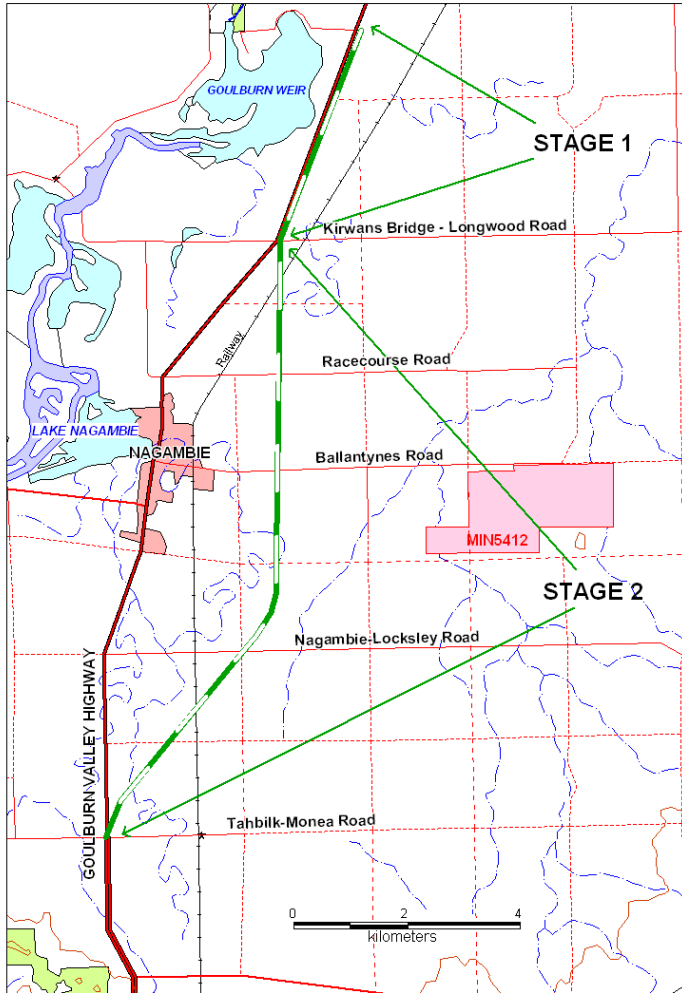
An initial 30 Aircore drill holes and 16 Reverse Circulation (RC) drill holes (refer Figure 2) to test for oxide gold have been designed with the aim of establishing further resources of similar size and gold tenor to that initially contained in the West Pit.

Aircore drill rig in action on MIN 5412



1.2 MIN 5412 Rehabilitation and Site Utilisation

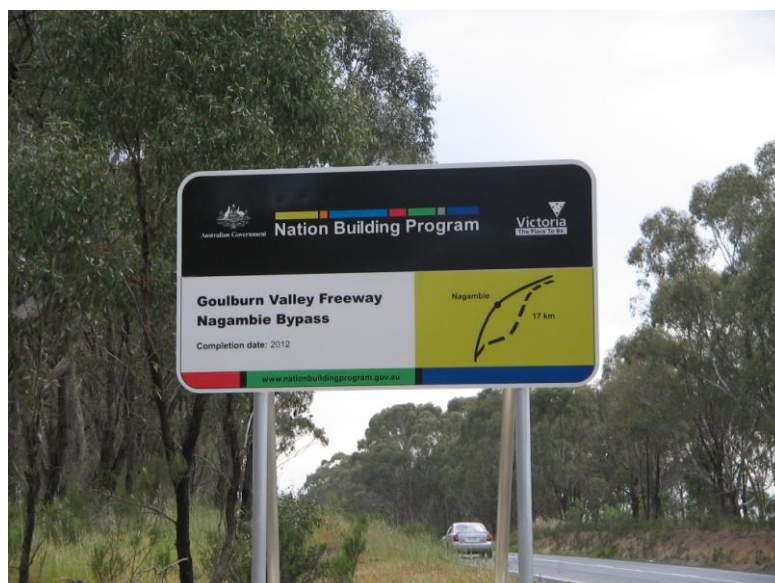
The smaller Stage 1 (3.5 km) tender for the construction of the Nagambie Bypass closed during the quarter and the Company has held discussions with the lowest cost tenderer.



The larger Stage 2 (14.5 km) construction work was put out for tender (closed on 14 October 2009) with four contractors qualified. The Company has been asked by these contractors to indicate the amount and pricing of material it could provide from the Nagambie Mine.

The Nagambie Bypass requires over 3 million tonnes of fill material and the Company is well positioned to supply this amount.

Figure 3 Nagambie Bypass Route (in green) and MIN 5412





2. HOWQUA - MIN 5420

Area: 0.05 km²

Identified Prospects: 1

This licence was surrendered during the quarter and application has been made to the DPI for approval to incorporate this area into the recently granted exploration licence EL 5189. This will enable the Company to more logically evaluate the gold mineralisation in the area.

EXPLORATION GROUP AREAS

1. REDCASTLE – HEATHCOTE - EL 3316

Area: 113 km²

**Identified Projects: 3
Identified Prospects: 10**

1.1 REDCASTLE PROJECT - EL 3316

Area: 33 km²

This project of 33 km² covers the old Redcastle Goldfield. Six prospect areas are to be tested by a follow-up 20 costean program during the next quarter as shown in Figure 4. An RC drill program will then test near surface gold mineralisation and identified structural controls.

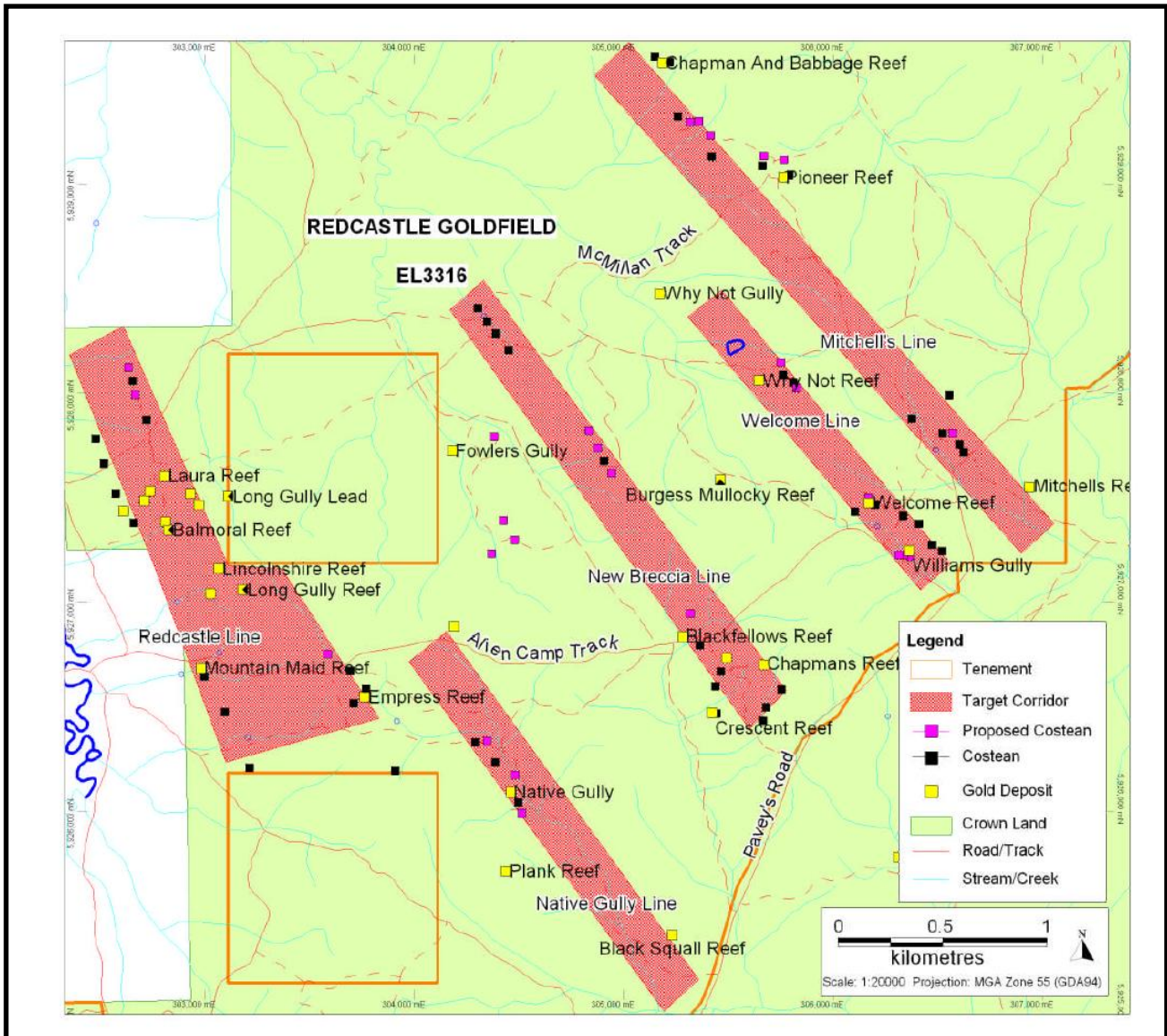


Figure 4 Redcastle Project Costean Program



1.2 HEATHCOTE SOUTH PROJECT - EL 3316

Area: 53 km²

The project's prospectivity is currently being re-evaluated.

1.3 HEATHCOTE NORTH PROJECT - EL 3316

Area: 27 km²

No significant work was carried out during the quarter.

2. NAGAMBIE GROUP

Area: 128 km²

**Identified Projects: 3
Identified Prospects: 7**

Nagambie	EL 5023
Nagambie North	EL 4887
Nagambie South	EL 4718
Rushworth	EL 4723

2.1 NAGAMBIE NORTH PROJECT – EL 4887 and EL 5023

Infill soil sampling on a 400m x 100m grid successfully refined the shape of the surface geochemical gold and arsenic anomaly located 4km north of the Nagambie Mine in 2007 (Racecourse Anomaly). The results are encouraging as the low level gold and arsenic geochemistry plot along SW to NE trending zones as shown in Figure 5.

The anomalies are parallel to regional structures, notably the east-west striking folds and reverse faults at the Nagambie Mine. Aeromagnetic and gravity interpretation have indicated a possible reverse fault (the Racecourse Thrust) extending across the Nagambie North project area and parallel to the Nagambie Mine Thrust. This area will be tested by aircore drilling later in the year.

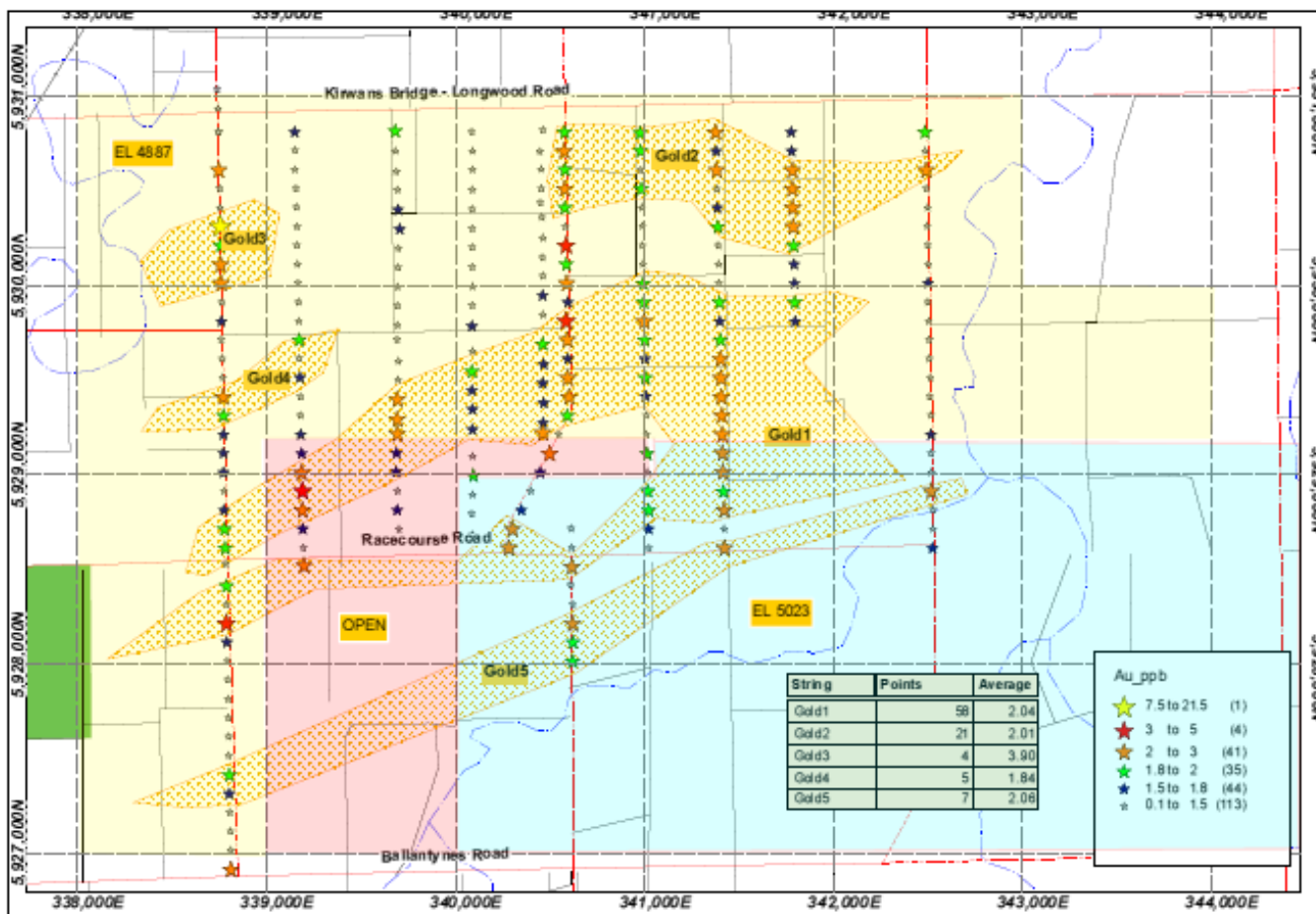


Figure 5 Nagambie North Prospect – Soil Anomaly Trends



2.2 NAGAMBIE SOUTH PROJECT – EL 4718 & EL 4887

Following encouraging results at Nagambie North, the Company re-evaluated the auger soil samples collected by the Company during 2006 and 2007 along roadside reserves. 1,388 samples were used to determine threshold values for Au, As and Sb and sites colour coded according to anomalous levels for each element.

Additional data collected by earlier explorers were extracted from the Open File database, and are combined in Figure 6. While scattered areas of anomalous gold-arsenic geochemistry can be seen in this analysis, these soil programs involved auger sampling well below the soil horizon where gold and pathfinder elements are known to concentrate and none of the programs considered the very low levels that arsenic and antimony develop in this environment.

The Company will conduct a sampling program south of the Nagambie Mine similar to the successful program conducted at the North Nagambie project.

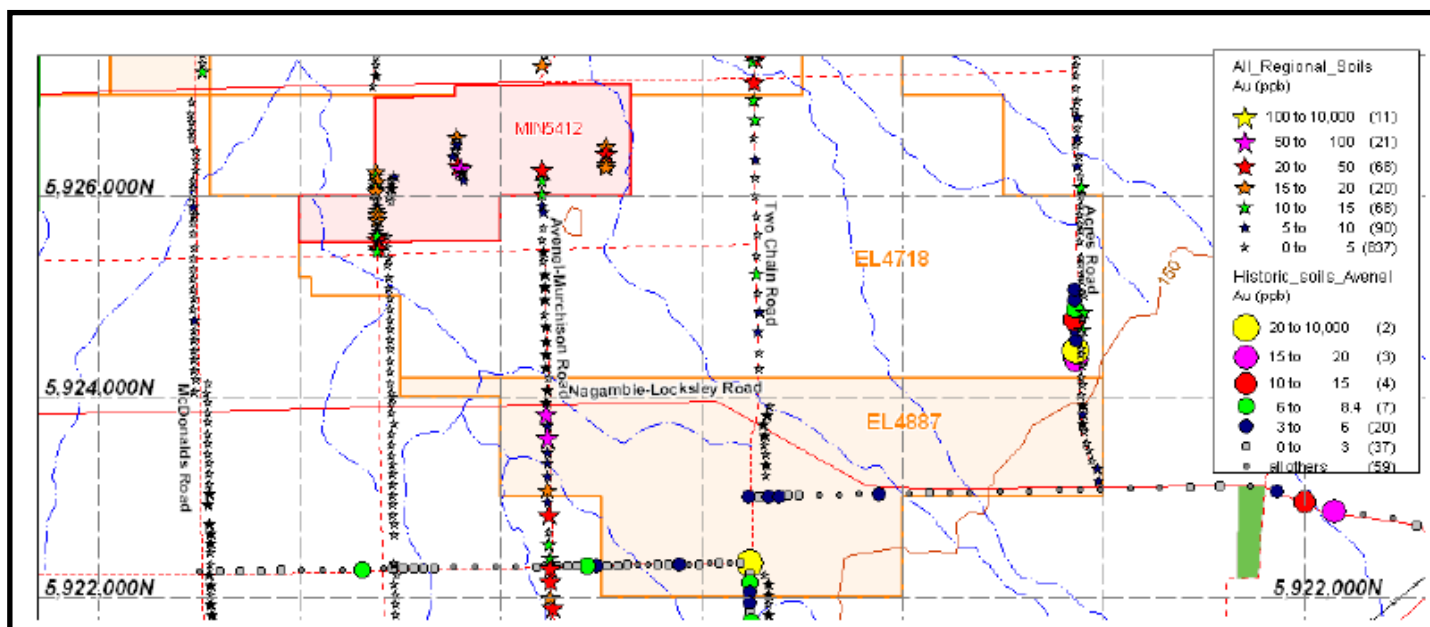


Figure 6 Nagambie South Prospect – Historic Soil Analysis Results

2.3 RUSHWORTH PROJECT - EL 4723

This project of 68 km² covers Rushworth North and Rushworth South (Whroo). The four best prospects will be tested by a 12 costean program during the next quarter.

3. TARADALE GROUP

Area: 7 km²

**Identified Projects: 1
Identified Prospects: 3**

3.1 TARADALE PROJECT - EL 4527

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

**4. HOWQUA PROJECT - EL 5189****Area: 5 km²****Identified Projects: 1
Identified Prospects: 3**

EL 5189 was granted during the quarter. MIN 5420, inside the boundaries of EL 5189, was surrendered and an application made to the DPI for approval to incorporate this area into the exploration licence. A study of the occurrence and controls of gold mineralisation within this area will then commence.

TENEMENT CHANGES

EL 5189 was granted and MIN 5420 was surrendered during the quarter.

CORPORATE**SHARE ISSUES**

On 7 August 2009, Nagambie Mining Ltd issued the following shares:

- (a) 14,718,750 fully paid ordinary shares at 3.2 cents per share under its 2009 shareholder share purchase plan, raising \$471,000; and
- (b) 6,650,000 fully paid ordinary shares at 3.2 cents per share to sophisticated and professional investors, raising an additional \$212,800.

CASH POSITION

At 30 September 2009, total cash held by the Company was \$1.127 million.

EXPENDITURE ON EXPLORATION AND ADMINISTRATION

Total expenditure on exploration and administration for the September 2009 quarter was \$317,000.

WEBSITE

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

ASX ANNOUNCEMENTS

The following ASX announcements were released during the quarter:

29/09/2009	Full Year Statutory Accounts
22/09/2009	Change of Director's Interest Notice
14/09/2009	Ceasing to be a substantial holder
25/08/2009	Change of Director's Interest Notice
07/08/2009	Change of Director's Interest Notice x 3
07/08/2009	Cleansing Statement
07/08/2009	Completion of Share Purchase Plan and Placement
05/08/2009	Change of Director's Interest Notice
29/07/2009	Quarterly Cash Flow Report
29/07/2009	Quarterly Activities Report
10/07/2009	SPP Offer Document
10/07/2009	Cleansing Statement - Share Purchase Plan
09/07/2009	Appendix 3B
06/07/2009	Share Purchase Plan
01/07/2009	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)

CHIEF EXECUTIVE OFFICER AND EXPLORATION MANAGER

Colin Glazebrook

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CHIEF FINANCIAL OFFICER

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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'.