

Dear Shareholder

NAGAMBIE MINING LIMITED 2009 SHARE PURCHASE PLAN ("SPP")

Nagambie Mining Limited (ASX Code: NAG) has compelling opportunities to build significant gold resources in central Victoria and to generate substantial income from the sale of stockpiled rock from the Nagambie Mine. A modest increase in working capital is now required to ensure the Company has sufficient funding to fully capitalise on these opportunities. The SPP will be capped at a maximum of \$500,000.

The Company's principal objectives for the 2009 calendar year have been to:

1. **position Nagambie MIN 5412 as the lowest cost provider of rock for the Nagambie Bypass; and**
2. **commence resource drilling of its heap-leachable 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 varying between 1 and 2 g/t gold.**

In regards to the Nagambie Bypass, the VicRoads tendering process is currently underway with construction scheduled to commence around October 2009. Nagambie Mining had previously submitted an "Expression of Interest" to VicRoads to provide 2,000,000 cubic metres of fill material for the Bypass. A detailed, independent testwork program for the rock stockpiled at the Nagambie Mine has now been carried out by Coffey Information and full specifications have been provided to all the potential construction tenderers. Nagambie Mining intends to sell the rock on an "as is, where is" basis to minimise capital costs.

At the Company's 100% owned Redcastle exploration licence, approximately 35 km west of the Nagambie Mine, costeaning, or trenching, work carried out has been very encouraging. Comprehensive analysis of the mapping and assay data generated from the costeaning program, together with all historical drilling results, has identified 6 primary target areas for follow up costeaning and gold resource drilling programs – Mullocky, Native Gully, Redcastle Fault Zone North, Pioneer, Mitchell's and Why Not. The understanding gained of the gold mineralisation controls at Redcastle has also upgraded the prospectivity of Nagambie Mining's 100% owned tenements at Rushworth and Whroo, which are geologically similar to Redcastle. Work programs are currently being developed for Rushworth and Whroo which are approximately 30 km and 25 km respectively north west of the Nagambie Mine.

I am, therefore, pleased to invite you to participate in the SPP. **The Plan will be capped at a maximum of \$500,000 and shares will be allocated on a "first-in, first-served" basis. The SPP entitles you to purchase \$1,000, \$2,500, \$5,000, \$10,000 or \$15,000 worth of shares at a discount to market with no associated brokerage costs.**

The volume weighted average price for Nagambie Mining shares on the Australian Securities Exchange over the 10 days in which Nagambie Mining's shares traded prior to 6 July 2009, the date the SPP was announced, was 3.62 cents. **The SPP offer price of 3.2 cents therefore represents a discount of 11.6%.**

All the directors of Nagambie Mining intend to take up their maximum entitlement for shares under the SPP with respect to their own shareholdings.

Attached are the Terms and Conditions of the SPP. To participate, you can make a payment by BPay or complete the Application Form provided and return it with a cheque, money order or bank draft to Computershare Investor Services Pty Limited (a reply-paid, addressed envelope is provided for Australian shareholders). **If you make your payment with BPay, you do not need to complete and return the Application Form.** BPay customers must use the Customer Reference Number shown on the Application Form to identify their holding.

Thank you for your continuing support.



Mike Trumbull
Chairman

10 July 2009

**TERMS AND CONDITIONS FOR THE
NAGAMBIE MINING LIMITED 2009 SHARE PURCHASE PLAN (“SPP”)**

1. The SPP

The SPP enables Eligible Shareholders (see paragraph 2) to purchase \$1,000, \$2,500, \$5,000, \$10,000 or \$15,000 of fully paid ordinary shares in Nagambie Mining Limited (“Nagambie Mining”) without being required to pay brokerage fees or incurring additional transaction costs.

2. Eligible Shareholders

You are eligible to participate in the SPP (“Eligible Shareholder”) if you were the registered holder of one or more fully paid ordinary shares in Nagambie Mining (“Shares”) at 7.00 pm (Melbourne time) on Wednesday 8 July 2009 with an address, as recorded in Nagambie Mining’s Share Register, in Australia or New Zealand unless you hold the Shares on behalf of another person who resides outside Australia or New Zealand. Accordingly, shareholders with an address outside Australia and New Zealand will not be eligible to participate in the SPP.

3. Participation in the SPP

Participation in the SPP is subject to these Terms and Conditions and is optional. However, the offer under the SPP is non-renounceable and Shares will only be issued to the Eligible Shareholders to whom they are offered. This means that you cannot transfer your right to purchase Shares under the SPP to another person or entity.

4. Key Dates

• ASX Announcement of SPP	Monday 6 July 2009
• Record Date to determine entitlements	7.00pm (AEST) Wednesday 8 July 2009
• Despatch of documents to shareholders and Opening Date for SPP	Friday 10 July 2009
• Closing Date for application for shares	5.00pm (AEST) Friday 31 July 2009*
• Allotment Date for SPP shares	Friday 7 August 2009*

* These dates are indicative only and may be changed at the discretion of Nagambie Mining

5. Issue Price of Shares

The issue price for each Share under the SPP is 3.2 cents. This price was determined by Nagambie Mining following the close of trading on 3 July 2009 (the trading day before the SPP was announced) by taking the volume weighted average traded price of Shares sold on the Australian Securities Exchange (“ASX”) in the 10 days in which Nagambie Mining’s shares traded immediately prior to the announcement of the SPP (3.62 cents) and applying a discount of 11.6% to that price.

6. Variation in market price of the Shares on the ASX

The market price of the Shares on the ASX may rise and fall between the date of this SPP offer and the date when Nagambie Mining allots the Shares to you under the SPP. This means that the price you pay under the SPP offer may exceed the price at which Shares are trading on the ASX at the time the Shares are allotted to you under the SPP.

7. Number of Shares Eligible Shareholders can apply for under the SPP and possible scale-back

As an Eligible Shareholder and based on the issue price for available shares under the SPP, you can apply for:

- **31,250 Shares at 3.2 cents per Share which will cost you \$ 1,000; OR**
- **78,125 Shares at 3.2 cents per Share which will cost you \$ 2,500; OR**
- **156,250 Shares at 3.2 cents per Share which will cost you \$ 5,000; OR**
- **312,500 Shares at 3.2 cents per Share which will cost you \$10,000; OR**
- **468,750 Shares at 3.2 cents per Share which will cost you \$15,000.**

This offer of new shares under the SPP is made in accordance with ASIC Class Order 09/425. The instrument grants relief from the requirement to prepare a prospectus for the offer of new shares under the SPP to Eligible Shareholders up to a maximum investment of \$15,000. Nagambie Mining has also obtained a waiver from the ASX from Listing Rules 7.1 and 10.11 to permit Nagambie Mining to issue up to \$15,000 worth of shares to each shareholder, without an offer document and for all Directors to participate in the SPP. As such, the maximum investment of \$15,000 worth of shares offered under the SPP applies to all Eligible Shareholders even if they receive more than one offer from Nagambie Mining.

The total value of applications for Shares under the SPP by all Eligible Shareholders will be capped at \$500,000. Applications will be processed in the order in which they are received on a “first-in, first-served” basis. Any necessary refund will be paid by Nagambie Mining to Eligible Shareholders shortly after the Closing Date or the date upon which the Closing Date is extended. Interest will not be paid on any money refunded under this clause.

If you are an Eligible Shareholder and have received more than one offer under the SPP (for example because you hold more than one shareholding under separate share accounts), you may not apply for Shares with an aggregate value exceeding \$15,000 under the SPP. Nagambie Mining reserves the right, exercisable at its sole discretion, to reject any application for Shares where it believes the requirement has not been met.

ASIC CO 09/425 also enables an issuer to offer securities under an SPP without a prospectus or product disclosure statement to each of the underlying beneficiaries whose securities are held on their behalf by a custodian, even if the name of the underlying holder is not expressly noted on the register of members. However, in order for the underlying beneficiaries to apply for securities under the SPP, the custodian applying for securities on behalf of its beneficiaries must issue a certificate providing the details of such beneficiaries and confirming that the \$15,000 limit in 12 months will not be exceeded in respect of each individual beneficiary (although a beneficiary who is resident outside Australia or New Zealand is not eligible to participate in the SPP). Custodians wishing to participate on behalf of one or more beneficiaries should contact the Nagambie Mining Limited Information Line to obtain further information on how to apply.

8. Opening and Closing of the SPP Offer

The SPP offer opens on Friday 10 July 2009 (“Opening Date”) and closes at 5.00 pm (Melbourne time) on Friday 31 July 2009 (“Closing Date”) unless it is extended or closed early by Nagambie Mining. Nagambie Mining reserves the right to change at any time the Closing Date or the proposed Allotment Date by making an announcement to the ASX.

Nagambie Mining also reserves the right to terminate the SPP at any time prior to the issue of Shares under the SPP. If Nagambie Mining terminates the SPP, it will refund any money paid by Eligible Shareholders under the SPP. Interest will not be paid on any money refunded under this clause.

9. How to Apply for Shares under the SPP

If you wish to apply for Shares under the SPP, you must make payment for exactly \$1,000 or \$2,500 or \$5,000 or \$10,000 or \$15,000 by the Closing Date through one of the following options:

- a) **If you make your payment with BPay, you do not need to complete and return the enclosed Application Form.** BPay customers should use the Customer Reference Number shown on the Application Form to identify your holding; or
- b) If not using BPay, you must complete the enclosed Application Form and forward it with payment by cheque, money order or bank draft in Australian dollars, made payable to “Nagambie Mining Limited”, to Computershare Investor Services Pty Limited (“Computershare”) at the address set out in the Application Form. A reply-paid envelope is enclosed for the convenience of Australian shareholders.

Applications must be received by Computershare by the Closing Date (currently 5.00 pm (Melbourne time) on Friday 31 July 2009). Applications received after the Closing Date will not be accepted.

10. Nagambie Mining’s discretions regarding applications

Nagambie Mining has broad discretion to reject your application to purchase Shares under the SPP, including (without limitation) if:

- a) Your Application Form is incorrectly completed or incomplete or otherwise determined by Nagambie Mining to be invalid;
- b) Your cheque is dishonoured or has not been completed correctly;
- c) The cheque, money order, bank draft, or BPay payment is not exactly \$1,000 or \$2,500 or \$5,000 or \$10,000 or \$15,000;
- d) It appears that you are applying to buy more than \$15,000 (in aggregate) of Shares at the issue price;
- e) Your payment is received after the Closing Date. Whilst Nagambie Mining has the discretion to accept late payments, there is no assurance that it will do so. Any late payments or cheques, if not accepted, will be refunded or returned to you; or
- f) Nagambie Mining believes that you are not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements).

11. Allotment Date

The Shares will be allotted under the SPP on the Allotment Date (currently Friday 7 August 2009) and application for quotation of your Shares on the ASX will be made at the same time. You should receive your allotment statement, or confirmation advice, shortly after the Allotment Date.

12. What rights attach to the Shares

Shares issued under the SPP will rank equally with existing fully paid ordinary shares in Nagambie Mining and will carry the same voting rights, dividend rights and other entitlements as at the date of allotment.

13. Dispute resolution

Nagambie Mining may settle in any manner it thinks fit any disputes or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to the applicant or application for Shares and the decision of Nagambie Mining will be conclusive and binding on all persons to whom the decision relates. Nagambie Mining reserves the right to waive compliance with any provision of the SPP Terms and Conditions, subject to compliance with the Corporations Act, the ASX Listing Rules, the instrument of relief granted by ASIC to Nagambie Mining and the waiver granted by ASX to Nagambie Mining (further details are set out in paragraph 7 above).

14. Further Information

If you have any questions in relation to the terms and conditions of the SPP or how to make an application, you can ring Computershare on 1300 525 471 (+61 3 9415 4815 if calling from outside Australia) or Nagambie Mining on 03 5433 3422 (+61 3 5433 3422 if calling from outside Australia). Neither Computershare nor Nagambie Mining will provide financial, investment or taxation advice.

15. Independent financial or investment advice recommended

We recommend that you contact your stockbroker, accountant or professional adviser before investing in Nagambie Mining's Shares under the SPP.

16. Significance of applying for Shares under the SPP

By making payment by BPay or by completing an Application Form and forwarding payment by cheque, money order or bank draft:

- a) You acknowledge that you are an Eligible Shareholder;
- b) You certify that you have not applied for more than \$15,000 of Shares under the SPP and any similar arrangement in the 12 months prior to your application, even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;
- c) You agree that your application is made on the Terms and Conditions of the SPP;
- d) You accept that you will not be able to withdraw or revoke your application or BPay payment once you have sent it in;
- e) You authorise Nagambie Mining (and its officers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
- f) You acknowledge that Nagambie Mining may at any time determine that your Application Form is valid, in accordance with the Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- g) You accept the risk associated with any refund that may be sent to you by direct credit or cheque to your address shown on Nagambie Mining's Share Register;
- h) You are responsible for any dishonour fees or other costs that Nagambie Mining may incur in presenting a cheque for payment which is dishonoured;
- i) You acknowledge that neither Nagambie Mining nor Computershare has provided you with investment advice or financial product advice, and that neither has any obligation to provide this advice, concerning your decision to apply for and take up Shares;
- j) You acknowledge that Nagambie Mining is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
- k) You irrevocably and unconditionally agree to the Terms and Conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP.

17. Governing Law

These Terms and Conditions are governed by the laws in force in Victoria and are to be interpreted in accordance with their spirit, intention and purpose.

18. Underwriting

The SPP will not be underwritten.