

CHAIRMAN'S ADDRESS

**BY MR MICHAEL TRUMBULL AT THE ANNUAL
GENERAL MEETING OF NAGAMBIE MINING LIMITED
HELD AT THE INSTITUTE OF CHARTERED
ACCOUNTANTS, LEVEL 3, 600 BOURKE STREET,
MELBOURNE AT 11.00 AM ON TUESDAY 23 NOVEMBER
2010**

Good morning ladies and gentlemen,

Nagambie Mining has continued to focus on both its gold prospects and its non-gold, construction material opportunities over the last year.

Gold

I am pleased to report that the Company has now formally completed the purchase of the Laura Mine tenement at Redcastle for \$40,000, giving Nagambie Mining 100% ownership of the Redcastle Goldfield. The Laura Mining Licence covers the historically most productive, high grade underground mines in the goldfield and was the missing link in our strategy for Redcastle. The Company is very confident of being able to delineate various open pits containing a significant tonnage of heap-leachable, oxide mineralisation averaging 1.0 to 2.0 g/t gold. Drill-ready targets now include Mullocky, Pioneer, Why Not and Native Gully. We intend to quickly develop further drill targets by strategically costeaning (or surface trenching) the newly-acquired Laura Mining Licence.

The Company is preparing a Work Plan Variation for submission to the DPI to extend mining approximately 230 metres to the west of the West Pit at the Nagambie Mine. Gold mineralisation extends westward with the waste to ore strip ratio increasing to the west under progressively thicker overburden cover. Previous drill holes 130 metres and 160 metres west of the West Pit had intersections of 27m at 1.0 g/t gold (including 6m at 2.2 g/t) and 8m at 1.6 g/t respectively. When the Nagambie Mine operated in the 1990s under its previous ownership, the average head grade of the ore stacked on the heap leach pad was

approximately 0.8 g/t gold. Importantly, the gold price averaged around only A\$500 per ounce at that time but is currently trading in a range of A\$1,300 to A\$1,400 per ounce. The greatly increased gold price of today should more than compensate for the higher strip ratio and costs for the proposed pit extension.

Drilling of the large Nagambie North gold anomaly has been held up by the extensive, drought-breaking winter rainfall in the area, as has detailed soil sampling at Nagambie South. Both those activities are planned to commence shortly.

Non-Gold

I am pleased to report that Abigroup, contractors for the main 13.5 km section of the Nagambie Bypass, commenced using fill from overburden stockpiles at the Nagambie Mine on a trial basis on 8 November. The current commercial arrangements allow for Abigroup to access the fill material through to 30 June 2011. Nagambie Mining was assisted in the negotiations with Abigroup by Global Contracting Pty Ltd (Global).

The Company entered into a Memorandum of Understanding with Global in June this year, under which Global will be the preferred contractor for all future earthmoving operations carried out by Nagambie Mining. Global's extensive earthmoving experience, equipment fleet and contacts within the industry should assist in obtaining larger orders in the region for rock and fill material, additional to the small orders already obtained locally by the Company.

The Company, with the assistance of an experienced consultant to the extractive industries, commenced investigations during the year into the development and marketing of the sand deposits delineated by the Company's recent exploration work at the Nagambie Mine. Products that could be produced from the sand deposits after beneficiation include concrete sands, packing sands, filter sands and masonry sands.

I would like to thank my fellow directors and all the management team for their continued efforts in advancing the Company's various projects. Geoff Turner and Colin Glazebrook have successfully applied their expertise and experience to the geological modelling of the Redcastle Goldfield. This work promises to bear fruit in the coming year, particularly with the acquisition of the Laura Mining Licence. Colin, as CEO, is working hard with Global to upgrade the Nagambie Mine infrastructure and secure significant sales of rock and fill material, as evidenced by the Abigroup arrangement. Kevin Perrin, recently appointed as a director, brings extensive accounting, auditing, corporate governance and finance skills to the Board.

After considerable, time-consuming effort, the long-term building blocks for Nagambie Mining are being established.

The gold price is continuing to set all-time record highs in US\$ terms. The coming years may well be very exciting times to be in the gold business, especially if Nagambie Mining can continue to develop its construction materials opportunities as a source of funding for its ongoing gold development aspirations.

I hope to be able to report next year that the market has indeed found good reason to bet on the NAGs.