

17 August 2012

Company Announcements
ASX Limited

Section 708AA Cleansing Statement

Nagambie Mining Limited (ASX:NAG) (*Company*) announced on 17 August 2012 its intention to undertake a non-renounceable rights issue on the basis of 1 new ordinary share (*New Shares*) for every 3 existing ordinary shares held at the Record Date, being 27 August 2012, at an issue price of \$0.02 per New Share (*Offer*).

Further details regarding the Offer are set out in the Offer Document to be dispatched to Shareholders on or about 31 August 2012.

For the purposes of section 708AA(2)(f) as notionally modified by CO 08/35, the Company advises:

- (a) the New Shares will be offered for issue without disclosure under Chapter 6D of the Act as notionally modified by CO 08/35;
- (b) as at the date of this Notice, the Company has complied with the provisions of:
 - (i) Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (c) as at the date of this Notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act;
- (d) the issue of New Shares pursuant to the Offer is not expected to have any material effect or consequence on the control of the Company. Members should be aware that:
 - (i) if all members take up their entitlements to New Shares then the Offer will have no effect on the control of the Company; and
 - (ii) to the extent that any member fails to take up their entitlement under the Offer, that member's percentage holding in the Company will be diluted by those other members who take up some, all or more than their entitlement (i.e. by subscribing for shortfall shares).

This Offer is not underwritten. However, the two largest shareholders in the Company, Mr Ralph Russell & Ms Ann Hynes and Cairnglen Investments Pty Ltd, and all four directors of the Company have agreed to take up all of their entitlements under the Offer. The two largest shareholders and the directors together hold approximately 42.4% of the Company's issued Shares and have agreed to contribute \$477,810.42 out of the maximum possible raising of \$1,125,733. In addition, the two largest shareholders have confirmed that they will not subscribe for New Shares under the Shortfall Facility.

The two largest shareholders also hold convertible notes in the Company. While it is anticipated that these shareholders will not convert their notes prior to the Record Date (as the conversion price of these notes is either \$0.03 or \$0.04), should either shareholder convert their notes following the rights issue then the number of shares held by that shareholder and that shareholder's shareholding percentage will increase.

If the Offer is not fully subscribed, and Mr Ralph Russell & Ms Ann Hynes take up their full entitlement and convert their notes, then this may result in that shareholder's shareholding percentage increasing to above 20%. Should this occur, then shareholder approval will need to be sought in accordance with section 611, Exception 7 of the Act.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Alfonso Grillo', written over a faint rectangular stamp.

Alfonso Grillo
Company Secretary