

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 2PM ON TUESDAY 24 NOVEMBER 2009

At last year's AGM, I said that our Company had a clear strategy to move to gold production, coupled with a unique way to financially deliver that strategy – selling material from overburden and tailings dumps at the Nagambie Mine. Both parts of the strategy have been advanced over the last 12 months.

Oxide Gold Targets

The Company's three most advanced shallow oxide gold targets are pit extensions at the Nagambie Mine, the historic Redcastle Goldfield and the Nagambie North project. Other targets within economic trucking distance of the Nagambie Mine that remain to be worked up include those at Rushworth, Whroo and Nagambie South.

The aim is to drill out a total of at least 100,000 to 200,000 ounces of low grade oxide gold mineralisation in the region that can be heap-leach treated at the Nagambie Mine. Heap-leach operations can be developed quickly and are much lower cost than conventional gold treatment operations, both in terms of capital cost and operating cost per tonne.

At the Nagambie Mine, we are now planning a pit extension to the west of the West Pit with a view to commencing to strip the overburden in the coming year. The ore in the pit extension should be of similar grade to that previously mined, approximately 0.8 g/t gold, and will constitute ideal starter feed when we recommence heap leach operations at Nagambie.

At the exciting Nagambie North project, 3 km north of the Nagambie Mine, a drilling program has been designed and is awaiting DPI approval. Geophysics indicate a possible reverse fault parallel to the Nagambie Mine Thrust. Soil geochemistry indicates coincident, and parallel, gold and arsenic anomalies over an area much larger than the Nagambie Mine.

At Redcastle, a 20 costean follow-up program on the six identified gold prospects in the historic goldfield is awaiting DPI approval and should commence shortly.

Gold Price

The A\$ gold price is currently over A\$1200 per ounce and looks like it wants to go higher in coming years. By comparison, when the Nagambie Mine operated in the 1990's under its previous ownership, the A\$ gold price was around A\$500 per ounce.

We are confident that we will be able to operate with a healthy cash margin when we commence gold production, hopefully as early as the 2011/2012 financial year.

Rock Sales

Over the last 12 months, Nagambie Mining has positioned itself to be the lowest cost provider of rock fill for the construction of the 17 km long Nagambie Bypass. An AusLink National Project, it is being managed by VicRoads and funded 80% by the Federal Government and 20% by the Victorian Government. The Nagambie Bypass project requires over 3 million tonnes of fill material over a two year period and the Company is capable of supplying the great majority of this material.

The tender for the smaller First Stage of the Nagambie Bypass closed in July and the tender for the larger Second Stage closed in October. Nagambie Mining was asked by all qualified contractors for the two tenders to provide details and prices for the Company's material located at the Nagambie Mine.

VicRoads announced last week that BMD Constructions Pty Ltd had won the tender for the First Stage. Nagambie Mining expects to have follow-up negotiations with BMD in coming weeks. The winning tenderer for the Second Stage is expected to be announced by VicRoads in early 2010.

As well as supplying rock fill for the Nagambie Bypass, the Company intends to sell increasing quantities of rock and gravel in coming years to satisfy local demand for road making, hardstand areas and general fill.

Head Office

The Company needs a permanent presence during business hours at the Nagambie Mine to facilitate long term rock and gravel sales. The obvious solution is to close the current head office in Heathcote, which is rented, and establish the head office for the Company at our Nagambie Mine site. Planning for the transfer is well advanced and the physical move will take place in January after the Christmas break.

I would like to thank my fellow directors and all the management team for their continued effort in placing the Company on such a firm footing. The executive director and CEO/Exploration Manager, Colin Glazebrook, has focussed on the numerous activities required to position Nagambie Mining as a principal supplier of rock fill for the Nagambie Bypass. Geoff Turner, as Director Exploration, has provided great assistance to Colin in advancing the Company's various exploration programs.

In conclusion, 2010 could be a very exciting year for Nagambie Mining.