



29 January 2010

QUARTERLY REPORT

FOR THE QUARTER ENDING 31 DECEMBER 2009

OVERVIEW

- The smaller First Stage contract for the Nagambie Bypass was awarded late in the quarter and the larger Second Stage is expected to be awarded in the March 2010 quarter.
- Over 3 million tonnes of fill material is required for the Nagambie Bypass and specifications for the Company's stockpiled material at the Nagambie Mine have been provided to VicRoads, the winning tenderer for the First Stage and the four approved tenderers for the Second Stage.
- The Company has received Department of Primary Industries (DPI) approval to commence a follow-up 20 costean program on 8 gold prospects in the Redcastle Goldfield.
- The Company has also received DPI approval for costean testing of selected prospects in the Rushworth-Whroo Goldfield.
- A 6,000 metre shallow aircore drilling program at Nagambie North is awaiting DPI approval.
- A 65 hole aircore drilling program testing basement rocks to the west and north of the West Pit at the Nagambie Mine has given positive results.
- The Company relocated its Head office from Heathcote to the Nagambie Mine in January 2010 to further focus its operations and to reduce overheads.

OBJECTIVES

The Company's principal objectives for calendar 2010 are to:

- Continue to investigate all the potential construction material opportunities within the Nagambie Mining Lease, including the provision of rock fill for the Nagambie Bypass; and
- Evaluate the oxide gold prospects held by the Company at the Nagambie Mine and within economic trucking distance of the Nagambie Mine, targeting a minimum of 100,000 to 200,000 ounces of gold at grades between 1 and 2 g/t gold.

ABOUT NAGAMBIE

Nagambie Mining 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 250 km². All licences are 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	Nagambie
	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.

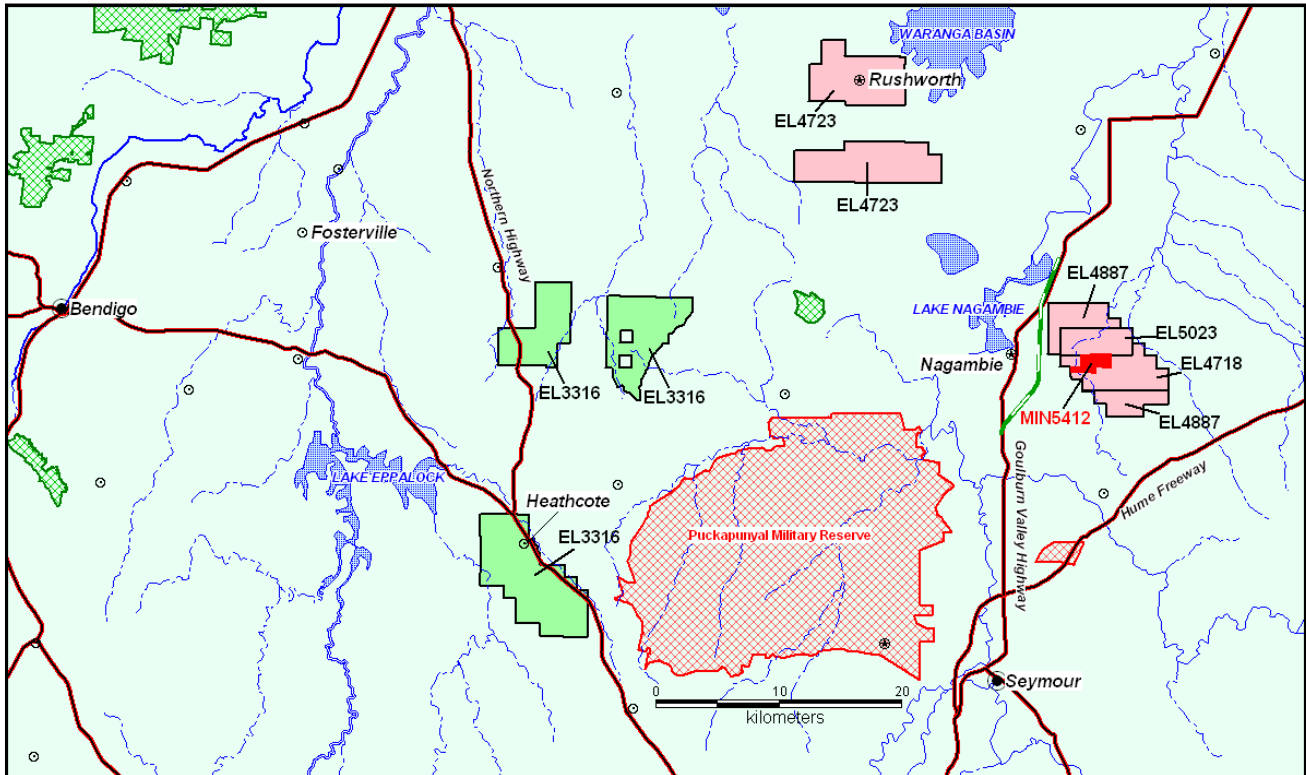


Figure 1 Project Location Map – Central Victorian Projects



DEVELOPMENT GROUP AREAS

1. NAGAMBIE - MIN 5412

Area: 4 km²

Identified Projects: 2

1.1 MIN 5412 Additional Oxide Gold Mineralisation

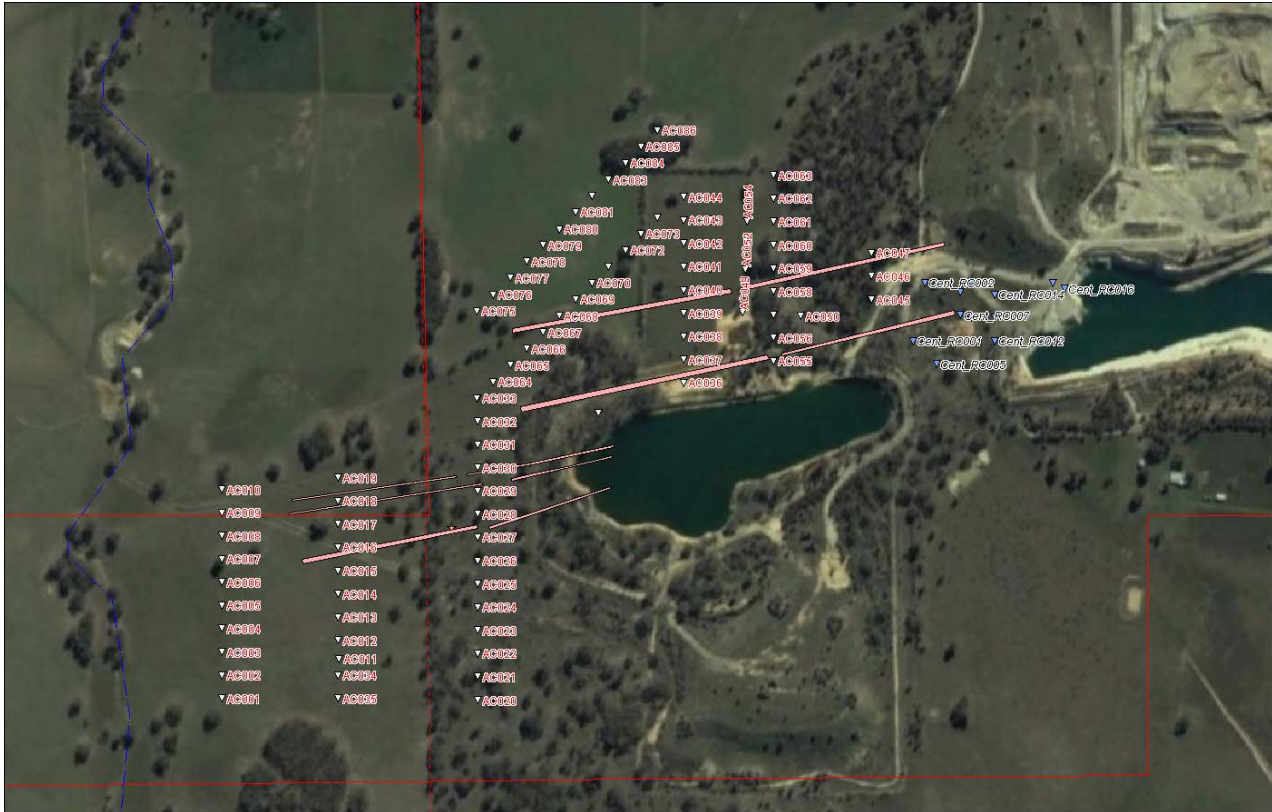


Figure 2 Aircore Drilling Locations – MIN 5412
With interpreted structural trends

A program of Aircore and Reverse Circulation drilling (refer Figure 2) has been designed to test for oxide gold mineralisation to the west and north of the West Pit and between the West and East Pits. The aim is to establish further resources of similar size and gold tenor to that initially contained in the West Pit.

The Aircore phase of the program was completed during the quarter, with 2,407 metres drilled in 65 holes to the west and north of the West Pit. Of the 65 holes drilled, 46 penetrated to basement. Samples of basement and near-basement material were submitted for assay, with five assays returning between 0.4 and 0.73 g/t gold.

Together with the results of previous deeper, expensive drilling (including the 2007 scout hole NRP 26 which intersected 24 metres at 1.0 g/t gold to the west of the West Pit), the aircore drilling indicates that gold mineralisation does extend to the west and north of the West Pit.

Geological mapping and assaying of bedrock exposure created by selective overburden stripping to the west of the West Pit is being considered to best establish the continuity of the mineralisation in this area.

**1.2 MIN 5412 Rehabilitation and Site Utilisation**

The Company is continuing its investigations into the uses of construction material from the Nagambie Mine within the region, in particular in respect of the Nagambie Bypass.

VicRoads has awarded the first contract to build the smaller Northern Section to BMD Constructions Pty Ltd. Initial construction work started in December.

The larger second contract to build the Main Bypass is expected to be awarded in the March 2010 quarter, with construction to start in mid 2010.

The Nagambie Bypass will require some 3 million tonnes of fill and includes:

- diamond interchanges at Mitchellstown Road and at Kirwans Bridge - Longwood Road intersections with bridges and freeway ramps;
- an overpass at Nagambie - Locksley Road and underpass at Racecourse Road intersections; and
- upgrades of Racecourse Road, McDonalds Road and Nagambie - Locksley Road.

The Company is actively promoting material from MIN 5412 as being ideal for the Bypass as it is already mined (surface stockpiles) and very close to the Bypass route.

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. Comparison of gold values from costean sampling with those in drill intersections at depth confirms that gold is depleted at surface, but mineralisation can be stronger at shallow to moderate depths. DPI approval was received late in the quarter to test 8 prospects by further costeaning to clarify geological aspects of mineralisation, and three have been selected for follow-up RC drilling

1.2 HEATHCOTE SOUTH PROJECT - EL 3316 Area: 53 km²

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

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**

A 6,320 metre aircore drilling program is awaiting DPI approval. This will test Devonian aged basement sediments for structurally controlled gold mineralisation below extensive surface gold and arsenic soil geochemistry anomalies which have been defined 4 km north of the Nagambie Mine.

2.2 NAGAMBIE SOUTH PROJECT – EL 4718 & EL 4887

The Company is planning a sampling program to better define an existing soil anomaly located south of the Nagambie Mine.

2.3 RUSHWORTH PROJECT - EL 4723

This project of 68 km² covers Rushworth North and Rushworth South (Whroo). A 12 costean work plan program covering 4 prospects was approved by the DPI late in the quarter and preparations are now under way to commence this program.

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**

MIN 5420 was surrendered during the quarter, and incorporation of this area into the surrounding EL5189 has been approved by the DPI. This tenement rationalisation will enable the Company to more logically evaluate the gold mineralisation in the area.

TENEMENT CHANGES

The transfer of EL 5023 from the Company's subsidiary Sierra Minerals Pty Ltd to the parent Company was approved during the quarter and following the end of the quarter, an application was made to transfer the two remaining licences held by Sierra, EL 4718 and EL 4723 to Nagambie. On completion of this process, all tenements will be held by the parent Company.

CORPORATE

To further focus its operations and reduce overheads, the Company transferred its Head Office from Heathcote to the Nagambie Mine after the end of the December quarter. The new office became operational on 18 January 2010.

**SHARE ISSUES**

No share issues were made during the quarter. 2,000,000 unlisted options exercisable at 10 cents between 17 December 2011 and 17 December 2014 were issued during the quarter following receipt of shareholder approval at the Company's 2009 Annual General Meeting.

CASH POSITION

At 31 December 2009, total cash held by the Company was \$0.793 million.

SALE OF SURPLUS LAND

Following a review of the freehold land owned by the Company at the Nagambie Mine, the decision was made in December to sell the most easterly block of 80 acres which is of no geological interest. A Nagambie real estate firm is marketing the block ahead of auction in February 2010.

EXPENDITURE ON EXPLORATION AND ADMINISTRATION

Total expenditure on exploration and administration for the December 2009 quarter was \$334,000.

WEBSITE

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

ASX ANNOUNCEMENTS

The following ASX announcements were released during the quarter:

23/12/2009	Change of Director's Interest Notice
22/12/2009	Change of Director's Interest Notice x 3
22/12/2009	Issue of Options
26/11/2009	Change of Director's Interest Notice
24/11/2009	Results of AGM
24/11/2009	CEO's Presentation
24/11/2009	Chairman's Address
29/10/2009	Annual Report to Shareholders
29/10/2009	Quarterly Cash Flow Report
29/10/2009	Quarterly Activities Report
23/10/2009	Notice of Annual General Meeting

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

COMPANY SECRETARY

Alfonso M G Grillo

CHIEF FINANCIAL OFFICER

Joe Fekete



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For further information regarding the Company and its projects, contact:

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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'.