



30 April 2010

## QUARTERLY REPORT

FOR THE PERIOD ENDING 31 MARCH 2010

### OVERVIEW

- A second-stage costeaning (trenching) program is being carried out at the Redcastle property where disseminated gold associated with quartz veining in sediments is the primary target. Results from the initial costeaning program included 6m at 2.1 g/t gold at Mullocky, 10m at 1.6 g/t at Redcastle Fault Zone North and 6m at 1.2 g/t at Pioneer. Resource drilling of the best zones of oxide mineralisation indicated by all the costeaning work will follow.
- The aircore drilling program completed in the December 2009 quarter near the West Pit at the Nagambie Mine, while encouraging for additional oxide gold mineralisation, also showed significant potential for commercial sand deposits. Three broad sand layers have been identified.
- Test pitting of the top sand layer where it overlies potentially economic oxide gold mineralisation to the west of the West Pit is to be carried out in the June 2010 quarter.
- The main contract for the construction of the Nagambie Bypass was awarded to Abigroup Contractors Pty Ltd in February 2010 and initial works are now underway. Nagambie Mining has responded to a recent tender request from Abigroup for the supply of Type A rock material for the project.
- The office relocation to the Nagambie Mine was completed during the quarter. Located on freehold land owned by Nagambie Mining, the new office is the head office, the registered office and the operational office for the Company.
- The Company placed 17.5 million fully paid ordinary shares at 3.3 cents per share to sophisticated and professional investors during the quarter, raising a total of \$577,500.

### OBJECTIVES

The Company's principal objectives for calendar 2010 continue to be to:

- Evaluate the 100% owned oxide gold prospects on and within economic trucking distance of the Nagambie Mine, targeting a minimum of 100,000 to 200,000 ounces of gold; and
- Develop all the construction material opportunities at the Nagambie Mine, including the sale of overburden and tailings and the commercialisation of the sand deposits.

#### 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: 168,859,948  
Issued: 168,859,948

**NAGAMBIE MINING LIMITED**  
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ACN 111 587 163

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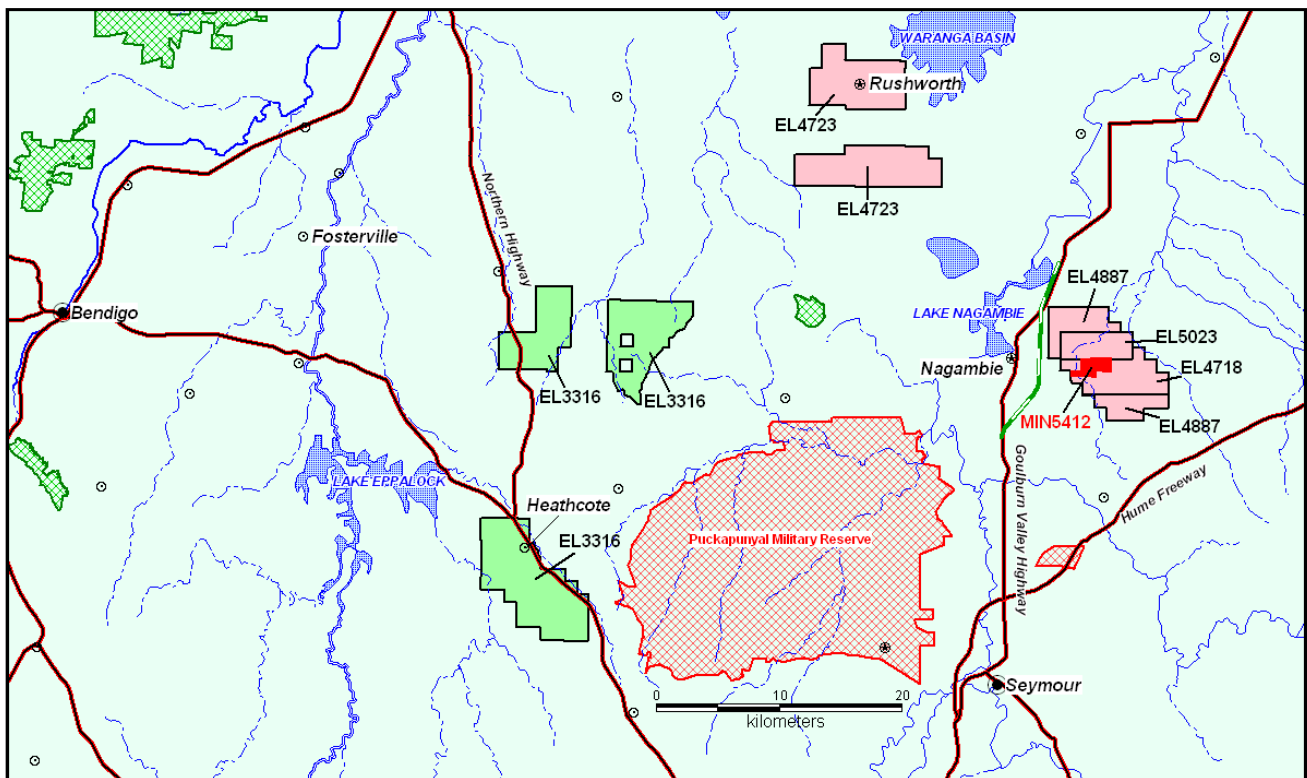
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**NAGAMBIE MINING PROJECTS**

The Company holds a 100% interest in 7 Exploration Licences and 1 Mining Licence in central and east Victoria, totalling approximately 250 km<sup>2</sup>. All the licences are being explored for gold and associated minerals.

Group Area	Project Name	Licence	Interest %	Holder
<b>EXPLORATION GROUP AREAS</b>				
<i>Nagambie</i>	Nagambie North	EL 4887	100	Nagambie
	Nagambie South	EL 4718	100	Being transferred to Nagambie
	Nagambie	EL 5023	100	Nagambie
	Rushworth	EL 4723	100	Being transferred to Nagambie
<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
<b>DEVELOPMENT GROUP AREAS</b>				
<i>Nagambie</i>	Nagambie	MIN 5412	100	Nagambie



**Figure 1 Project Location Map – Central Victorian Projects**



**DEVELOPMENT GROUP AREAS**

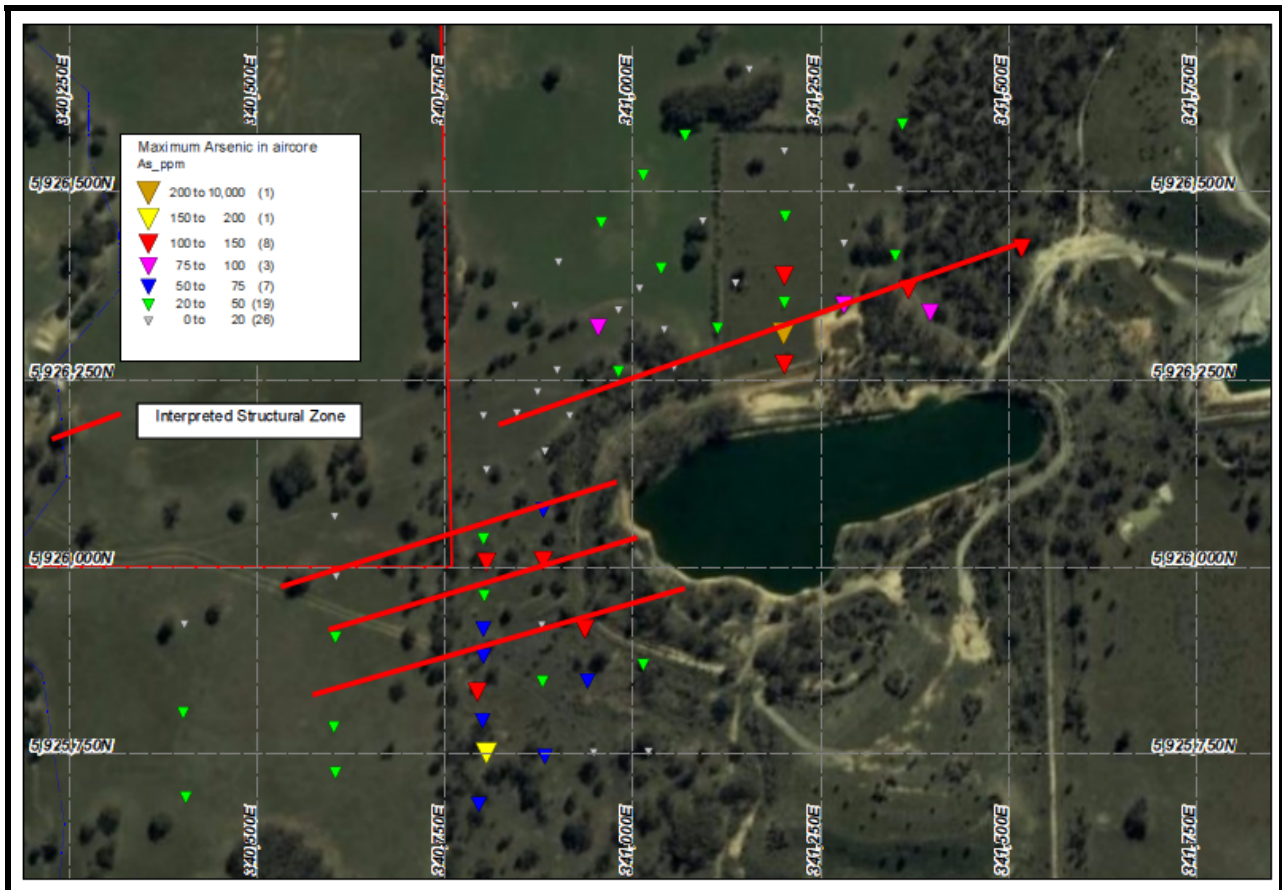
**1. NAGAMBIE MINE - MIN 5412**

**Area: 4 km<sup>2</sup>**

**Identified Projects: 2**

**1.1 MIN 5412 Additional Oxide Gold Mineralisation**

Work continued during the quarter on evaluation of the previous quarter aircore drilling of basement and near-basement material. As shown by the arsenic values in aircore drilling (Figure 2), results indicate that arsenopyrite-associated mineralisation extends to the west and north of the present West Pit and correlates with the initial interpreted structures.



**Figure 2 Aircore Drilling Arsenic Results and Interpreted Structures – MIN 5412**

As announced during the quarter, the aircore drilling also outlined sand deposits which could prove to be of significant commercial value to Nagambie Mining.

**1.2 MIN 5412 Rehabilitation and Site Utilisation for Construction Materials**

The Company is continuing its investigations into utilising construction material from the Nagambie Mine with immediate emphasis on supplying fill material for the development of the Nagambie Bypass. Following several small sales of rock from the East Overburden Dump during the quarter, the Company was invited by Abigroup (contractors for the main 13.5 km section of the Nagambie Bypass) to tender for the supply of Type A fill for the project. Nagambie Mining expects that Abigroup will decide on Type A supply during the June 2010 quarter.

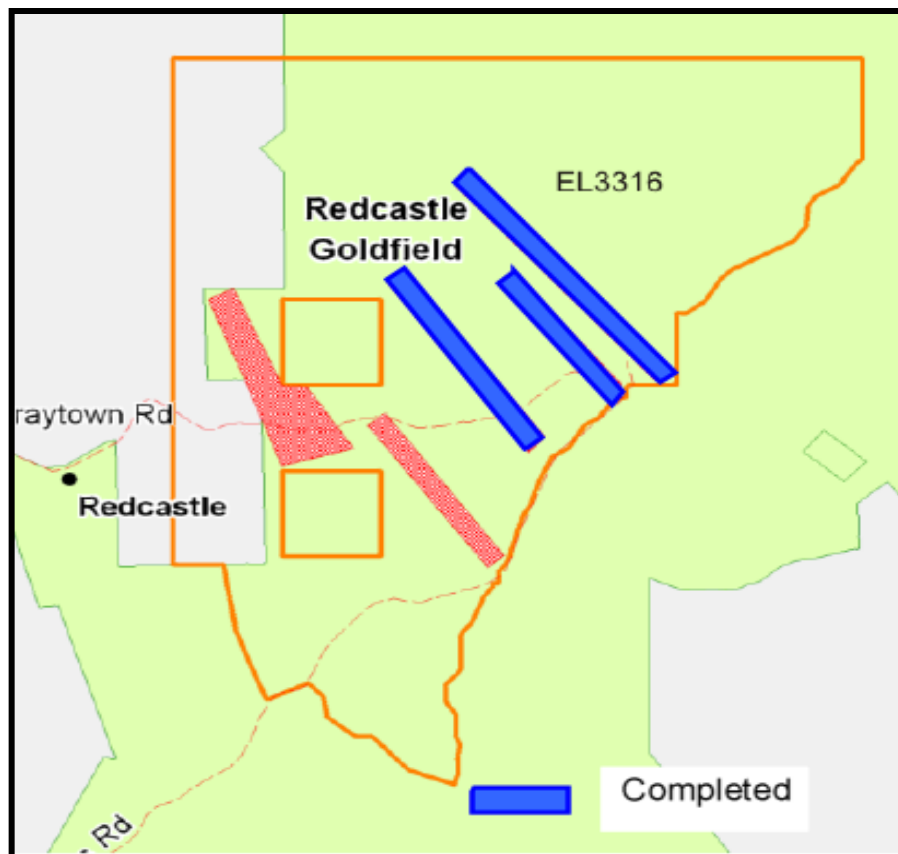


Investigations have commenced into the possible commercial exploitation of the sand deposits discovered as a result of the aircore drilling carried out in the December 2009 quarter. The drilling has defined three broad horizons of sand within an area close to the West Pit. The three sand layers are being referred to as the Top, Mid and Bottom sands. Based on the drilling to date, the Top, Mid and Bottom sands have average thicknesses of 4.7m, 4.1m and 7.1m respectively.

Standard sizing tests have been carried out on composite drill hole samples from the three sand layers and the results are currently being assessed by an independent industry consultant. Test pitting is to be carried out in the June 2010 quarter of the Top sand layer where it overlies potentially economic oxide gold mineralisation to the west of the West Pit.

**EXPLORATION GROUP AREAS**

- 1. **REDCASTLE – HEATHCOTE - EL 3316** Area: 113 km<sup>2</sup> **Identified Projects: 3**  
**Identified Prospects: 10**



**Figure 3 Redcastle Mineralised Corridors subject to Costeaming Program**

**1.1 REDCASTLE PROJECT - EL 3316** Area: 33 km<sup>2</sup>

This project of 33 km<sup>2</sup> covers the old Redcastle Goldfield. Work commenced after the close of the quarter on a second-stage costeaming program which is designed to further test Silurian sediments for disseminated and narrow vein gold mineralisation and to enhance the understanding of geological controls on mineralisation within five mineralised target corridors. The program involves the excavation of up to 22 costeams to a maximum depth of 1.5m, width of 1.5m and maximum length of 110m. The total length of costeams excavated will be approximately





1,730m. Currently 1,022m of costeaning has been completed and rehabilitated in three of the corridors as shown in Figure 3. 2m channel samples are currently in the laboratory for assay.

Results from the initial costeaning program, previously announced, included 6m at 2.1 g/t gold at Mullocky, 10m at 1.6 g/t at Redcastle Fault Zone North and 6m at 1.2 g/t at Pioneer. Resource drilling of the best zones of oxide mineralisation indicated by all the costeaning work will follow.

**1.2 HEATHCOTE SOUTH PROJECT - EL 3316 Area: 53 km<sup>2</sup>**

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

**1.3 HEATHCOTE NORTH PROJECT - EL 3316 Area: 27 km<sup>2</sup>**

No significant work was carried out during the quarter.

**2. NAGAMBIE GROUP Area: 128 km<sup>2</sup> 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 6,320m aircore drilling program is still awaiting DPI approval. This will target defined gold and arsenic soil geochemistry anomalies to test Devonian aged basement sediments for structurally controlled gold mineralisation analogous to the mineralisation at the Nagambie Mine.

**2.2 NAGAMBIE SOUTH PROJECT – EL 4718 & EL 4887**

Permits to enter are currently being obtained prior to commencing a soil sampling program south of the Nagambie Mine similar to the successful program conducted at the Nagambie North Project.

**2.3 RUSHWORTH PROJECT - EL 4723**

This project of 68 km<sup>2</sup> covers Rushworth North and Rushworth South (Whroo) to the north west of the Nagambie Mine. A 12 costean program will commence immediately after completion of the current costeaning work at Redcastle.

**3. TARADALE PROJECT – EL 4527 Area: 7 km<sup>2</sup> Identified Projects: 1  
Identified Prospects: 3**

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

**4. HOWQUA PROJECT - EL 5189 Area: 5 km<sup>2</sup> Identified Projects: 1  
Identified Prospects: 3**

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

**TENEMENT CHANGES**

The Company is awaiting completion of the transfer of EL 4718 and EL 4723 from Sierra Minerals Pty Ltd (a wholly owned subsidiary of Nagambie Mining). This will finalise the rationalisation of all the Company's tenements to single ownership and minimise tenement reporting requirements.

**CORPORATE**

The commissioning of the new office building (below) at the Nagambie Mine gives the Company a fully functioning technical, storage and administrative capability which will assist in operational improvements as well as reducing costs.

**SHARE ISSUES**

During the quarter, Nagambie Mining placed 17.5 million fully paid ordinary shares at 3.3 cents per share to sophisticated and professional investors, raising a total of \$577,500.

**CASH POSITION**

At 31 March 2010, total cash held by the Company was \$1.023 million.

**EXPENDITURE ON EXPLORATION AND ADMINISTRATION**

Total expenditure on exploration and administration for the March 2010 quarter was \$274,000.

**WEBSITE**

The Nagambie Mining Limited website is [www.nagambiemining.com.au](http://www.nagambiemining.com.au)

**ASX ANNOUNCEMENTS**

The following ASX announcements were released during the quarter:

23/03/2010	Change of Director's Interest Notice
16/03/2010	Change in Substantial Holding
12/03/2010	Half Year Report and Accounts
19/02/2010	Change of Telephone and Facsimile Numbers
17/02/2010	Change of Director's Interest Notice
12/02/2010	Cleansing Statement
12/02/2010	Appendix 3B
12/02/2010	Placement
05/02/2010	Possibility of Commercial Sand at Nagambie
29/01/2010	Quarterly Activities Report
29/01/2010	Quarterly Cash Flow Report
19/01/2010	Relocation of Head Office
18/01/2010	Change of Director's Interest Notice

**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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**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'.*