



29 April 2011

## QUARTERLY REPORT

FOR THE PERIOD ENDING 31 MARCH 2011

### OVERVIEW

- A first-pass, wide-spaced AirCore drilling program at Nagambie North, 3 km north of the Nagambie Mine, has given a best preliminary result of **3 metres at 1.15 g/t gold**. A second-pass, closer-spaced AirCore program is now being designed, subject to receipt of final assays, with drilling to commence in approximately two weeks time.
- If a gold deposit is discovered under cover at Nagambie North, it would greatly enhance the prospectivity of the structural anomalies to the south of the Nagambie Mine. An extensive soil sampling program is to be carried out at Nagambie South in the June quarter.
- An additional costeaning program and an RC drilling program at the Redcastle Goldfield, including the recently-acquired Laura Mining Licence, were approved by the DPI in April.
- A Work Plan Variation to develop a new gold open pit at the Nagambie Mine along strike to the west of the current West Pit is in preparation for submission to the DPI in the June quarter.
- Abigroup, the main contractor for the Nagambie Bypass, recommenced excavating and trucking undifferentiated rock fill from the Western Overburden Dump for only a short period during the quarter. The delays were due to further flooding rains early in the quarter and later a shortage of subcontractor haulage trucks. Abigroup did however commence taking significant quantities of undifferentiated rock fill from the Eastern Overburden Dump at the end of the quarter.
- ANL's proposed Green Organics Recycling Facility at the Nagambie Mine is currently undergoing EPA review following a community presentation. Nagambie Mining is well placed to provide rock fill during the construction of ANL's facility and provide sand during the operational phase.

### OBJECTIVES

The Company's principal objectives 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 100% of over 260 km<sup>2</sup> of exploration tenements in Central Victoria encompassing several historic goldfields. It is testing new structural and mineralisation concepts through employing geological, geophysical and geochemical techniques over the tenements.*

*The Company is also looking to fully develop all the construction material opportunities at the Nagambie Mine site, principally for rock & sand products and to ultimately maximise the value of the freehold land owned by the Company at the mine.*

#### **SHARES ON ISSUE**

Quoted: 168,859,948  
Issued: 168,859,948

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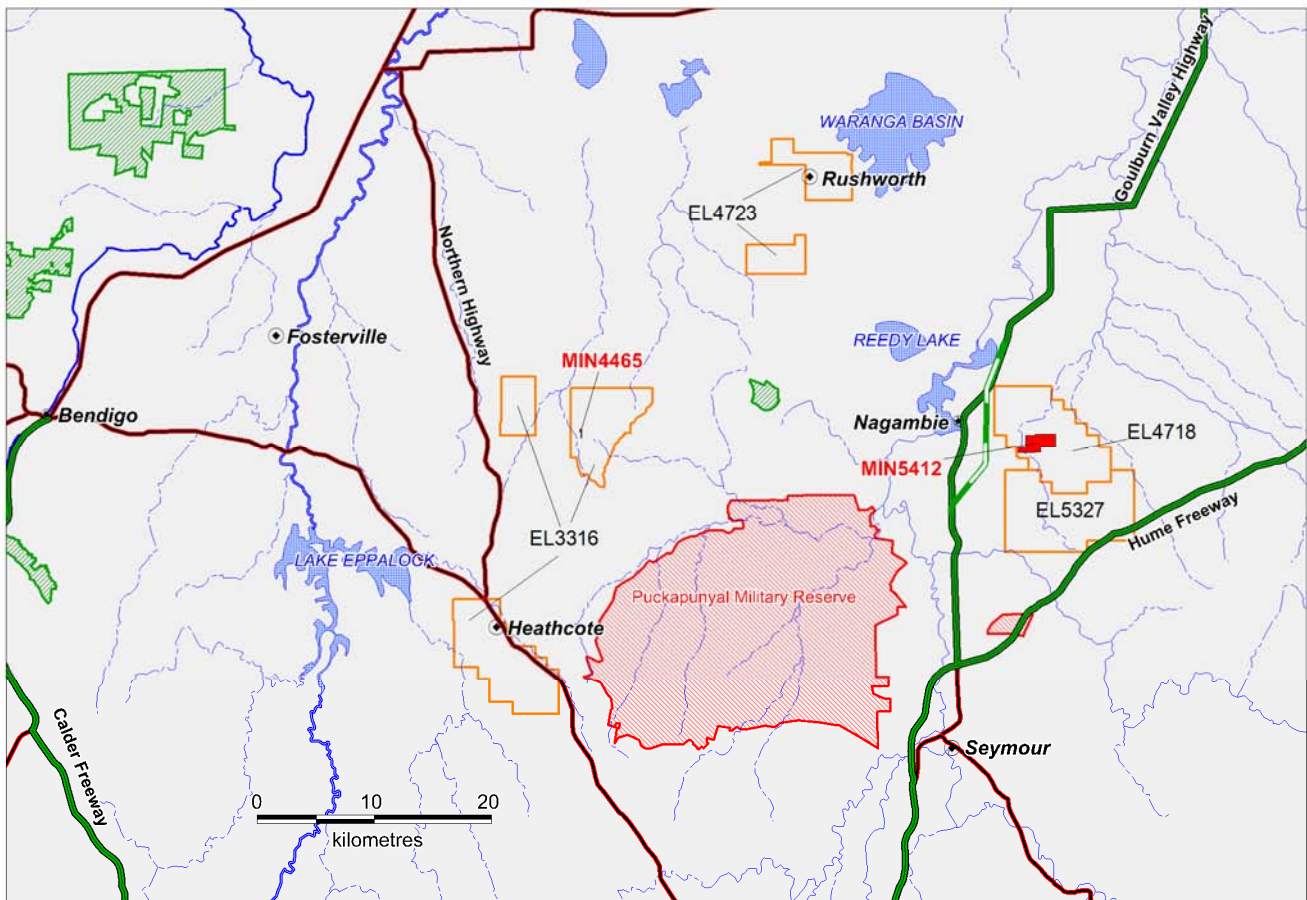


**NAGAMBIE MINING LIMITED PROJECTS**

Following amalgamations and the issue of a new licence, Nagambie South EL 5327, the Company now holds a 100% interest in four Exploration Licences and two Mining Licences in Central Victoria, with a total area of 264.7 km<sup>2</sup>. All licences are for gold and associated minerals.

**Table 1 Nagambie Mining Limited Tenement Holdings**

Group Area	Project	Name	Licence Number	Area km <sup>2</sup>	Interest %
<b>EXPLORATION GROUP AREAS</b>					
<b>NAGAMBIE</b>	<b>RUSHWORTH</b>	Rushworth	EL 4723	34	100
	<b>NAGAMBIE NORTH</b>	Nagambie North	EL 4718	59	100
	<b>NAGAMBIE SOUTH</b>	Nagambie South	EL 5327	64	100
<b>REDCASTLE</b>	<b>REDCASTLE</b>	Redcastle	EL 3316	104	100
	<b>LAURA</b>	Laura Mine	MIN 4465	0.1	100
<b>DEVELOPMENT GROUP AREA</b>					
<b>NAGAMBIE</b>	<b>NAGAMBIE</b>	Nagambie Mine	MIN 5412	3.6	100
<b>TOTAL</b>				<b>264.7</b>	



**Figure 1 Project Locations**



**EXPLORATION GROUP AREAS**

**1. REDCASTLE – HEATHCOTE**

**Area: 104 km<sup>2</sup>**

**Project Areas: 4  
Prospects: 9**

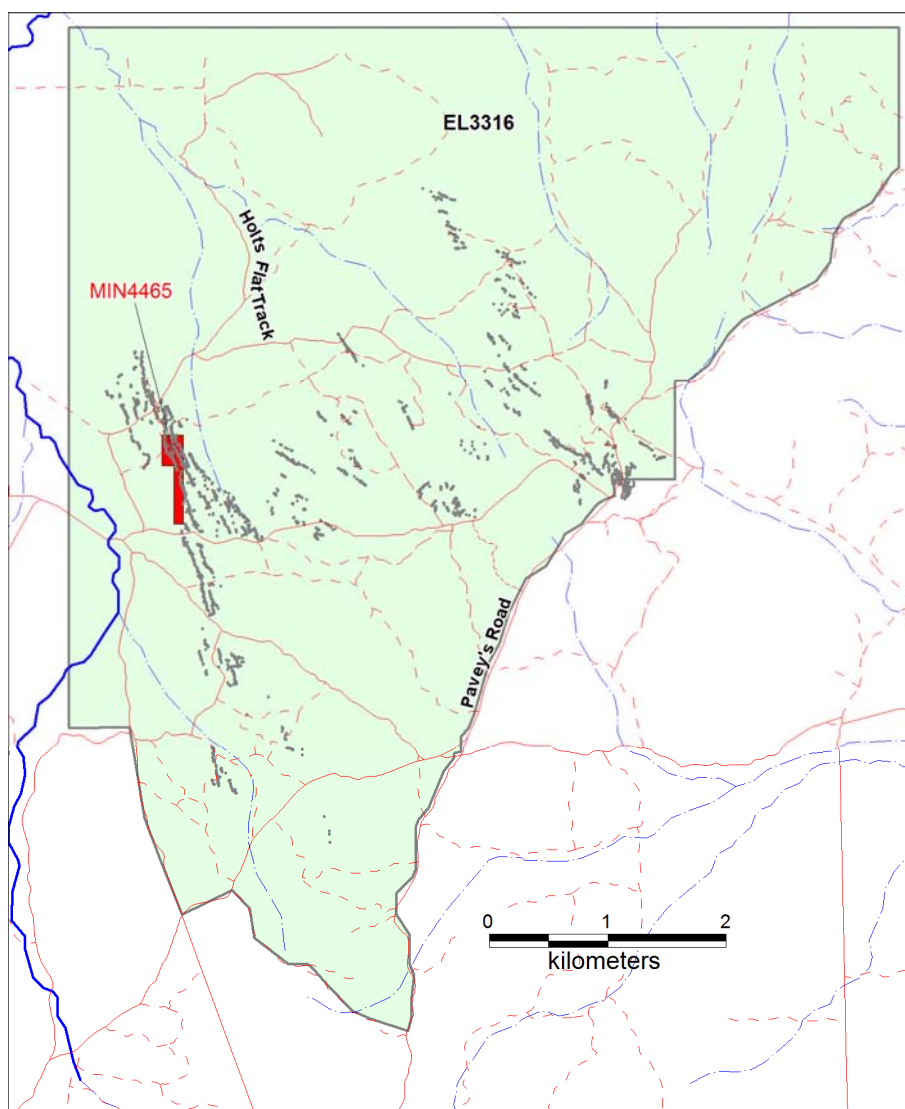
Redcastle (North, Central & South)

EL 3316

**1.1 REDCASTLE PROJECT - EL 3316 (Central)**

**Area: 36 km<sup>2</sup>**

This project of 36 km<sup>2</sup> covers the old Redcastle Goldfield. Two ELs, 5312 and 5313, each of one square kilometre were amalgamated into EL 3316 during the quarter.



**Figure 2 Redcastle Project Area**  
Showing locations of historic workings.

The Company's Standard Work Plan for the excavation of up to 23 additional costeans (trenches) at Redcastle was approved by the Department of Primary Industries ("DPI") following the end of the quarter. The total length of costeans is planned to be approximately 2,000 metres. The program is scheduled to commence in the June quarter.



In addition, an Area Work Plan for an RC drilling program to test mineralisation predicted by the structural model developed from all the costean and drilling data was also approved by the DPI. The program of 54 holes (4,320 metres) will investigate mineralisation to the base of the oxidised zone which is expected to extend to 80 metres below surface.

The best historical gold intersections from shallow drilling at Redcastle (previously reported) include 8m at 5.2 g/t, 9m at 2.7 g/t, 8m at 1.9 g/t, 3m at 2.5 g/t, 2m at 10.7 g/t, 2m at 6.3 g/t, 4m at 3.0 g/t, 7m at 1.1 g/t and 2m at 4.5 g/t.

The Company estimates that an average head grade of 1.0 g/t gold or higher for Redcastle ore could produce attractive returns at current gold prices. Based on the extensive work carried out to date, Nagambie Mining is confident of being able to delineate various open pits at the Redcastle Goldfield containing a significant tonnage of mineralisation averaging 1.0 to 2.0 g/t gold.

**1.2 LAURA PROJECT - MIN 4465 Area: 8.6 Ha**

The recently-acquired Laura Mining Licence has been included in the work programs for EL 3316 and will be investigated at the same time.

**1.3 HEATHCOTE SOUTH PROJECT - EL3316 Area: 53 km<sup>2</sup>**

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

**1.4 HEATHCOTE NORTH PROJECT- EL 3316 Area: 15 km<sup>2</sup>**

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

**2. NAGAMBIE GROUP Area: 157 km<sup>2</sup> Project Areas: 3 Prospects: 6**

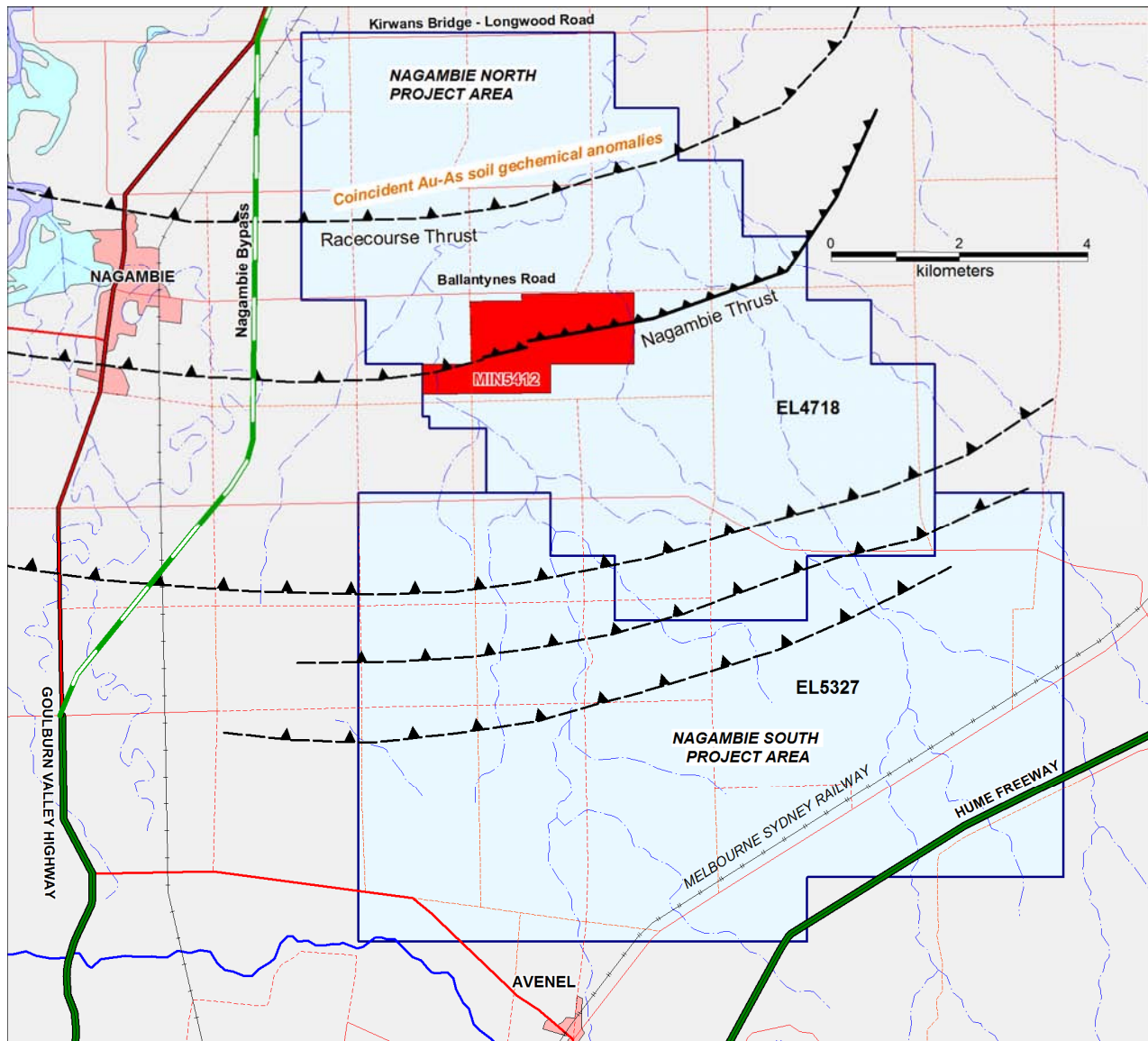
Nagambie North	EL 4718
Nagambie South	EL 4718 & EL 5327
Rushworth	EL 4723

**2.1 NAGAMBIE NORTH PROJECT – EL 4718 Area: 58.5 km<sup>2</sup>**

An Area Work Plan of AirCore drilling at Nagambie North was approved by the DPI during the quarter. The program was designed to test the basement rocks under a group of discrete gold-arsenic surface geochemical anomalies coincident with a regional structure, the Racecourse Thrust (refer Figure 3). The Racecourse Thrust is parallel to the Nagambie Thrust at the Nagambie Mine (MIN 5412), 3 km to the south.

A first-pass AirCore drilling program has been completed with 26 of the wide-spaced 37 vertical holes sampling basement lithologies. The drilling covered a large prospective area, roughly 3.6 km west to east and 2.6 km north to south. Three-metre composite samples from these holes have been sent for analysis and preliminary assays have been received.

The most encouraging preliminary result is **3 metres at 1.15 g/t gold** at a depth of 32 metres in NNAC 023 (collar coordinates 341,553mE and 5,928,757mN). The nearest drillhole to NNAC 023 in the program was 180 metres to the north, while no holes were drilled to the south of NNAC 023. The nearest drillholes along strike of any potential mineralisation were approximately 850 metres to the west and 1,100 metres to the east.



**Figure 3 Nagambie North & Nagambie South Project Areas**

Showing thrust positions, interpreted from geophysics, that are targets of ongoing exploration through surface geochemistry and AirCore drilling of the basement.

A second-pass, closer-spaced program is now being designed, subject to receipt of final assays, and the same AirCore drill rig has been booked to commence work in approximately two weeks time.

When the Nagambie Mine operated in the 1990s, the average head grade for the oxide heap-leach operation was 0.8 g/t gold and the average gold price was around A\$500 per ounce. With the gold price currently around A\$1,400 per ounce, economic head grades for heap-leachable, Nagambie-style oxide mineralisation could now be less than 0.8 g/t gold.

**2.2 NAGAMBIE SOUTH PROJECT – ELs 4718 & 5327 Area: 64 km2**

As the southern portion of EL 4718 was too wet to be sampled due to record rains early in the quarter, it was decided to wait for the grant of EL 5723 to allow for a more extensive soil sampling program in the June quarter.



If a gold deposit is discovered under cover at Nagambie North, it would greatly enhance the prospectivity of the structural anomalies to the south of the Nagambie Mine (refer Figure 3).



**Photo 1 AirCore Drilling at Nagambie North**

**2.3 RUSHWORTH PROJECT - EL 4723 Area: 35 km<sup>2</sup>**

This Licence, following renewal, now consists of 34.4 km<sup>2</sup> in two parts over the historical Rushworth and Whroo Goldfields. Two prospects, one in each area, have been identified for modelling studies.

**DEVELOPMENT GROUP AREA**

**1. NAGAMBIE MINE - MIN 5412 Area: 3.64 km<sup>2</sup> Identified Projects: 4**

**1.1 MIN 5412 ADDITIONAL OXIDE GOLD MINERALISATION**

A Mining Licence Work Plan Variation to develop a new open pit, Pit 3, at the Nagambie Mine is being prepared for submission to the DPI in the June quarter. Pit 3 (refer Figure 4) is designed to mine the oxide gold mineralisation that extends to the west of the West Pit under free-dig, alluvial cover. Ultimately, the plan is to join Pit 3 and the West Pit and mine the oxide gold mineralisation between the pits.



**Figure 4** Proposed Pit 3 to the west of the existing West Pit.

**1.2 MIN 5412 REHABILITATION AND SITE UTILISATION**



**Photo 2** Abigroup Excavating and Trucking from the Eastern Overburden Dump

Abigroup, the main contractor for the Nagambie Bypass, recommenced excavating and trucking undifferentiated rock fill from the Western Overburden Dump for only a short period during the quarter. The delays were due to flooding rains at Nagambie early in the quarter and later a shortage of subcontractor haulage trucks. Abigroup did however commence taking significant



quantities of undifferentiated rock fill from the Eastern Overburden Dump at the end of the quarter (refer Photo 2).

ANL’s proposed Green Organics Recycling Facility, to be constructed on 80 acres of surplus land at the eastern end of the Nagambie Mine, is currently undergoing EPA review following a community presentation in Nagambie. Nagambie Mining believes that the application will be completed successfully in the June quarter. The Company is well placed to provide rock fill to ANL during the construction of ANL’s facility and provide sand during the operational phase.

Investigations into the use of the extensive sand deposits that Nagambie Mining has located at the mine are continuing.

**TENEMENT CHANGES**

One licence was granted during the quarter and two amalgamations were completed.

**Granted Licence**

<b>Number</b>	<b>Name</b>	<b>Granted Date</b>	<b>Renewal Date</b>
EL 5723	Nagambie South	23/03/2011	22/03/2016

**Amalgamations**

EL 5312	Redcastle Central 1	Amalgamated into EL 3316
EL 5313	Redcastle Central 2	

EL 5023	Nagambie	Amalgamated into EL 4718
EL 4887	Nagambie North	

**CORPORATE**

**SHARE ISSUES**

No shares were issued during the quarter but Nagambie Mining issued a total of 400,000 options to the Company Secretary and the Nagambie Mine Office Manager as an incentive for future services to be provided to the Company.

The key terms of the unlisted options are:

Exercise Price:	\$0.10;
Vesting Date:	Two years from the date of issue, being 11 March 2013; and
Expiry Date:	Five years from the date of issue, being 11 March 2016.

**CASH POSITION**

At 31 March 2011, total cash held by the Company was \$887,000.

**EXPENDITURE ON EXPLORATION, ADMINISTRATION AND CONVERTIBLE NOTE INTEREST**

Net expenditure on exploration, administration and convertible note interest for the March 2011 quarter was \$251,000. Offsetting total expenditure of \$300,000 was interest income of \$8,000 and revenue from sales of non-gold materials of \$41,000.

The quarter’s revenue from sales of non-gold materials was significantly impacted by the flooding rains in the Nagambie region early in the quarter and later by a shortage of subcontractor haulage trucks.

**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:

15/03/2011	Change of Director`s Interest Notice
15/03/2011	Issue of Options
04/03/2011	Half Yearly Accounts
15/02/2011	Appendix 3Y
31/01/2011	Quarterly Activities Report
31/01/2011	Quarterly Cash Flow Report

**COMPANY INFORMATION****DIRECTORS**

Michael W Trumbull	Non-Executive Chairman
Colin Glazebrook	Executive Director
Geoff Turner	Non-Executive Director - Exploration
Kevin J Perrin	Non-Executive Director - Finance and Deputy Chairman

**CHIEF EXECUTIVE OFFICER AND EXPLORATION MANAGER**

Colin Glazebrook

**COMPANY SECRETARY**

Alfonso M G Grillo

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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'.*