



**nagambie**  
**mining**

# Annual Financial Report

For the year ended 30 June 2010

**Nagambie Mining Limited** 648 Ballantynes Road

ABN 42 111 587 163 Nagambie, Vic 3608

Telephone:(03) 5794 1750 Email: [info@nagambiemining.com.au](mailto:info@nagambiemining.com.au)

Facsimile:(03) 5794 1790 Web:[www.nagambiemining.com.au](http://www.nagambiemining.com.au)

## **Corporate Directory**

### **NAGAMBIE MINING LIMITED**

ABN 42 111 587 163

### **REGISTERED OFFICE**

648 Ballantynes Road

Nagambie, Vic 3608

Tel: (03) 5794 1750

Fax: (03) 5794 1790

### **HEAD OFFICE**

648 Ballantynes Road

Nagambie, Vic 3608

### **MELBOURNE OFFICE**

Suite 207, Pacific Tower

737 Burwood Road

Hawthorn, Vic 3122

Tel: (03) 8862 6374

Fax: (03) 8862 6635

Web: [www.nagambiemining.com.au](http://www.nagambiemining.com.au)

Email: [info@nagambiemining.com.au](mailto:info@nagambiemining.com.au)

### **DIRECTORS**

Michael W Trumbull (Non-Executive Chairman)

Colin Glazebrook (Executive Director)

Geoff Turner (Non-Executive Exploration Director)

Kevin J Perrin (Non-Executive Director)

### **CHIEF EXECUTIVE OFFICER &**

### **EXPLORATION MANAGER**

Colin Glazebrook

### **COMPANY SECRETARY**

Alfonso M G Grillo

### **CHIEF FINANCIAL OFFICER**

Joe Fekete

### **AUDITOR**

William Buck

Level 1, 465 Auburn Road

Hawthorn East, Vic 3123

### **PRINCIPAL LEGAL ADVISER**

TressCox Lawyers

Level 9, 469 La Trobe Street

Melbourne Vic 3000

Tel: (03) 9602 9444

Fax: (03) 9642 0382

[www.tresscox.com.au](http://www.tresscox.com.au)

### **SHARE REGISTRY**

Computershare Investor Services Pty Ltd

Yarra Falls

452 Johnston Street

Abbotsford Vic 3067

Tel: 1300 850 505 (within Australia) or

+613 9415 4000 (outside Australia)

### **STOCK EXCHANGE LISTING**

Home Exchange - Melbourne

ASX Code – NAG

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## Directors' report

The directors of Nagambie Mining Limited submit herewith the annual financial report of the Company for the financial year ended 30 June 2010. The directors report as follows:

### Directors

The names and particulars of the Company directors in office during the financial period and until the date of this report are as follows. The directors were in office for this entire period unless otherwise stated:

Name	Particulars
<p><b>MICHAEL W TRUMBULL</b>  <i>Non-Executive Director</i>  <i>Appointed 28 July 2005</i>  <i>Non-Executive Chairman</i>  <i>Appointed 20 December 2007</i></p>	<p>Michael W Trumbull has a degree in mining engineering (first class honours) from the University of Queensland and an MBA from Macquarie University. A Fellow of the Australian Institute of Mining and Metallurgy, he has over 35 years of broad mining industry experience with mines / subsidiaries of MIM, Renison, WMC, CRA, AMAX, Nicron, ACM and BCD Resources.</p> <p>From 1983 to 1991, he played a senior executive role in expanding the Australian gold production assets of ACM Gold. From 1993 to 2004, he was an Executive Director for BCD Resources and was involved in the exploration and subsequent mine development at Beaconsfield.</p> <p>Michael is Chairman of the Audit and Compliance Committee</p> <p><i>Other current Directorships of Listed Companies</i></p> <p>BCD Resources NL – appointed March 1993</p> <p>BCD Resources (Operations) NL - appointed August 2007</p> <p><i>Former Directorships of Listed Companies in last three years</i></p> <p>None</p>
<p><b>COLIN GLAZEBROOK</b>  <i>Executive Director</i>  <i>Chief Executive Officer</i>  <i>Appointed 20 December 2007</i></p>	<p>Colin Glazebrook is a geologist with a B.Sc. (Geology Hons, Geophysics) and a Fellow and Chartered Professional (Management) of the AusIMM. He has over 45 years experience in the resources industry including over 30 years involvement in gold and base metal exploration in all States and Territories in Australia and internationally in New Zealand, the South Pacific, Indonesia and the former Soviet Union. In Victoria, he has directed exploration and mining activities at various gold properties including the Wattle Gully Gold Mine at Castlemaine, the Poverty Reef at Tarnagulla, the A1 Mine at Woods Point, Glen Wills and Cassilis.</p> <p><i>Other Current Directorships of Listed Companies</i></p> <p>None.</p> <p><i>Former Directorships of Listed Companies in last three years</i></p> <p>None.</p>
<p><b>GEOFF TURNER</b>  <i>Non-Executive Exploration Director</i>  <i>Appointed 20 December 2007</i></p>	<p>Geoff Turner, a geologist with a B.Sc (Hons) &amp; M.Sc (Exploration &amp; Mining Geology), is a Registered Professional Geoscientist with the Australian Institute of Geoscientists (AIG). He has over 30 years experience in mineral exploration in the Lachlan Fold Belt, the Tanami, the West African Shield and the Yilgarn. Since 2000, he has managed his own exploration services company based in Bendigo, Exploration Management Services Pty Ltd, which provides field and technical services to the mineral industry.</p> <p>Geoff is a member of the Audit and Compliance Committee.</p> <p><i>Other Current Directorships of Listed Companies</i></p> <p>None.</p> <p><i>Former Directorships of Listed Companies in last three years</i></p> <p>Resource Base Ltd - appointed 11 November 2007, resigned 6 January 2009.</p>

<p><b>KEVIN J PERRIN</b>  <i>Non-Executive Director</i>  <i>Appointed 17 September 2010</i></p>	<p>Kevin Perrin is a Certified Practising Accountant (CPA) and since 1975 has been a partner in a Ballarat firm of CPAs, Prowse Perrin &amp; Twomey, which conducts an accounting, taxation, audit and financial advisory practice. Since 1990, he has been a director and shareholder of Prowse Perrin &amp; Twomey Investment Services Pty Ltd, an independent investment advisory firm holding an Australian Financial Services Licence. Prior to that time, he held a personal Securities Dealers Licence and was a member of the Stock Exchange of Ballarat Limited.</p> <p><i>Other Current Directorships of Listed Companies</i></p> <p>BCD Resources NL – appointed February 2006</p> <p>BCD Resources (Operations) NL - appointed February 2007</p> <p><i>Former Directorships of Listed Companies in last three years</i></p> <p>None.</p>
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### Company Secretary

#### **ALFONSO M G GRILLO BA LLB**

Alfonso M G Grillo is a Partner at TressCox Lawyers. He holds a Bachelor of Arts and Bachelor of Law degree. Alfonso has expertise in various aspects of commercial law, including company meeting practice and corporate governance procedures, fundraising and fundraising documentation, ASX Listing Rules and mergers and acquisitions.

Alfonso advises resource industry companies in relation to mining and exploration projects, acquisition and divestment of assets, joint ventures, due diligence assessments and native title issues.

### Chief Financial Officer

#### **JOE FEKETE FCPA FCIS**

Joe Fekete holds a Bachelor of Business in Accounting and is a fellow of CPA Australia. Joe has over 20 years of experience in various industries including mining, wholesale & retail distribution, travel, construction and advertising. Joe is experienced at public disclosure requirements including statutory reporting and in the delivery of quality management information within the organisation.

### Principal activities

The principal activity of the economic entity during the financial period was exploration for, and development of, gold, associated minerals and construction materials in Victoria.

### Review of operations

As at 30 June 2010, the Company held 7 Exploration and Mining Licences in Victoria, a decrease of five licences during the year from surrenders which reduced the area under exploration from 355 km<sup>2</sup> to 247 km<sup>2</sup>. All licences are undergoing exploration for gold and associated minerals and construction materials are being developed on the Mining Licence at Nagambie.

Name	Licence	Equity (%)	Area (km <sup>2</sup> )
Avenel	EL4887	100	23
Howqua*	EL5189	100	5
Nagambie	EL5023	100	11
Nagambie MIN	MIN5412	100	4
Nagambie South	EL4718	100	23
Redcastle	EL3316	100	113
Rushworth	EL4723	100	68
<b>Total Area</b>			<b>247</b>

\* Exploration Licence surrendered in July 2010.



### Changes in state of affairs

There was no significant change in the state of affairs of the group during the financial year.

### Use of funds

The Company has used cash and assets in the form readily convertible to cash in a manner consistent with the business objectives.

### Subsequent events

The following events occurred after balance date that are of significance to the Company:

#### (a) \$1.0 Million Placement of Convertible Notes

Nagambie Mining Limited placed 25.0 million convertible notes at 4.0 cents each to sophisticated and professional investors on 14 September 2010, raising a total of \$1,000,000.

The principal terms of the notes are:

- Interest payable every 6 months at a rate of 10% per annum;
- Notes convertible 1:1 into fully paid ordinary Nagambie Mining Limited shares at any time within the maximum 5-year life of the notes at the option of the holder;
- Notes redeemable in cash in full after 5 years if not converted;
- Notes are unsecured but rank ahead of shareholders; and
- Notes are protected for reorganisation events (bonus issues, share consolidations etc).

#### (b) Exploration Licences – Surrendered

EL5189 Howqua

The exploration licence at Howqua was surrendered in July 2010 following the decision of the Company to focus exploration and development on its central Victorian tenements. At 30 June 2010, all expenditure on Howqua was written off.

### Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

### Environmental regulations

The Company's exploration and mining tenements are located in Victoria. The operation of these tenements is subject to compliance with the Victorian and Commonwealth mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The directors are not aware of any breaches of mining and environmental regulations and legislation during the period covered by this report.

### Dividends

No dividends in respect of the current financial period have been paid, declared or recommended for payment (2009:Nil).

### Share options

#### Share options granted to directors and consultants

Options with an exercise price of \$0.10 were granted during the year to the following directors and consultants:

Colin Glazebrook 1,000,000

Michael Trumbull 500,000

Geoff Turner 500,000

Joe Fekete 250,000

Alfonso Grillo 250,000

#### Shares under option or issued on exercise of options

There were no options exercised during the year. Details of issued options are included within the Remuneration Report.

### Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, the Chief Financial Officer and any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year, 4 board meetings and 2 audit and compliance committee meetings were held.

Directors	Board of directors		Audit and compliance committee	
	Held	Attended	Held	Attended
Michael W Trumbull	4	4	2	2
Colin Glazebrook	4	4	-	-
Geoff Turner	4	4	2	2

### Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Michael W Trumbull	12,010,039	1,500,000
Colin Glazebrook	779,167	3,000,000
Geoff Turner	602,084	1,500,000
Kevin J Perrin	7,544,834	-

## Remuneration report (Audited)

### Remuneration policy for directors and executives

#### Details of key management personnel

The directors and key management personnel of Nagambie Mining Limited during the financial year were:

Colin Glazebrook Executive Director / CEO

Geoff Turner Non-Executive Director

Michael W Trumbull Non-Executive Director

Joe Fekete Chief Financial Officer

Alfonso Grillo Company Secretary

#### Remuneration Policy

The Board is responsible for determining and reviewing the compensation of the directors, the Chief Executive Officer, the executive officers and senior managers of the Company and reviewing the operation of the Company's Employee Option Plan. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. The Board of Directors seeks the advice of external advisers in connection with the structure of remuneration packages. The Board of Directors also recommends levels and form of remuneration for Non-Executive Directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to Non-Executive Directors shall not exceed the sum fixed by members of the Company in general meeting.

In accordance with ASX Listing Rule 10.17, the current maximum aggregate compensation payable out of the funds of the Company to Non-Executive Directors for their services as directors is \$250,000. For the year ending 30 June 2010, the Board resolved that the chairman's remuneration be set at \$78,750 (2009: \$78,750) and that Non-Executive Director's remuneration be set at \$42,000 (2009: \$42,000) per annum with additional amounts payable where a director performs special duties or otherwise performs consulting services outside of the scope of the ordinary duties of a director.

There is no direct relationship between the Company's Remuneration Policy and the Company's performance. That is, no portion of the remuneration of Directors, Secretary or Senior Managers is 'at risk'. However, in determining the remuneration to be paid in each subsequent financial year, the Board will have regard to the Company's performance. Therefore, the relationship between the Remuneration Policy and the Company's performance is indirect.

#### Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2010: note that Nagambie Mining Limited listed on 21 June 2006.

	30 June 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006
	\$	\$	\$	\$	\$
Revenue	72,821	83,616	222,637	188,491	34,875
Net profit/(loss) before tax	(985,322)	(2,351,890)	(3,256,454)	(1,389,881)	(578,712)
Net profit/(loss) after tax	(985,322)	(2,351,890)	(3,256,454)	(1,389,881)	(578,712)
	30 June 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006 <sup>1</sup>
Share price at start of year	\$0.03	\$0.03	\$0.09	\$0.12	\$0.00
Share price at end of year	\$0.03	\$0.03	\$0.03	\$0.09	\$0.12
Interim dividend	NIL	NIL	NIL	NIL	NIL
Final dividend	NIL	NIL	NIL	NIL	NIL
Basic earnings per share (cents)	(0.63)	(2.10)	(3.47)	(2.00)	(0.92)
Diluted earnings per share (cents)	(0.63)	(2.10)	(3.47)	(2.00)	(0.92)

<sup>1</sup> Nagambie Mining Limited was incorporated on 29 October 2004 and listed on the Australian Securities Exchange on 21 June 2006.



