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CHAIRMAN'S ADDRESS

**BY MR MICHAEL TRUMBULL AT THE ANNUAL
GENERAL MEETING OF NAGAMBIE MINING LIMITED
HELD AT LEVEL 9, 469 LATROBE STREET,
MELBOURNE AT 11.00 AM ON FRIDAY 26 OCTOBER
2012.**

Good morning ladies and gentlemen.

I'd like to focus today on the Company's flagship asset, the Nagambie Regional Gold Project.

Nagambie Regional Gold Project

As I've said previously, it's exciting for the Company, being a real minnow in market capitalisation terms, to have 100% ownership of such a complete package of land surrounding our 100%-owned Nagambie Mine.

During the year, we were approached by a reputable mining company which was interested in taking a majority joint venture (JV) interest in the Nagambie Regional Gold Project. We thanked them for their interest but politely declined their JV offer. While the share market currently puts little value on Nagambie Mining, like most small gold explorers, we were quietly "chuffed" with such an industry approach.

Having "cracked the geological code" for the region, we are very confident of being able to systematically hunt down Nagambie-style gold orebodies that are amenable to low cost open pit mining and heap-leach treatment.

Wandean, 9 km to the north west of the Nagambie Mine, is clearly the Company's most compelling drilling target to date. It has a similar structural setting as well as rock type and mineralisation style to that at the Nagambie Mine.

Importantly, the Wandean target mineralisation outcrops, as did Hill 158 which was mined as the East Pit at the Nagambie Mine. Recent roadside rock chip sampling by Nagambie Mining on the western side of the Wandean target returned up to 2.86 g/t gold in a group of strongly quartz-veined and brecciated sandstones.

The necessary approvals are in place and we have lined up the driller we want.

RC (reverse circulation) percussion drilling of 20 holes, each 50 metres long, is scheduled to commence next week.

It will be, as they say in the industry, the “truth test” for Wandean.

Longwood, 9 km to the east of the Nagambie Mine and on trend with the east-west Nagambie Mine Thrust, is currently the Company’s second most compelling gold target in the region.

Planning is in place to upgrade Longwood as quickly as possible. The initial focus will obviously centre on Newcrest’s best wide-spaced drill intersection in 2007 of 18 metres at 1.0 g/t gold from 59 metres depth.

Satellite Gold Targets

If the Nagambie Regional Gold Project does bear fruit as we hope, it would add significant value to the Company’s various smaller gold targets at Redcastle and Rushworth and the West Pit Extension and Footwall targets at the Nagambie Mine itself.

A gold discovery of size in the Nagambie region would cover all the capital costs of a new heap leach operation for the Company. Hence the smaller targets could become satellite sources of ore feed and only need to cover operating costs for contract mining and treatment.

2012 Rights Issue

Gold exploration of course costs money.

The Company’s rights issue last month was very successful. Shareholders took up over 37.3 million new shares at 2.0 cents per share, raising \$747,000.

Given that the issue was not underwritten, was priced close to the last sale price and the share market for gold exploration companies is currently severely depressed, the take up of 66% was a great shareholder vote of confidence in Nagambie Mining’s future.

Once again, I would like to thank my fellow directors and the small but focussed Nagambie Mining management team for their continued efforts in advancing all aspects of the Company’s activities.



Mike Trumbull

Chairman

26 October 2012