

5 July 2012

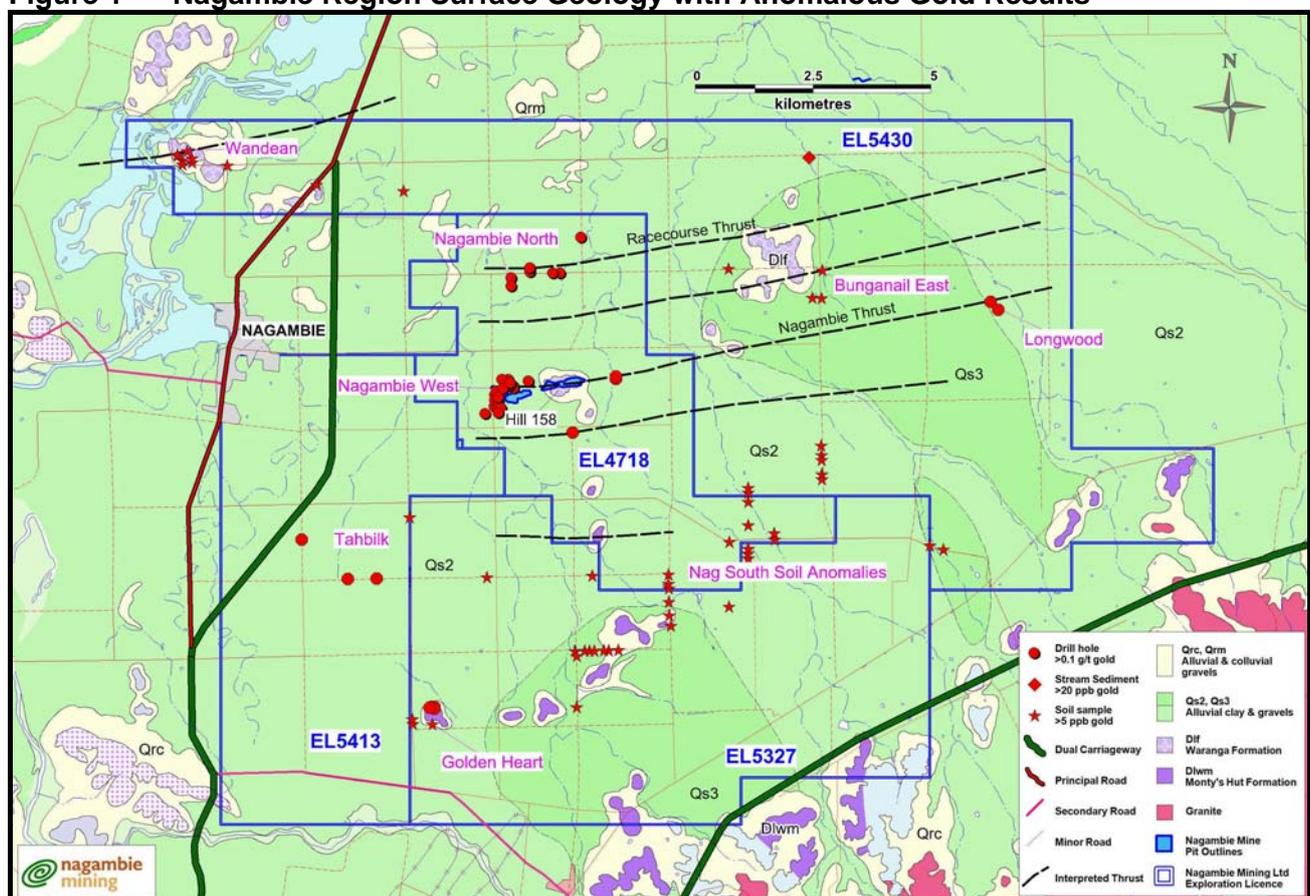
 The Manager
 Company Announcements Office
 Australian Securities Exchange

NAGAMBIE REGIONAL UPDATE

WANDEAN, BUNGANAIL EAST AND LONGWOOD GOLD PROSPECTS

- Nagambie Mining (ASX: NAG) has applied for EL 5430, covering 102 sq km of ground to the north west, north east and east of the Nagambie Mine. The Company's total 100%-owned Nagambie tenement package will increase to 246 sq km.
- A review in the March 2012 quarter by Nagambie Mining of work by other companies in the Nagambie South area had highlighted the encouraging gold exploration carried out at the Golden Heart Prospect by Perseverance Mining Pty Ltd ("Perseverance") in 1995 and the Tahbilk Prospect by Barrick Gold of Australia Limited ("Barrick") in 2003.
- Following a subsequent review by Nagambie Mining of all other past exploration in the Nagambie region, the Company has substantially refined its gold mineralisation model. The Wandean, Bunganail East and Longwood Prospects, in addition to Nagambie South and Nagambie North, are all considered to fit the new model.

Figure 1 Nagambie Region Surface Geology with Anomalous Gold Results



Nagambie Regional Update

Nagambie Mining Chairman, Mike Trumbull said: ***“Since the 1980s, companies including Metana, Perseverance, Metex, Barrick and Newcrest have individually explored different gold prospects in the region. The great advantage for Nagambie Mining is that we have been able to pull all that valuable open-file information together, add it to our own growing soil sampling and drill hole database, and significantly improve our regional gold model. We feel that we have ‘cracked the code’.***

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 containing many compelling targets. 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 recovery”.

1. Other Past Explorers in the Nagambie Region

Other companies, apart from Perseverance and Barrick, that have actively explored in the region include Metana Minerals NL (“Metana”) in 1988, Metex Exploration Ltd (“Metex”) in 1996-1997 and Newcrest Operations Ltd (“Newcrest”) in 2006-2007.

2. Surface Geology

Figure 1 shows the mapped surface geology for the Nagambie region.

Basement throughout the area is Devonian marine sediments, fine grained sediments/siltstones with lesser sandstone, mapped as Waranga Formation or Monty’s Hut Formation.

Where the basement has become elevated over time, either through structural movement or uneven erosion, the Devonian sediments tend to be surrounded by erosional, colluvial gravels.

Tertiary clays and gravels have subsequently been deposited through regional alluvial action. Current-day Tertiary cover over Devonian basement will generally tend to be thinner the closer to current-day Devonian outcrops.

3. Nagambie Mine

For the East Pit at the Nagambie Mine, excavated in the 1990s, there was little Tertiary cover. Rock chip sampling of the Devonian outcrop known as Hill 158 (refer Figure 1), led to the discovery of the gold mineralisation. Subsequent sampling showed that there was a strong, approximately east-west gold-arsenic trend at Hill 158.

None of the mineralisation outcropped at the West Pit at the Nagambie Mine and its presence had to be established by drilling through the Tertiary cover, which averaged 20 metres in thickness. Tertiary cover for Nagambie Mining’s proposed West Pit Extension averages approximately 30 metres.

Total gold endowment for the Nagambie Mine (and this is implied for targeted repeat orebodies in the region) is projected to be over 200,000 ounces given that 184,000 ounces of gold (at an average grade of 0.8 g/t) were mined by Perseverance in the 1990s and 25,000 ounces is targeted by Nagambie Mining in the West Pit Extension.

4. Anomalous Gold Results

All drill hole intersections (Perseverance, Barrick, Newcrest and Nagambie Mining) grading better than 0.1 g/t gold (or 100 ppb gold) are marked on Figure 1 with a red circle.

All soil sample results (Perseverance, Metex and Nagambie Mining) greater than 5 ppb gold are marked with a red star (background for the region is 0 to 2 ppb gold).

Nagambie Regional Update

Only one stream sediment result (Perseverance), to the north of the Bunganail Devonian outcrop, is recorded as being greater than 20 ppb gold and is marked with a red diamond.

5. Mineralised Structures

At the Nagambie Mine, gold was won from stockwork quartz-sulphide-gold veins that had developed in the centre of an east-west striking anticline located immediately south of the east-west Nagambie Thrust.

The regional extent of the east-west Nagambie Thrust (refer Figure 1) is interpreted from mapping in the Nagambie Mine, airborne magnetics flown by Metana over the Bunganail – Nagambie Mine area in 1988, anomalous drill intersections to the east of the mine by Perseverance in 1992 and anomalous drill intersections at the Longwood Prospect by Newcrest in 2007 (the best intersection by Newcrest being 18 metres at 1.0 g/t gold in hole ACVT12).

The east-west Racecourse Thrust (refer Figure 1) is interpreted from the anomalous drill intersections at Nagambie North (drilled by Nagambie Mining in 2011) and supported by the airborne magnetics flown by Metana in 1988.

A further east-west thrust is interpreted at Wandean (refer Figure 1) based on close-spaced soil sampling completed by Metex in 1997 and recent mapping.

6. Gold Model for the Nagambie Region

Nagambie Mining's gold mineralisation model is built around conclusions reached after considering all the available information and data sets for the region (geological mapping, geophysical surveys, Nagambie Mine reports, stream sediment sampling, soil sampling and drilling), including:

- a) The Devonian basement marine sediments (fine grained mudstones/siltstones with minor sandstone) were subjected to north-south regional compression, resulting in east-west trending anticlinal (convex up) and synclinal (convex down) folding of the sedimentary beds;
- b) Continuing regional compression caused the folded Devonian rocks to fail with the subsequent development of east-west trending, north-dipping thrusts (or reverse faults). These thrusts have provided the plumbing system for the gold and arsenic mineralised fluids;
- c) The mineralisation contains quartz, disseminated sulphides (arsenic from arsenopyrite is an important pathfinder element), occasional massive stibnite and disseminated gold;
- d) Faults in the region that are not east-west trending are weakly mineralised or are barren;
- e) The Strathbogie Granite appears to be poorly mineralised;
- f) The Devonian basement appears to be poorly mineralised within about 4 km north of the Strathbogie Granite (the granite may or may not be a heat source for and/or the origin of the mineralised fluids);
- g) The major east-west thrusts interpreted from airborne magnetics are around 1 km to 2 km apart;
- h) Mineralisation along a thrust can extend for over 2 km (Nagambie Mine);
- i) The disseminated oxide gold is amenable to heap leach recovery (Nagambie Mine) and possibly well-controlled dump leach recovery (as at White Dam in South Australia); and
- j) Depth of oxidation is around 70 metres (Nagambie Mine).

7. Wandean Prospect

The Wandean Devonian outcrop, approximately 9 km north west of the Nagambie Mine (refer Figure 1), was soil sampled by Metex in 1996-1997.

Nagambie Regional Update

183 samples were taken over a 800m by 500m grid covering the western end of the Devonian outcrop. Very encouragingly, 25% of the Metex soil samples assayed both 20 ppb gold or better and 20 ppm arsenic or better. These results clearly indicate two strong approximately east-west gold-arsenic trends that are 150 metres to 200 metres apart. A similar strong gold-arsenic trend was evident at Hill 158 at the Nagambie Mine before it was later excavated as the East Pit.

Metex suffered in the major exploration downturn in 1997 and all exploration personnel were retrenched that year. Further, by 1997 Perseverance had become preoccupied with developments at their Fosterville property near Bendigo. The strong gold-arsenic anomaly at Wandean was never followed up.

Nagambie Mining is planning an RC (reverse circulation) percussion drilling program to fully test the well-defined anomaly.

8. Bunganail East Prospect

The Bunganail East Prospect, approximately 6 km north east of the Nagambie Mine (refer Figure 1), lies immediately east of the Bunganail Hill Devonian outcrop. This outcrop was explored without success by Perseverance in 1988-1992. Perseverance also carried out a stream sediment sampling program in the area during this time and notably one downstream sample assaying greater than 20 ppb gold was taken from the creek to the east of the Bunganail outcrop. Three Perseverance soil results, on the south-east corner of Perseverance's sampling grid and close to this creek, exceeded 5 ppb gold.

Nagambie Mining is planning a soil sampling program for the area which is considered to be a high priority target with potentially shallow Tertiary cover.

9. Longwood Prospect

The Longwood Prospect, approximately 9 km east of the Nagambie Mine and on trend with the mapped east-west Nagambie Mine Thrust (refer Figure 1), was drilled by Newcrest (total of 12 holes) in 2007. The best drill intersection achieved was 18 metres at 1.0 g/t gold from 59 metres depth, including 3 metres at 3.2 g/t from 59 metres, in hole ACVT12. It is currently the best basement gold result achieved outside of the Nagambie Mine mining lease.

Tertiary cover where Newcrest drilled was around 20 to 30 metres in thickness. Nagambie Mining is planning to soil sample the Longwood Prospect at the same time as the Bunganail East Prospect.



Colin Glazebrook
Chief Executive Officer
Phone: (03) 5794 1750 or 0416 174 530
Email: colin@nagambieminig.com.au

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'.