

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

Appendix 4D
Interim Financial Report

for the half-year ended
31 December 2009

To be read in conjunction with the 30 June 2009 Annual Report
In compliance with Listing Rule 4.2A

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current Reporting Period: Half-year ended 31 December 2009

Previous Reporting Period: Half-year ended 31 December 2008

Results to be announced to the market		A\$
Revenue from ordinary activities	Down 72%	15,464
(Loss)/Gain after tax attributable to members	Up 4%	(409,397)
Net (Loss)/Gain for the half-year attributable to members	Up 4%	(409,397)

Dividends

It is not proposed to pay a dividend

Other Information	31 December 2009	31 December 2008
Net Tangible Assets per ordinary share	0.0293	0.0564

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

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COMPANY PARTICULARS

DIRECTORS

Michael W Trumbull (Non-Exec. Chairman)
Colin Glazebrook (Executive Director)
Geoff Turner (Non Exec. Director)

REGISTERED OFFICE

Nagambie Mining Ltd
648 Ballantynes Rd
Telephone: (61) 3 5494 1750
Facsimile: (61) 3 5794 1790

CHIEF EXECUTIVE OFFICER

Colin Glazebrook

CHIEF FINANCIAL OFFICER

Joe Fekete

COMPANY SECRETARY

Alfonso M G Grillo

AUDITORS

William Buck Audit (Vic) Pty Ltd
Cnr Toorak & Auburn Roads
Hawthorn East Vic 3123

MELBOURNE OFFICE

Nagambie Mining Ltd
Suite 207, Pacific Tower
Hawthorn Vic 3122
Australia
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SOLICITORS

TressCox Lawyers
Level 9, 469 La Trobe Street
Melbourne Vic 3000

BANKERS

Westpac Banking Corporation
301 Clarendon Street
South Melbourne VIC 3205

SHARE REGISTRY

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford Vic 3067

STOCK EXCHANGE LISTING

Nagambie Mining Limited shares are listed on
the Australian Securities Exchange Limited
ASX Code: NAG

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2009.

DIRECTORS

The names of Directors in office at any time during or since the end of the half-year are:

Michael W Trumbull	(Chairman & Non-Exec. Director)
Colin Glazebrook	(Executive Director)
Geoff Turner	(Non Exec. Director)

REVIEW OF OPERATIONS

The loss of the consolidated entity for the half-year ended 31 December 2009 after income tax amounted to \$409,397 (2008: \$393,617).

Nagambie Mining continued to focus and rationalise the activities of the company during the half year.

It was decided to close the Heathcote office and make the Nagambie Mine office the Head Office and the Registered Office for the company. The new arrangements became operational in January 2010.

The company's continued primary exploration focus is to evaluate its oxide gold prospects on and within economic trucking distance of the Nagambie Mine. To this end, it has further consolidated its tenements to seven exploration licences and the mining licence at Nagambie. In addition, the company is moving to have all of its tenements held by the main entity, rather than continue to have some held in the Sierra Minerals Pty Ltd subsidiary, as this will produce further reporting and cost benefits.

During the half year, the results of the extensive costeaning (trenching) work carried out at Redcastle and Heathcote South and the soil sampling at Nagambie North were evaluated. A further round of costeaning and aircore drilling is to be carried out at Redcastle with aircore drilling proposed for Nagambie North.

The company continued to hold negotiations with the contractors involved in the construction of the nearby Nagambie Bypass for which the two tender awards were delayed until late in the half year and early 2010.

Aircore drilling was carried out during the half year at the Nagambie Mine to test for extensions of gold mineralisation around the West Pit. Extensions to gold mineralisation were established and within the overlying material, significant thicknesses of sand were encountered. The company is now evaluating the potential to commercialise the sand deposits.

The principal objectives of Nagambie Mining for calendar 2010 are to continue:

- To investigate all the potential construction material opportunities at the Nagambie Mine including the provision of rock material for the Nagambie Bypass and the commercialisation of the sand deposits; and
- To evaluate the 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 at grades of between 1 and 2 g/t gold.

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

DIRECTORS' REPORT *(continued)*

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors:



Michael Ward Trumbull

Chairman



Geoff Turner

Director



Colin Glazebrook

Director

Dated in Melbourne, Australia on 11 March 2010

11 March 2010

The Board of Directors
Nagambie Mining Limited
648 Ballantynes Rd
NAGAMBIE VIC 3608

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
IN ACCORDANCE WITH SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF NAGAMBIE MINING LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Nagambie Mining Limited.

As lead audit partner for the review of the financial report of Nagambie Mining Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporation Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



Jeffrey Luckins
Director
William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

Dated in Melbourne, Australia on this 11th day of March 2010

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	31 December	
	2009	2008
	\$	\$
Revenue from sale of waste rock	652	27,596
Other revenues from ordinary activities	14,812	28,545
Total Revenue	15,464	56,141
Administration	(270,175)	(193,031)
Corporate	(99,234)	(84,398)
Finance	(18,825)	(23,336)
Impairment of exploration expenses	(14,929)	(137,318)
Occupancy	(21,698)	(11,675)
Other	-	-
Total Expenses	(424,861)	(449,758)
Loss before Income Tax Expense	(409,397)	(393,617)
Income tax expense	-	-
Loss attributable to the members of Nagambie Mining Limited	(409,397)	(393,617)
Comprehensive loss attributable to the members of Nagambie Mining Limited	(409,397)	(393,617)
Overall operations		
Basic loss per share	(\$0.0027)	(\$0.0036)
Diluted loss per share	(\$0.0026)	(\$0.0034)

The consolidated income statement is to be read in conjunction with the notes to the financial statements.

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Note	31 December 2009 \$	30 June 2009 \$
Current Assets			
Cash and cash equivalents		243,040	311,191
Trade and other receivables		36,725	6,997
Other assets		2,377	2,171
Total Current Assets		282,142	320,359
Non-Current Assets			
Property, plant & equipment		109,875	80,647
Exploration and evaluation assets		4,421,171	4,085,761
Cash-backed tenement bonds		550,094	497,318
Total Non-Current Assets		5,081,140	4,663,726
Total Assets		5,363,282	4,984,085
Current Liabilities			
Trade and other payables		186,809	77,483
Short-term borrowings		51,382	38,465
Provisions		819	1,378
Total Current Liabilities		239,010	117,326
Non-Current Liabilities			
Long-term borrowings		28,442	62,931
Total Non-Current Liabilities		28,442	62,931
Total Liabilities		267,452	180,257
Net Assets		5,095,830	4,803,828
Equity			
Issued capital	2	13,226,018	12,557,004
Options reserve	3	73,159	40,774
Accumulated losses		(8,203,347)	(7,793,950)
Total Equity		5,095,830	4,803,828

The consolidated balance sheet is to be read in conjunction with the notes to the financial statements.

NAGAMBIE MINING LIMITED

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Total \$
Balance at 1 July 2008	11,567,697	(5,442,060)	22,180	6,147,817
Loss for the half-year	-	(393,617)	-	(393,617)
Issue of shares – new issues	400,770	-	-	400,770
Share issue costs	(48,963)	-	-	(48,963)
Options issued	-	-	7,822	7,822
Balance at 31 December 2008	11,919,504	(5,835,677)	30,002	6,113,829
Balance at 1 July 2009	12,557,004	(7,793,950)	40,774	4,803,828
Loss for the half-year	-	(409,397)	-	(409,397)
Issue of shares – new issues	683,800	-	-	683,800
Share issue costs	(14,786)	-	-	(14,786)
Options issued	-	-	32,385	32,385
Balance at 31 December 2009	13,226,018	(8,203,347)	73,159	5,095,830

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

NAGAMBIE MINING LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	31 December	
	2009	2008
	\$	\$
Cash flow from operating activities		
Receipts from sale of waste rock	652	27,896
Payments to suppliers and employees	(308,021)	(187,192)
Interest received	14,262	27,160
Interest paid	(7,413)	(11,117)
Net cash provided by (used in) operating activities	(300,520)	(143,253)
Cash flow from investing activities		
Purchases of plant & equipment	(19,054)	-
Payment for exploration expenditure	(337,917)	(483,264)
Payments for cash-backed tenement bonds	(75,000)	(341,638)
Proceeds from cancellation of cash-backed tenement bonds	22,448	-
Net cash provided by (used in) investing activities	(409,523)	(824,902)
Cash flow from financing activities		
Proceeds from issue of ordinary shares	683,800	400,770
Payment of share issue costs	(14,786)	(48,963)
Repayments of borrowings	(27,122)	-
Net cash provided by (used in) financing activities	641,892	351,807
Net increase/(decrease) in cash held	(68,151)	(616,348)
Cash at the beginning of the half-year excluding cash-backed tenement bonds	311,191	839,685
Cash at end of the half-year excluding cash-backed tenement bonds	243,040	223,337

The consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

NAGAMBIE MINING LIMITED

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the half-year ended 31 December 2009 and any public announcements made by Nagambie Mining Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2009 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Standards not Previously Applied

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

NAGAMBIE MINING LIMITED

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	31 December 2009 \$	30 June 2009 \$
2. ISSUED CAPITAL		
Issued and paid up capital		
151,359,949 (30 June 2009: 129,991,199) ordinary shares, fully paid	<u>13,226,018</u>	<u>12,557,004</u>
Holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.		
In the event of winding up of the company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of administration.		
3. RESERVES	31 December 2009 \$	30 June 2009 \$
Options reserve		
Opening balance	40,774	22,180
Issue for options	<u>32,385</u>	<u>18,594</u>
Closing balance	<u><u>73,159</u></u>	<u><u>40,774</u></u>
4. DIVIDENDS PAID OR PROVIDED FOR		
No dividends have been paid or provided for during the half-year.		
5. SHARE OPTIONS		
No options were exercised during the half-year, and no options expired unexercised during the half-year.		
During the half-year 550,000 options were issued to staff and consultants and 2,000,000 options were issued to Directors and Officers, all exercisable at 10c.		
6. SEGMENT REPORTING		
As the entity only operates in one industry segment, mining and exploration, and only one country being Australia, no segment information has been disclosed.		

NAGAMBIE MINING LIMITED

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

7. ACQUISITION OR DISPOSAL OF CONTROLLED ENTITIES

The consolidated entity did not gain or lose control over any entities during the half-year or during the prior corresponding half-year period.

8. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual financial report.

9. EVENTS SUBSEQUENT TO BALANCE DATE

Nagambie Mining Limited raised \$577,500 from the placement of 17,500,000 shares at 3.3 cents per share in February 2010.

In the opinion of the directors of the company, there has not arisen in the interval between the end of the half year and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the Group during the remainder of the year.

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

DIRECTORS' DECLARATION

In the opinion of the Directors of Nagambie Mining Limited (the "company"):

1. The financial statements and notes set out on pages 5 to 12 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the economic entity as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Michael W Trumbull
Chairman

Dated in Melbourne, Australia on 11 March 2010

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

NAGAMBIE MINING LIMITED

ABN 42 111 587 163

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Nagambie Mining Limited and the entities it controlled during the period, which comprises the statement of financial position as at 31 December 2009, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Director's Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Nagambie Mining Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
NAGAMBIE MINING LIMITED**

ABN 89 124 894 060

(Continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of consolidated entity for the half-year ended 31 December 2009 included on website of Nagambie Mining Limited. The Directors of the consolidated entity are responsible for the integrity of the website and we have not been engaged to report on its integrity. The review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to / from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

In conducting our review, we have complied with applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based upon our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Nagambie Mining Limited and the entities it controlled during the period is not in accordance with:

- a. the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. other mandatory financial reporting requirements in Australia.

Yours faithfully



Jeffrey Luckins

Director

William Buck Audit (VIC) Pty Ltd

ABN 59 116 151 136

Dated in Melbourne, Australia on this 11th day of March 2010