

NAGAMBIE MINING LIMITED

ACN 111 587 163

OFFER DOCUMENT

For a non-renounceable Rights Issue of one (1) New Share for every three (3) Shares held by Shareholders registered at 7.00pm AEST on 27 August 2012 at an issue price of \$0.02 per New Share to raise approximately \$1,125,733. This Rights Issue is not underwritten.

IMPORTANT NOTICE

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

This document is important and should be read in its entirety. If you do not understand its contents or you are in doubt as to the course of action you should take, you should consult your stockbroker, accountant or other professional adviser without delay.

If you do not lodge an Entitlement and Acceptance Form together with payment by 5.00pm AEST on 21 September 2012, you will not be issued New Shares in the Company.

Corporate Directory

Registered Office

533 Zanelli Road
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Ph: (03) 5794 1750
Fax: (03) 5794 1790
Email: info@nagambiemining.com.au

Legal Adviser

TressCox Lawyers
Level 9, 469 La Trobe Street
Melbourne VIC 3000
Ph: (03) 9602 9444
Fax: (03) 9642 0382

Directors

Michael W Trumbull
(Non-Executive Chairman)

Colin Glazebrook
(Executive Director)

Geoff Turner
(Non-Executive Director – Exploration)

Kevin J Perrin
(Non-Executive Director – Finance)

Auditor

William Buck
Level 20, 181 William Street
Melbourne VIC 3000

Share Registry

Advanced Share Registry Limited
150 Stirling Hwy
Nedlands WA 6009
Ph: (08) 9389 8033
Fax: (08) 9389 7871

Company Secretary

Alfonso Grillo

ASX Code

Shares: NAG

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Key Dates

Event	Date
Record Date	27 August 2012
Offer Document and Entitlement and Acceptance Form despatched	31 August 2012
Closing date for receipt of Entitlement and Acceptance Form	21 September 2012
Securities quoted on a deferred settlement basis	24 September 2012

1. CHAIRMAN'S LETTER

31 August 2012

Dear Shareholder

Rights Issue

On behalf of Nagambie Mining, I am pleased to send you this Offer Document and a personalised Entitlement and Acceptance Form. It provides the opportunity for you to participate in a pro-rata Rights Issue to raise working capital for the next exciting phase of the Company's gold exploration in central Victoria.

Full details of the Rights Issue are included in the Offer Document. I recommend that you read it carefully.

The Offer Document describes in detail the Company's offer to Eligible Shareholders of a non-renounceable, non-underwritten Rights Issue which entitles you to acquire **1 New Share in Nagambie Mining for every 3 Shares you hold at a price of \$0.02 per New Share**. A maximum of approximately 56.3 million New Shares will be issued and the New Shares will rank equally with Nagambie Mining's existing Shares on issue. The Closing Date for acceptance and payments is 5.00pm AEST on 21 September 2012. Further details of the Rights Issue are set out in full in section 1.

The two largest shareholders in Nagambie Mining, Mr Ralph Russell & Ms Ann Hynes and Cairnglen Investments Pty Ltd, and all four directors of the Company have agreed to take up all of their entitlements under the Rights Issue. **The two largest shareholders and the directors together hold approximately 42.4% of the Company's issued Shares and have agreed to contribute approximately \$0.48 million out of the maximum possible raising of approximately \$1.13 million.**

If you have any questions regarding the Rights Issue, please telephone the Company's Share Registry, Advanced Share Registry Limited, on (08) 9389 8033.

The Nagambie Regional Gold Project has become the Company's most exciting exploration asset. The funds raised from the Rights Issue will enable Nagambie Mining to bring forward exploration of three compelling gold prospects (detailed below) within a new exploration licence application. ELA 5430, covering 102 sq km of open ground to the north west, north east and east of the Nagambie Mine, will increase the Company's total 100%-owned Nagambie regional tenement package to 244 sq km.

Wandean Gold Prospect

The Wandean Devonian outcrop, approximately 9 km north west of the Nagambie Mine, was soil sampled by Metex Resources NL ("Metex") in 1995. The results indicated two strong, approximately east-west, gold-arsenic trends that are 150 metres to 200 metres apart, with gold values up to 237 ppb (0.24 g/t) and arsenic values up to 266 ppm. Very encouragingly, a similar strong gold-arsenic trend was evident at Hill 158 at the Nagambie Mine before it was later excavated as the East Pit by the previous owner, Perseverance Mining Pty Ltd ("Perseverance").

The anomaly was never followed up (Metex ran into financial difficulties and all exploration staff were retrenched in 1997) and Nagambie Mining is planning an RC (reverse circulation) percussion drilling program to fully test the Wandean Prospect commencing in October 2012.

Bunganail East Gold Prospect

The Bunganail East Prospect, approximately 6 km north east of the Nagambie Mine, lies immediately east of the Bunganail Hill Devonian outcrop. This outcrop was explored without success by Perseverance in 1988-1992. However, a downstream sediment sample exceeding 20 ppb gold was recorded for the creek immediately to the east of the Bunganail outcrop. Further, three 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 detailed soil sampling program, commencing in October 2012, for the area which is considered to be a high priority gold target with potentially shallow Tertiary cover.

Longwood Gold Prospect

The Longwood Prospect, approximately 9 km east of the Nagambie Mine and on trend with the mapped east-west Nagambie Mine Thrust, was drilled by Newcrest Operations Limited ("Newcrest") in 2007. One 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.

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, before designing a drilling program to follow up the Newcrest work.

Nagambie Mining will also carry out continued gold exploration, as detailed in the June 2012 Quarterly Report, at Nagambie South, Rushworth and Redcastle.

All proposed exploration work at the Wandean, Bunganail East and Longwood Gold Prospects will be adequately funded out of the proceeds of the issue with the remainder to be used for working capital, further gold exploration in central Victoria and to identify and assess potential growth opportunities.

I thank all our Shareholders for their continued support and encourage you to take up your Rights under the Issue to enable you to fully participate in the Company's future growth and success.

Yours faithfully



Mike Trumbull
Chairman

2. DETAILS OF THE OFFER

2.1. Summary of the Offer

The Company is pleased to offer existing Shareholders the opportunity to participate in a 1 for 3 Rights Issue.

The offer to subscribe for New Shares under the Rights Issue is made to Eligible Shareholders whereby Eligible Shareholders may subscribe for one (1) New Share for every three (3) Shares held by the Eligible Shareholder as at 7.00pm AEST on 27 August 2012 for an issue price of \$0.02 per New Share (*Offer*).

The Offer will result in the issue of up to a maximum of approximately 56,286,650 New Shares (based on the current capital structure of the Company) to raise up to approximately \$1,125,733 before the costs of the Rights Issue.

The Rights Issue is non-renounceable and your rights may not be traded if you do not take up some or all of your Entitlement. The Offer is not underwritten. However, there will be a Shortfall Facility whereby Eligible Shareholders may, subject to the discretion of the Company, apply for and be issued with additional New Shares above the Eligible Shareholder's Entitlement.

Shareholders who are on the Company's Register at 7.00pm AEST on 27 August 2012 will receive Rights to acquire 1 New Share for every 3 Shares held. Shares acquired on the ASX on or after 21 August 2012 (being the date Shares are quoted 'ex' rights, or such other date set by the Securities Clearing House or ASX) will not receive Rights to acquire New Shares under the Offer.

Only those Shareholders with registered addresses in Australia and New Zealand are entitled to participate in the Rights Issue and accordingly, only those Eligible Shareholders will be entitled to subscribe for New Shares.

Below is a summary of the key terms of the Rights Issue:

Type of offer	Non-renounceable Rights Issue
Issue Ratio	1 New Share for every 3 Shares held
Issue Price	\$0.02 per New Share
Fractional Entitlement	Where the determination of an Eligible Shareholder's Entitlement results in a fraction of a New Share, such a fraction shall be

	rounded up to the nearest whole New Share.
Eligible Shareholders	Shareholders who have a registered address in Australia and New Zealand may apply for New Shares under the Rights Issue. Shareholders who have a registered address outside Australia and New Zealand may not subscribe for New Shares under the Rights Issue.
Discount	The Company's Share closing price on 16 August 2012 (the day before the Rights Issue was announced) was \$0.022. Therefore the Issue Price of \$0.02 represents a discount of approximately 9.1% to this closing price.
Capital Raised	Approximately \$1,125,733 (before costs of the Rights Issue).
Use of Capital Raised	The funds raised will be used for working capital for the Company's gold exploration in central Victoria and to identify and assess potential growth opportunities.
New Shares to be issued	Up to a maximum of approximately 56,286,650.
Shares on issue following Rights Issue	Up to a maximum of approximately 225,146,599

2.2. Key Dates

The following are key dates relating to the Rights Issue that you need to be aware of:

Activity	Date
Announcement of Rights Issue	17 August 2012
Dispatch of notices to Shareholders informing of Rights Issue	20 August 2012
Ex Date	21 August 2012
Record Date	27 August 2012
Offer Document and Entitlement & Acceptance Form dispatched and announcement that dispatch completed	31 August 2012
Offer opens	31 August 2012
Closing date for acceptances	21 September 2012

Securities quoted on a deferred settlement basis	24 September 2012
ASX notified of under subscriptions	26 September 2012
Allotment of Shares	28 September 2012
Dispatch of New Share transaction confirmation statements. Deferred settlement trading ends.	2 October 2012

Subject to the Listing Rules, the Directors note that this timetable is indicative only and reserve the right to amend this timetable without notice.

2.3. Directors and major Shareholder participation

Each of the Directors and Shareholders listed in the table below have provided a written undertaking to the Company pursuant to which they have agreed to take up their full entitlement as detailed below:

Shareholder	Current Shareholding	Entitlement	Subscription Amount
Director			
Colin Glazebrook ¹	779,167	259,722	\$5,194.44
Geoff Turner	602,084	200,695	\$4,013.90
Kevin Perrin ²	7,544,834	2,514,945	\$50,298.90
Major Shareholder			
Ralph Russell & Anne Maree Hynes ³	28,670,817	9,556,939	\$191,138.78
Cairnglen Investments Pty Ltd	23,499,659	7,833,220	\$156,664.40
Cypron Pty Ltd ⁴	10,575,000	3,525,000	\$70,500.00
TOTAL⁵	71,671,561	23,890,521	\$477,810.42

¹ Colin Glazebrook's Shares are held indirectly by Ecoper Pty Ltd as trustee for the Glazco Super Fund A/C. Mr Glazebrook is a director and shareholder of Ecoper Pty Ltd.

² Kevin Perrin's Shares are held indirectly by Adare Manor Pty Ltd (of which Mr Perrin is a director and shareholder) as trustee for the Adare Manor Super Fund and as trustee for the AM Retirement Fund.

³ Held, on the Company's register in the names of Mr Ralph Russell & Ms Anne-Maree Hynes Hynes, Mr Ralph Douglas Russell & Ms Ann Maree Hynes <The Russell Hynes S/F A/C>, and Mr Ralph Russell.

⁴ Michael Trumbull has an indirect interest in the Shares held by Cypron Pty Ltd (of which Mr Trumbull is a director and shareholder), which holds 6,690,192 Shares on its own behalf and 10,575,000 Shares as trustee for the MW Trumbull Superannuation Fund. These figures do not include the 6,690,192 Shares held by Cypron Pty Ltd on its own behalf as Mr Trumbull is unable to make a unilateral decision in relation to these Shares. Cypron Pty Ltd has not yet made a commitment as to whether and to what extent it will take up its Entitlement in relation to these 6,690,192 Shares.

2.4. Applying for New Shares

If you are an Eligible Shareholder, you should read Section 6 detailing the process for applying for New Shares.

If you are not an Eligible Shareholder, you may not apply for New Shares under the Offer.

A Shortfall Facility is also available to Eligible Shareholders who subscribe for their full Entitlement. The number of additional New Shares that may be allocated will be subject to the number of New Shares that become available as a result of other Shareholders not taking up their full Entitlement. Shareholders should note that the allocation of additional New Shares will be at the discretion of the Company.

2.5. Closing Date and payment for New Shares

The Closing Date for acceptance of the Entitlement and Acceptance Forms together with Application Monies is 5.00pm (AEST) on 21 September 2012.

Cheques must be drawn in Australian currency from an Australian bank and made payable to '**Nagambie Mining Ltd – Rights Issue**' and crossed '**Not Negotiable**'. Shareholders are asked not to forward cash, postal notes or money orders by mail. Receipts for payment will not be issued.

Eligible Shareholders who receive an Entitlement and Acceptance Form may submit payment for New Shares by using BPAY®⁶. In order to use BPAY, please follow the instructions set out on the Entitlement and Acceptance Form. Payment via BPAY will not require the return of the Entitlement and Acceptance Form to the Company's Share Registry.

2.6. Allotment of New Shares

The Company intends that the New Shares applied for by Eligible Shareholders will be allotted and issued on 28 September 2012. Transaction confirmation statements pertaining to those New Shares are intended to be despatched on 2 October 2012.

Until the allotment and issue of New Shares, Application Monies will be held by the Company in trust in a separate bank account opened and maintained for that purpose only.

⁵ The commitments provided by the Directors and major shareholders listed above account for approximately 42% of the maximum amount that may be raised under the Rights Issue.

⁶® Registered to BPAY Pty Ltd ABN 69 079 137 518

Any interest earned on the Application Monies will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

2.7. Rights attaching to New Shares

From allotment, the New Shares issued pursuant to this Offer will rank equally in all respects with existing Shares.

2.8. Discount

The Company's Share closing price on 16 August 2012, being the day before the Rights Issue was announced, was \$0.022. Therefore the Issue Price of \$0.02 per New Share represents a discount of approximately 9.1% to this closing price.

2.9. ASX Quotation

The Company has applied for Official Quotation on ASX for the New Shares.

2.10. Foreign Shareholders

The Company has determined that it is unreasonable to make offers of New Shares to Shareholders with registered addresses outside Australia or New Zealand (*Foreign Shareholders*). This decision was made having regard to the number of Foreign Shareholders, the number and value of New Shares those Foreign Shareholders would have been offered and the cost of and time involved in complying with the legal and regulatory requirements of the jurisdictions in which the Foreign Shareholders are domiciled.

3. CAPITAL STRUCTURE AND FINANCIAL INFORMATION

3.1. Impact of the Rights Issue

The issue is a pro rata issue to all Eligible Shareholders. Shareholders who take up their Entitlement in full will not, as a result of the Rights Issue, have their percentage shareholding in the Company diluted.

Eligible Shareholders are also invited to apply for additional New Shares arising as a result of any Shareholders not taking up their Entitlement in full. Eligible Shareholders may apply for additional New Shares by completing the section of the Entitlement and Acceptance Form which deals with additional New Shares.

Shareholders who do not exercise all or part of their Rights may have their percentage shareholding in the Company diluted.

The effect of the Rights Issue on the Company's issued share capital will be as follows:

Issued Capital

Fully paid ordinary shares

Existing fully paid ordinary shares prior to the Rights Issue	168,859,949
Maximum New Shares to be issued by way of Rights Issue	56,286,650
Maximum total fully paid ordinary shares following Rights Issue	225,146,599

3.2. Optionholders and convertible note holders

The Company currently has a number of options and convertible notes on issue which may be exercised prior to the Record Date such that the number of Shares may be greater than stated in the table at section 3.1 above.

Options

Vested options exercisable at \$0.10	11,500,000
Unvested options	4,400,000

Convertible Notes

Convertible notes exercisable at \$0.03 per note	25,000,000
Convertible notes exercisable at \$0.04 per note	38,750,000
Total number of Shares which could currently be issued on exercise/conversion of options and convertible notes	75,250,000

Holders of options and/or convertible notes in the Company must exercise their options convert their notes and be registered on the Company's share register by the Record Date in order to participate in the Rights Issue.

3.3. Consolidated Statement of Financial Position

The Statement of Financial Position as at 31 December 2011, 30 June 2012 (unaudited) and the Pro Forma Statement of Financial Position (unaudited) as at 30 June 2012 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The Pro Forma Statement of Financial Position has been prepared on the assumption that all Rights pursuant to the Offer are exercised.

The Statements of Financial Position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	31 Dec 2011 ¹	30 June 2012 ²	Pro-Forma ³
ASSETS	\$	\$	\$
Current Assets			
Cash and cash equivalents	16,490	344,656	1,450,389
Trade and other receivables	66,104	35,460	35,460
Prepayments	17,055	-	-
Total Current Assets	99,649	380,116	1,485,849
Non-Current Assets			
Property, plant & equipment	86,052	77,803	77,803
Exploration and evaluation assets	5,453,152	5,654,646	5,654,646
Cash backed environmental bonds	578,945	565,215	565,215
Total Non-Current Assets	6,118,149	6,297,664	6,297,664
Total Assets	6,217,798	6,677,780	7,783,513

¹ Half-year Accounts reviewed by the Company's auditor.

² Preliminary, unaudited figures.

³ Pro-forma, unaudited figures as at 30 June 2012 assuming the maximum Rights Issue raising of \$1,125,733 and estimated costs for the issue of \$20,000.

LIABILITIES	\$	\$	\$
Current Liabilities			
Trade and other payables	158,099	113,286	113,286
Borrowings	17,685	10,086	10,086
Provisions	4,066	3,180	3,180
Total Current Liabilities	179,850	126,552	126,552
Non-Current Liabilities			
Borrowings	1,550,000	2,300,000	2,300,000
Total Non-Current Liabilities	1,550,000	2,300,000	2,300,000
Total Liabilities	1,729,850	2,426,552	2,426,552
Net Assets	4,487,948	4,251,228	5,356,961
EQUITY			
Issued capital	13,801,484	13,801,484	14,907,217
Reserves	121,999	121,999	121,999
Accumulated losses	(9,435,535)	(9,672,255)	(9,672,255)
Total Equity	4,487,948	4,251,228	5,356,961
Issued Shares	168,859,949	168,859,949	225,146,599
Total Equity per Share (cents)	2.7	2.5	2.4

4. ADDITIONAL INFORMATION

4.1. Section 708AA of the Act

The Offer is being made without a prospectus on issue. The Rights Issue is permitted without a prospectus having regard to Section 708AA of the Act as the Company has met the requirements of this section and has lodged a Section 708AA Notice with ASX.

4.2. Investment decisions

This Offer Document is an important document and requires your immediate attention. It should be read in its entirety. Any investment decision regarding the Company should be based upon both the information contained in this Offer Document and other documents referred to in this Offer Document. In particular, in considering the Company's prospects, Shareholders should consider carefully the risk factors that could affect the Company's performance. Shareholders should carefully consider these factors in light of their personal circumstances including their financial and taxation circumstances. If you do not understand any part of this Offer Document, you should consult your accountant, stockbroker, solicitor or other professional adviser.

4.3. Taxation

The Board considers that it is not appropriate to provide advice regarding the taxation consequences of subscribing for New Shares under this Offer.

The Company and its officers and advisers do not accept any responsibility or liability for any taxation consequences of Eligible Shareholders subscribing for and disposing of New Shares. As a result, Eligible Shareholders should consult their own professional tax advisers in connection with subscribing for New Shares under this Offer.

4.4. Use of Rights Issue funds

The funds raised will be used as working capital for the Company's gold exploration in central Victoria and to identify and assess potential growth opportunities.

4.5. Discretion regarding issue

The Directors may extend the Closing Date or vary the issue and dispatch date. In the case of an extension, the dates including and following the Closing Date may be affected.

The Company reserves the right to close the Offer at any time and refund Application Monies without interest.

4.6. ASX disclosure

The Company has lodged notices with ASX in compliance with its continuous disclosure obligations under the Act and the Listing Rules. Shareholders can view the Company's recent announcements on the ASX website www.asx.com.au.

When considering whether to accept their Entitlement under the Rights Issue, Shareholders should consider the Company's ASX announcements and any risks associated with their personal circumstances. Shareholders should also seek professional advice from their stockbroker, accountant or independent financial adviser in relation to subscribing for their Entitlement.

4.7. Privacy

Shareholder information provided in the Entitlement and Acceptance Form will be made available to the Company and the Company's Share Registry. Shareholders are able to gain access to such information by contacting either of those entities. The information on the Entitlement and Acceptance Form is being collected for the purposes of determining the number of New Shares which the Company should issue to Shareholders and to allow the Company to act in accordance with Shareholders' instructions. Information that is provided in the Entitlement and Acceptance Form is also provided to printers and mailing houses, ASX and other regulatory authorities. If a Shareholder does not provide the information in the Entitlement and Acceptance Form, the Company will not be able to issue New Shares in accordance with the Shareholder's instructions.

To make a request for access or to obtain further information about the Company's privacy policy please contact the Company on (03) 5794 1750.

4.8. Definitions

Certain words and phrases used in this Offer Document have defined meanings set out in the Glossary in Section 7.

4.9. Enquiries

If you have any questions regarding the Offer or your Entitlement, please contact the Company's Share Registry:

Nagambie Mining Limited
C/- Advanced Share Registry Ltd
PO Box 1156
Nedlands WA 6909

OR

150 Stirling Hwy
Nedlands WA 6009
Ph: (08) 9389 8033
Fax: (08) 9389 7871

Alternatively, contact your stockbroker, solicitor, accountant or other professional advisor.

5. RISKS

An investment in New Shares should be regarded as speculative. A number of risks and uncertainties which are both specific to the Company and of a more general nature may affect the future operating and financial performance of the Company and the value of its Shares.

Estimates and other forward looking statements are only predictions and are subject to inherent risks and uncertainties which are likely to cause actual values, results, performance or achievements to differ from those predicted. The following risk factors are not exhaustive. If any of the following risks materialise, the Company's business, financial condition and operational results are likely to suffer, the trading price of the Company's Shares may fall and you may lose all or part of your investment.

If you do not understand its contents or you are in doubt as to the course of action you should take, you should consult your stockbroker, accountant or other professional adviser without delay.

5.1. Exploration

Exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation the Company brings to its exploration projects, there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or insufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

5.2. Development and Mining

Possible future development of mining operations at any of the Company's projects is also subject to numerous risks. The Company's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increases in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

If the Company commences production, its operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technology failures, unusual or unexpected geological conditions, fires, explosions, adverse weather conditions and other accidents.

The Company's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in base and precious metal prices or lack of availability of smelter capacity.

No assurance can be given that the Company will achieve commercial viability through development of any of its tenements or projects.

5.3. Resource Estimations

Resource estimates are inherently imprecise as they are expressions of judgment at a particular time based on available information, interpreted through experience and resource modelling techniques. The estimates, while made by qualified professionals, may change over time as other information becomes available which differs from information known or predicted by past drilling, sampling and geological interpretation. Estimates remain subject to change which may adversely affect the Company's operations or the commercial viability of its projects.

5.4. Commodity and Currency Price Volatility

Commodity prices are subject to influencing factors beyond the control of the Company and can be subject to significant fluctuations. Just some of these influencing factors include:

- (a) world demand for particular commodities;
- (b) the level of production costs in major commodity producing regions; and
- (c) expectations regarding inflation, interest rates and US dollar exchange rates.

Any significant and/or sustained fluctuation in exchange rates or commodity prices in particular gold prices could have a materially adverse effect on the Company's operations and its financial position.

5.5. Native Title and Aboriginal Heritage

In applying for certain tenements and carrying out exploration and/or mining operations, the Company must observe native title legislation (where applicable) and Aboriginal heritage legislation which protects Aboriginal sites and objects of significance.

In certain circumstances the consent of registered native title claimants must be obtained prior to carrying out certain activities on land to which their claim relates. It is possible that the conditions imposed by native title claimants on such consent may be on terms unacceptable to the Company.

5.6. Tenure and Access

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

The Company's tenements are subject to numerous Victorian legislative conditions. The renewal of the term of a granted tenement is also subject to discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

5.7. Compulsory Work Obligations

Each of the Company's tenements is subject to expenditure and work commitments which must be met in order to keep such tenement in good standing. These commitments may be varied on application of the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant Victorian mining legislation. If no variation is approved, and there is a failure to meet the commitments, this could lead to forfeiture of the tenement.

5.8. Agreements with third parties

The Company has entered into joint arrangements with third parties. In particular, the Company has entered into a joint arrangement with a civil engineering, contracting and earthmoving business to develop non-gold material opportunities.

The commercial success of the Company's non-gold operations may be impacted by the performance of its third party contractors.

5.9. Environmental

The Company's projects are subject to both Victorian and Commonwealth laws and regulations relating to environmental matters. Should the Company proceed to development of one or more mines, it could be expected that such developments would have numerous environmental impacts which would require various statutory approvals to be put in place. There is no guarantee that such approvals would be granted. The Company intends to conduct its operations in an environmentally responsible manner and in accordance with relevant legislation. However, the Company is unable to predict the effect of future changes to environmental legislation or policy and the cost effect of such changes on its operations and financial position.

5.10. Occupational Health and Safety

The resource industry has become subject to increasing environmental and occupational health and safety responsibility and liability. The potential for liability is a constant risk.

5.11. Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company is substantially dependent upon its management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one, or a number of, these employees cease their employment.

The Company's future success also depends upon its continuing ability to attract and retain highly qualified personnel. The ability to attract and retain the necessary personnel could have a material effect upon the Company's business, results of operations and financial position.

5.12. Share market risk

Applicants should be aware that there are risks associated with any securities investment. The market price of the Company's securities may fall as well as rise and will be influenced by international and domestic factors. Listed securities may experience extreme price fluctuations that are often unrelated to the operating performances of the relevant companies. For example, share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment towards particular market sectors; and
- (e) the demand for and supply of capital.

Neither the Company nor its Directors warrant the future performance of the Company or any return on investment in its securities.

5.13. Liquidity risk

There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

5.14. Future capital requirements

In order to achieve the Company's objectives including possible further acquisitions, the Company will require substantial expenditure. Neither the Company nor its directors can guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

Should the Company fail to raise funds using either debt or equity after the substantial exhaustion of the net proceeds of this Offer, this could delay or suspend the Company's business strategy. This could have a material adverse effect on the Company's activities indefinitely.

5.15. Exchange Rate Risks

Adverse movements in exchange rates relating to either equity investments or commodities or project operating costs, or increased price competitiveness in response to movements in exchange rates may materially adversely impact the operational and financial performance and cash flow of the Company.

5.16. Joint Ventures

The Company may wish to develop its projects or future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

5.17. Changes to Regulatory Environment

Changes to laws and regulations or accounting standards which apply to the Company from time to time could have a material adverse impact on the operating and financial performance and cash flows of the Company.

Changes in the taxation laws of Australia could materially affect operating results of the Company.

6. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

This Section applies only to Eligible Shareholders.

6.1. What you may do

You have the following options available in respect of the Rights offered to you under the Rights Issue. You may:

- (a) take up all of your Entitlement;
- (b) take up all of your Entitlement and also apply for additional New Shares under the Shortfall Facility;
- (c) take up some of your Entitlement and subscribe for some of the New Shares in respect of your Entitlement; or
- (d) not take up any of your Entitlement.

Because the Rights Issue is non-renounceable, where a Shareholder elects to not subscribe for some or all of their Entitlement those Rights not subscribed for will lapse.

6.2. Closing Date

Completed Entitlement and Acceptance Forms should be forwarded to the Company's Share Registry, together with a cheque for the amount due in respect of the number of New Shares applied for (being the number of New Shares applied for multiplied by \$0.02) in the enclosed reply paid envelope by the Closing Date.

The Closing Date for acceptance of the Entitlement and Acceptance Forms is 5.00pm (AEST) on 21 September 2012. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Nagambie Mining Ltd – Rights Issue**' and crossed '**Not Negotiable**'. Shareholders are asked not to forward cash, postal notes or money orders by mail. Receipts for payment will not be issued.

Eligible Shareholders may submit payment for New Shares by using BPAY. In order to use BPAY, please follow the instructions set out on the Entitlement and Acceptance Form. Payment via BPAY will not require the return of the Entitlement and Acceptance Form to the Company's Share Registry.

If you elect to not subscribe for your full Entitlement the Rights not taken up by you will lapse.

6.3. Shortfall Facility

Shares which are not applied for will comprise the available New Shares under the Shortfall Facility. Under the Shortfall Facility, Shareholders who have subscribed for all their Entitlement may, in addition to their full Entitlement, apply for additional New Shares, regardless of their present holding.

The Company, may exercise a discretion to impose restrictions on the number of Shares which can be taken up by any Shareholder under the Shortfall Facility. In exercising this discretion, factors such as the number of applications made and the number of available New Shares will be taken into consideration.

Shareholders applying for additional New Shares under the Shortfall Facility should be aware of the following:

- (a) Shareholders may be allotted a lesser number of additional New Shares than applied for;
- (b) Shareholders shall be bound to accept a lesser number of additional New Shares if required by the Company;
- (c) Shareholders must accept a refund of money in respect of any additional New Shares applied for but not allotted; and
- (d) no interest will be paid on any Application Monies refunded to the Shareholders should the circumstances above occur.

6.4. If you do not wish to take up any of your Entitlement

If you do not wish to take up any of your Entitlement, you are not required to take any action. The Rights Issue is non-renounceable, so if you elect to not subscribe for any of your Entitlement the Rights not taken up by you will lapse.

Shareholders who do not exercise all of their Rights may have their percentage shareholding in the Company diluted.

7. GLOSSARY

In this Offer Document, the following terms will have the meanings ascribed to them as follows:

\$	Australian Dollar
Act	<i>Corporations Act 2001 (Cth)</i>
Application Monies	Money received by the Company from an Eligible Shareholder, being the Issue Price multiplied by the number of New Shares applied for
ASX	ASX Limited (ACN 008 624 691)
Board	The board of Directors of the Company
Closing Date	Date on which the Offer closes, being 5.00pm AEST on 21 September 2012, which may be varied without prior notice by the Company
Company or Nagambie Mining	Nagambie Mining Limited ACN 111 587 163
Director	A director of the Company
Eligible Shareholder	A person who holds Shares in the Company as at the Record Date with a registered address in Australia and New Zealand
Entitlement and Acceptance Form	The form attached to this Offer Document to be completed by Eligible Shareholders when applying for New Shares
Entitlement or Entitlement Shares	The number of New Shares under the Offer each Shareholder is entitled to subscribe for calculated on the basis of 1 New Share for every 3 Shares held by the Shareholder at the Record Date
Foreign Shareholders	Shareholders as at the Record Date who do not have registered addresses in Australia or New Zealand
g/t	Grams per tonne
Issue Price	\$0.02 per New Share
Listing Rules	Listing rules of ASX
Metex	Metex Resources NL (ACN 057 552 137), now known as Carbon Energy Limited
Newcrest	Newcrest Operations Limited (ACN 009 221 505)

New Share	The Shares to be issued to Eligible Shareholders under the Offer
Offer	The offer of New Shares under the Rights Issue pursuant to this Offer Document
Offer Document	This offer document dated 31 August 2012
Official Quotation	Has the same meaning as "Quotation" in the Listing Rules
Outcrop	That part of a geological body that is exposed at the surface
Perseverance	Perseverance Mining Pty Ltd (ACN 008 748 212)
ppb	Parts per billion
ppm	Parts per million
Record Date	Date on which the Entitlement is calculated, being 27 August 2012, which may be varied without prior notice by the Company
Rights	The non-renounceable rights to subscribe for one New Share for every three Shares held pursuant to this Offer
Rights Issue	The pro-rata Entitlement to New Shares under the Offer
Section	A section of this Offer Document
Section 708AA Notice	A notice given by the Company pursuant to section 708AA of the Act
Securities Clearing House	ASX Settlement Pty Limited (ABN 49 008 504 532)
Share	A fully paid ordinary share in the Company
Shareholder	A person who holds Shares in the Company
Share Registry	Advanced Share Registry Limited
Shortfall Facility	The facility available whereby Eligible Shareholders may, subject to the discretion of the Company, apply for and be issued with additional New Shares above the Eligible Shareholder's Entitlement

NAGAMBIE MINING LIMITED

ACN 111 587 163

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISOR

REGISTERED OFFICE: Nagambie Mining Limited, 533 Zanelli Road, Nagambie VIC 3608
SHARE REGISTRY: Advanced Share Registry Ltd, Unit 2, 150 Stirling Highway Nedlands WA 6009

Non-renounceable entitlement issue of approximately 56,286,650 shares at an issue price of AUD\$0.02 per share on the basis of 1 new share for every 3 shares held at 27 August 2012, offer closing 5.00 pm AEST on 21 September 2012

To the Directors Nagambie Mining Limited

I/We the above mentioned, being registered on 27 August 2012 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned securities in accordance with the enclosed Prospectus;

I/We enclose my/our cheque made payable to Nagambie Mining Limited, for the amount shown being payment at the rate of AUD\$0.02 per New Share.

I/We hereby authorise you to place my/our name(s) on the registers of shareholders and option holders in respect of the number of New shares allotted to me/us and;

I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE NEW SHARES BEING OFFERED

NUMBER OF NEW SHARES ACCEPTED (BEING NOT MORE THAN THE ENTITLEMENT SHOWN ABOVE)	@ \$AUD 0.02 PER NEW SHARE	TOTAL AMOUNT ENCLOSED
		AUD\$

METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf, however please indicate which payment option you have chosen by marking the relevant box below.

☐

Cheque/bank draft/money order

☐

BPAY

PLEASE ENTER CHEQUE DETAILS THANK YOU	Drawer	Bank	Branch	Amount



You can pay by BPAY. If you choose to pay by BPAY, you do not need to return this form. Please refer overleaf for details.

My/Our contact numbers in the case of enquiry are:

Telephone : ()

Fax : ()

Email :

NOTE : Cheques should be made payable to Nagambie Mining Limited, crossed NOT NEGOTIABLE and forwarded to Advanced Share Registry Services, Unit 2, 150 Stirling Highway, Nedlands, Western Australia, 6009 to arrive no later than 5.00 pm AEST on 21 September 2012.

Complete this panel and sign below only if a change of address is to be registered with the Company	
New Address :	
Signature(s) :	Date :
Please indicate correct title: Director / Secretary /	

ISSUE CLOSES 5.00 PM AEST ON 21 SEPTEMBER 2012
THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE
PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

The front of this form sets out the number of New Shares which you are entitled to accept.

Your entitlement may be accepted either in full or in part. There is no minimum acceptance.

You may not apply for New Shares in excess of your maximum entitlement, but may apply for additional Shares under the shortfall.

The price payable on acceptance of each New Shares is AUD \$0.02.

You may accept your entitlement in full by completing the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return this Form if you are paying by BPAY.

By making your payment by BPAY or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the Rights Entitlement offer as enclosed with this form;

Your cheque, bank draft or money order payable to Nagambie Mining Limited in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Application. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

If you are applying for shares and your payment is being made by BPAY, you do not need to return this form however you are encouraged to return the form to the registry for reconciliation purposes – in that case you can post the form to the registry or send it by facsimile to (61) (08) 9389 7871. Your payment must be received by no later than 5.00 pm AEST on Tuesday, 21 September 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order, your Application must be received by Advanced Share Registry Ltd (ASW) by no later than 5.00pm AEST on 21 September 2012. You should allow sufficient time for this to occur. Return your Application with cheque, bank draft or money order attached.

Neither Advanced Share Registry Ltd (ASW) nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

If you have any enquiries concerning this form or your entitlement, please contact ASW on 08 9389 8033. CHESS holders must contact their Controlling Participant to notify a change of address

By Mail

Nagambie Mining Limited
C/- Advanced Share Registry Ltd
PO Box 1156, Nedlands
Western Australia 6909

Or

Unit 2,
150 Stirling Hwy
Nedlands
Western Australia 6009