



CSA Global Pty Ltd

Geological Consultants

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Annual Report

NORTHERN MINING LIMITED

Exploration Licence 24503

Mount Watt, Northern Territory

For the period: 13/10/2007 to 12/10/2008

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EXECUTIVE SUMMARY

EL 24503 is part of Northern Mining Limited's Finke project in Central Australia and is considered prospective for massive manganese, sandstone-hosted and Tertiary remobilised uranium mineralisation

In the third year of tenure for EL24503 no field work was undertaken, due to recruitment issues, particularly finding staff to undertake the planned work programs in the remote Northern Territory areas. As a result expenditure was not met and work not completed, however it is anticipated that the engagement of CSA Global to undertake exploration activities will allow the planned work programs, and subsequent expenditure, for EL24503 to be achieved.

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1 Introduction

EL 24503 is part of Northern Mining Limited's Finke project in Central Australia and is considered prospective for massive manganese, sandstone-hosted and Tertiary remobilised uranium mineralisation. In the third year of tenure, no field work was completed on EL 24503, with all expenses related to project reviews and planning.

2 Location and Access

EL 24503 'Mount Watt' is located 180 km south of Alice Springs, 5 km east of the Adelaide-Alice Springs Railway and 20 km west of the Finke River. It is part of the Finke Project, along with EL 24467, which adjoins to the northeast. The Black Hills Range cuts the tenement diagonally and is the only significant topographical feature within the tenement. No work was undertaken during the third year of tenure.

3 Tenure

EL 24503 was granted to Lockett Consulting Services Pty Ltd (90%) and Imperial Granite and Minerals Pty Ltd (10%) on 13 October 2005. Agreement to transfer the tenement to Northern Mining Limited was completed during the first year of tenure, although formal transfer of ownership was not completed until the following year.

Table 1. Tenement Details

Tenement	Tenement Number	Blocks Granted	Blocks Relinq.	Blocks Retained	Grant Date	Expiry Date
Mount Watt	24503	297	151	146	13 Nov 2005	12 Nov 2011

4 Previous Exploration

4.1 Previous Work by Northern Mining

In the first year of tenure, work on EL 24503 was limited to producing the prospectus for Northern Mining Limited. This work involved a major desktop study by an independent geological consultant, and included compilation and interpretation of public-domain geophysics.

In the second year of tenure, work on EL 24503 was limited to office-based studies, with no field work completed. The lack of field work was due to a lack of geological staff – an industry-wide problem. Office-based studies of the entire Finke project confirmed the prospectivity of EL 24503. A covenant of \$44,000 was proposed for the second year, but only \$18,379 was spent.

In the third year, work was again limited on EL24503, as staffing continued to be an issue as well as a change of CEO within the company.

Table 2. Proposed expenditure for third year of tenure

Item	Expenditure
Rockchip assays	\$5,000
Geophysical survey (gravity)	\$15,000
Metallurgical studies	\$5,000
Vehicles	\$7,000
Wages, consultants	\$6,500
Administration	\$5,500
	Total \$44,000

Table 3. Actual expenditure for third year of tenure

Item	Expenditure
Report preparation	\$1,459.62
General Prospecting	\$330.00
Reconnaissance Mapping	\$2,241.50
Exploration Travel	\$169.92
Vehicle costs	\$60.00
Department fees	\$55.50
Fines	\$45.45
Planning exploration programs	\$740.00
Administration	\$2,188.40
	Total \$7,290.39

4.2 Year 4 Proposed work

In the fourth year of tenure, it is hoped that Northern Mining will be able to recruit sufficient geological staff to undertake extensive field surveying in the Finke Project, including geological and regolith mapping, surface sampling and geochemical testing of water bores. A geophysical survey, probably gravity, will also be undertaken to better define targets under shallow cover. Some metallurgical studies of manganese mineralisation, if delineated, will also be undertaken. The budget has remained unchanged from the proposed third year budget.

5 Exploration Potential

5.1 Commodities of interest:

- Uranium. Angela-style, roll-front and calcrete hosted deposits are all possible within the tenements.
- Manganese. One sample (1940's) collected in the area returned very high-grade manganese. The sample site is unknown.
- Base metals. The basin margin is perceived to be a likely location for the development of structurally controlled mineralisation.

5.2 Proposed Exploration:

- Acquire all of the historical data including that from the one line of holes drilled across the basin margin.
- Research the Angela deposit to identify the key features.
- Acquire geophysical datasets e.g. gravity, magnetic, seismic, SEEBASE and radiometric data.
- Acquire high-quality satellite imagery e.g. Ikonos or Quickbird.
- Use the above datasets and the published stratigraphy to identify and constrain the areas needing ground prospecting and rock chip sampling.
- Undertake prospecting / mapping traverses across the areas identified from the above work.

6 Expenditure

6.1 Year 4 Expenditure

Table 4. Proposed expenditure for EL24503 for fourth year of Tenure

Item	Expenditure
Rockchip assays	\$5,000
Geophysical survey (gravity)	\$15,000
Metallurgical studies	\$5,000
Vehicles	\$7,000
Wages, consultants	\$6,500
Administration	\$5,500
	Total \$44,000

The third year of tenure had a covenant of \$44,000, however as outlined in Northern Mining's letter to the department dated 5 November, staffing problems resulted in this expenditure commitment not being achieved. Exploration activities as outlined above

are still required and are planned for the first half of 2009. As indicated above, \$44,000 is the proposed budget for the coming year.