Annual Report

NORTHERN MINING LIMITED

Exploration Licence 24438

Stokes Yard, Northern Territory

For the period: 05/09/2007 to 04/09/2008

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1 Introduction

EL 24438 ‘Stokes Yard’ is part of Northern Mining Limited’s Central Australian project. The tenement contains the Stokes yard Zn-Cu-Pb prospect, hosted in the 1690-1610 Ma Madderns Yard complex of the Warumpi Province.
2 Location and Access

EL 24438 ‘Stokes Yard’ is centred 160 km west of Alice Springs (Figure 1) and 40 km west of the Glen Helen Tourist Resort. Access is via gravel road, with the Haast's Bluff road traversing the southern part of the tenement. Various tracks on Glen Helen Station provide reasonable access to the general area, but are poor within the tenement. This report covers all work completed on EL 24438 during the third year of tenure.

Figure 1.EL24438 Location
3 Tenements

EL 24438 was granted to Imperial Granite and Minerals Pty Ltd (100 %) on 5 September 2005.

On the 27 October 2006, Northern Mining Limited acquired an 80 % interest in EL 24438 with Imperial Granite and Minerals Pty Ltd retaining 20 %. Northern Mining Limited is the manager of EL 24438.

Table 1. Tenement Details

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Tenement Number</th>
<th>Blocks Granted</th>
<th>Blocks Relinq.</th>
<th>Blocks Retained</th>
<th>Grant Date</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stokes Yard</td>
<td>24438</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>5 Sept 2005</td>
<td>4 Sept 2011</td>
</tr>
</tbody>
</table>

The tenement originally comprised 20 blocks, reduced to 10 in 2008. These sub blocks fall within NT portion 719, which is part of the Glen Helen perpetual pastoral lease 1128.
4 Geological Setting

EL 24438 covers part of the 1690-1610 Ma Warumpi Province, a recently defined part of the North Australian Craton. The Warumpi Province has been subjected to very little mineral exploration due to access difficulties and scarce outcrop. Nevertheless, the Stokes Yard Zn-Cu-Pb-Ag prospect is located with the tenement and similar mineralisation (Ulpuruta) and two Cu-Zn-(Au) (Haasts Bluff, Mount Larrie) prospects are known nearby in the geological province. The age correlation between the Warumpi Province and the Broken Hill and Mount Isa Blocks is noteworthy.
5 Previous Exploration

5.1 Previous Work by Northern Mining

In the second year of tenure, EL 24438 was purchased by Northern Mining Limited with Imperial Granite and Minerals Pty Ltd retaining a 20 % interest. A data review was immediately undertaken with a brief site visit to determine the local logistics. A further trip was undertaken to verify the previous results and the prospectivity of the area. As such, 8 rockchip samples were collected from the mineralised pits and confirmed the previous work with samples returning up to 27.5 % Zn. At the same time, basic field observations revealed that part of the mineralisation was intensely magnetic, so a ground magnetic survey was planned with the aim of identifying drill targets.

The ground magnetic survey was undertaken using Geophysical Resources & Services Pty Ltd as the contractor, Glen Helen Resort as a camp and a helicopter to access the field area. The survey covered an area of 1000 x 500 m with 25m-spaced east-west traverses. The magnetic data was very high quality, but failed to identify extensions of the mineralisation. Indeed, the known mineralisation did not produce a significant magnetic response. It is interpreted that the intense magnetism around the mineralisation is too narrow to affect a general response.

In conjunction with the magnetic survey, detailed geological mapping and sampling were undertaken to better interpret the magnetic survey and unravel the structural complexities around the known mineralisation. Seventeen rockchip samples were collected and returned some anomalous results some distance from the diggings. Interpretation of these data has not been completed, but will integrate the previous diamond drillholes after relogging.

5.2 Year 3

In the third year of tenure, further geophysical surveys (Induced Polarisation, ground EM) was to be applied to delineate drill targets around the Stokes Yard prospect. This was to follow the ground magnetic and geological mapping interpretation. The existing drillcore at the NTGS (Alice Springs) was to be relogged.

No immediate drilling was planned as there are currently no obvious drill targets, other than placing more holes beneath the current known mineralisation. However, this may change as the geophysical surveys are completed. Systematic surface sampling will be undertaken over the remainder of the tenement to identify further mineralised systems.
6 Exploration Potential

Exploration licence 24438, like the neighbouring EL24948, lies on the northern margin of the Amadeus Basin and covers a portion of the Warumpi Province.

In common with the other tenements there appears to have been very little exploration done in the area of the tenement, particularly Stokes Yard base metal prospect

6.1 Proposed Exploration

- Acquire all of the historical exploration data available from DBIRD and NT Archives
- Acquire geophysical datasets e.g. gravity, magnetic, seismic, SEEBASE and radiometric.
- Acquire high-quality satellite imagery e.g. Ikonos or Quickbird
- Talk to the NTGS geologists who have worked in the Warumpi Province about their ideas on structural controls, deposition ages and times of mineralisation
7 Expenditure

7.1 Year 3 Expenditure

Table 2. Expenditure for EL24438 for third year of Tenure

<table>
<thead>
<tr>
<th>Item</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration Activities</td>
<td>21,619.51</td>
</tr>
<tr>
<td>Tenement Rent &amp; Rates</td>
<td>-9,514.55</td>
</tr>
<tr>
<td>Administration</td>
<td>2,420.99</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td><strong>$14,525.95</strong></td>
</tr>
</tbody>
</table>

The third year of tenure had a covenant of $92,000, however as outlined in Northern Mining’s letter to the department dated 7 October, staffing problems resulted in this expenditure commitment not being achieved. However exploration activities as outlined above are still required and are planned for the first half of 2009.