



NORTHERN GOLD NL

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MEMORANDUM

TO: PETER KERR, STEVE CHADWICK
FROM: BILL MAKAR
DATE: 14 JUNE 2005
SUBJECT: WESTERN ARM RESOURCE EVALUATION (FILE NOTE)

A review of the mining potential Western Arm deposit has been carried out. Block modeling along the strike extent of Western Arm indicates a global resource 630,000t @ 1.7g/t (34,000oz gold). Pit optimizations carried out at \$575/oz Au indicates 11,000t @ 2.8g/t Au (1,000oz gold) contained within a five optimized shell along the mineralized strike. The deepest shell is 20m. Based on these results the Western Arm is not economic deposit.

Western Arm was drilled along a 2940m strike extent (60560N – 63080N). Cross-sectional interpretations were carried out at a lower Au cut-off of 0.2g/t Au and 0.7g/t Au along the strike extent of the deposit. The 0.2g/t interpretation provided a broad continuous low grade mineralized envelope along the strike of the deposit to help in delineating higher grade mineralized lodes. At the 0.7g/t Au lower cut-off two higher grade domains were interpreted. One associated as steep dipping structure which shows strike continuity. The second higher grade mineralized domain appears to be associated with a northeast trending cross-cutting structure dipping moderate southwest. This structure has a limited strike extent and difficult to project between sections.

The block model generated using a 0.7g/t Au lower cut-off covered the extents between 61350N to 62350N, the vertical extent was 80m; from surface (80RL) to 0RL. No upper cut was applied. A global SG of 2.4 was applied to the model. Only the cells constrained within the 0.7g/t constructed wire-frames were updated with gold value. Pit optimizations at \$575/oz gold were run inferring a minimal resource contained within the shell.

No further work on Western Arm is recommended at this stage.