Independent Review says “YES” to Increased Resource Potential within Extensive Gold System – East Kalgoorlie Project

- High Priority Drill Targets within Extensive Gold System at Blair North, Northern Zone
- High Priority Drill Targets to Test Kanowna Lights Aeromagnetic Anomaly
- Is the Kanowna Lights Aeromagnetic Anomaly Related to Magnetite Alteration Associated with a Gold Mineralised System?
- Snake Hill Prospect Warrants Further Exploration for Structurally Controlled Orogenic Lode Gold Deposits

In Ravensgate’s opinion, further exploration of the East Kalgoorlie area is certainly warranted with a number of high priority targets established for drill testing.

Ravensgate Mining Industry Consultants (Ravensgate) were recently contracted by Northern Mining Limited (NMI) to carry out an independent review of the Blair North, Kanowna Lights and Snake Hill Prospects in the East Kalgoorlie Project.

Ravensgate considers the East Kalgoorlie Project area highly prospective for structurally controlled orogenic lode gold deposits, of which there are many examples in the surrounding greenstone belt.

EAST KALGOORLIE PROJECT, WESTERN AUSTRALIA
The East Kalgoorlie Project = 33 licences comprising 21 licences JV NMI 79%, Balagundi Gold 21%, 12 licences NMI 100%

The East Kalgoorlie Project is positioned in a prime location in terms of a regional geological and gold mineralisation setting. It lies in a well-endowed gold region, the Eastern Goldfields granite–greenstone belt, close to major crustal structures, underlain by Archaean greenstone lithologies with late stage felsic intrusions. There is significant gold mineralisation in the immediate district including the Kanowna Belle, Kalgoorlie, Mt Charlotte and Golden Ridge mines plus numerous smaller mines, workings, unmined deposits and occurrences including the George’s Reward/Cannon Prospects + 100,000 ounce deposit.

BLAIR NORTH PROSPECT, NORTHERN ZONE

Ravensgate Recommendations:

In Ravensgate’s opinion, significant, further exploration of the Blair North area is warranted.

Northern Zone Highest priority:

- Northern Zone holes targeting margins of granitic bodies; and
- opportunities for exploration success exist to the south and east of gold bearing lodes defined by existing drilling.
Northern Zone Drilling Targets – North-South to NNE Trending Corridor:
Ravensgate considers that opportunities for exploration success exist to the south and to the east of gold bearing lodes defined by existing drilling (Figure 1). Holes targeting margins of granitic bodies are the highest priority for further exploration of the Northern Zone.

Figure 1: Northern Zone Interpreted Gold Lodes looking to NNE

The indications from results of structural logging are that an approximately N-S to NNE trending (moderately-steeply W-WNW dipping) discrete shear corridor may localise the vein-fracture hosted Au mineralisation in the Northern Zone. It is recommended this N-S to NNE-trending corridor be targeted with drilling (Figure 2).

In addition, an attractive target may exist where this shear corridor exits the southern and northern ends of the tonalite-trondhjemite body. NE and NW trending cross shears also appear to have been active during Au-related alteration and may well play an important role in localising mineralisation within the N-S corridor.
Intersections close to the surface were modelled as flat lying plates which fitted the data well and is geometrically typical of supergene gold intersections in deep regolith elsewhere in the Yilgarn. Deeper intersections were modelled as thin planar lodes shallowly dipping to the west. Where lodes could not be connected to any further drill holes, they were projected to approximately half the drill hole spacing of the nearest hole.

The result of this work was a stacked series of relatively shallowly west dipping lodes dominantly hosted by granitic rocks (Figure 3) with their gross geometry probably reflecting the shape of the granitic stock. **This illustrates that a large volume of rock mass has been mineralised.**
BLAIR NORTH PROSPECT, SOUTHERN ZONE
Lithologies intersected by recent drilling, indicate that the host stratigraphy continues north from George’s Reward and therefore **favourable structures in the Southern Zone prospect area offer viable exploration targets**.

Ravensgate concludes that there remains opportunity to develop conceptual Au targets in the Southern Zone to the north of George’s Reward and further geological, geophysical and/or geochemical work to develop sufficiently robust drill targets is recommended.

BLAIR NORTH PROSPECT, GEORGE’S REWARD
Ravensgate concurs with the previously reported estimation of the exploration potential of 25,000 to 30,000 tonnes at a grade range of 1.4 to 1.9 g/t Au additional to the Inferred Resource announced in February 2010. Ravensgate concluded that George’s Reward has been sufficiently tested.

George’s Reward forms a contiguous mineral deposit with the Cannon deposit in Southern Gold Limited’s (SAU) tenements immediately south of the Blair North Project.

George’s Reward comprises approximately 20% of the overall gold content of the combined deposits. Data released by SAU indicate that some of the best intersections within Cannon are located very close to the tenement boundary.
EAST KALGOORLIE PROJECT – KANOWNA LIGHTS PROSPECT

Ravensgate Recommendations:

In Ravensgate’s opinion, there is realistic potential that the aeromagnetic anomaly shown in Figure 4 is related to magnetite alteration associated with a gold mineralised system.

Ravensgate rates the aeromagnetic anomaly as a high priority target which should be tested with a program of diamond drilling. Results achieved from the initial hole will determine the strategy and design of subsequent drilling. This target will not be fully tested by a single drill hole, however, the hole proposed is well positioned to yield positive results should the geological theory behind the proposal be fulfilled.

Significant, further exploration of the Kanowna Lights Prospect area is warranted.

Kanowna Lights Highest priority:

- Drill targets within geophysical aeromagnetic anomaly – depth to target estimated at 245 metres

Kanowna Lights Priority One Drilling Targets:

There is realistic potential that the aeromagnetic anomaly shown in Figure 4 is related to magnetite alteration associated with a gold mineralised system. Historical drilling across this feature was all vertical and spaced 80m apart. Field reconnaissance of this historical drilling to identify the source of this magnetic anomalism noted that all drill holes across the magnetic feature had terminated in basal palaeochannel gravels and had failed to intersect bedrock lithologies.

Geophysical interpretation utilising magnetic inversion modelling techniques has been undertaken by Newexco Services (Newexco) providing a depth to target estimate of 245m, and a 3D model showing magnetic response relative to proposed drilling was developed.

Southern Bedrock Geochemical Anomalies

Two targets have also been identified around section 6,617,080N directly under and immediately west of significant oxide zone gold anomalies. Neither of these zones have been tested by drilling and Ravensgate endorses these as priority 2 targets.

Figure 4: Kanowna Lights Prospect Tenement over Aeromagnetics Showing Magnetic Anomaly and Highly Prospective Geophysical Target Area
EAST KALGOORLIE PROJECT – SNAKE HILL PROSPECT

Ravensgate Recommendations:

Ravensgate considers the Snake Hill Prospect to be worthy of further exploration for structurally controlled orogenic lode gold deposits, utilising geological models established by recent work undertaken by NMI. Consideration could be given to undertaking an induced polarisation geophysical survey over the defined geochemical anomaly, given the success of this technique at the Blair North project.

Geophysical interpretation should be undertaken of the data from a gravity survey carried out by Haines Surveys. The survey was conducted over the main area of drilling and undertaken on lines 40 metres apart, with station intervals at 10 metres.

Snake Hill Highest priority:

– Further interpretation of extensive geochemical anomaly

Snake Hill Priority One Drilling Targets:

Prior to further drilling, Ravensgate recommends that interpretation of existing geophysical and geochemical data sets be completed, including the recently acquired gravity data, airborne magnetics and multi-element analysis of RAB and RC samples. Also, petrographic analysis of core from SHD003.

An extensive geochemical anomaly has been defined with an area of 3 kilometres along strike and 1.5 kilometres along dip assaying greater than +20 ppb Au, with a peak value of 491 ppb Au. This anomaly straddles the Mt Monger Fault and appears to be associated with 3 subsidiary parallel structures mapped by drilling (Figure 5).

Prior to further drilling, Ravensgate recommends that interpretation of existing geophysical and geochemical data sets be completed, including the recently acquired gravity data, airborne magnetics and multi-element analysis of RAB and RC samples. Also, petrographic analysis of core from SHD003. Consideration could be given to undertaking an induced polarisation geophysical survey over the defined geochemical anomaly, given the success of this technique at the Blair North project.

Further deep drilling should be undertaken along three or four widely spaced sections across the Mt Monger Fault geochemical anomaly, with detailed targeting based on the results of the work recommended above and existing drill sample analytical results.

Figure 5: Snake Hill Soil Auger Geochemical Anomaly with recent Drillholes and Mt Monger Fault Line
NMI MOVING FORWARD:

Capital Raising
The Company is currently active in seeking to raise funds to commence drilling on the Blair North, Northern Zone and Kanowna Lights highly prospective drill targets.

Funds raised will be utilised to commence co-funding for exploration drilling under the WA Government, Royalties for Region, Exploration Incentive Scheme for two diamond drill holes at the Northern Zone and one diamond drill hole at Kanowna Lights. These drilling programs will be the commencement of further drilling programs to increase the resource potential at the Northern Zone and to test the aeromagnetic anomaly shown in Figure 4 to ascertain if it is related to magnetite alteration associated with a gold mineralised system.

Alan Lockett
Executive Chairman

Competent Persons Statement
The information in this report is based on information compiled by Mr Neal Leggo, who is a Member of the Australasian Institute of Geoscientists. Mr Leggo is an employee of Ravensgate, an independent consultancy group specialising in resource estimation, evaluation and mineral exploration. Mr Leggo has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Leggo consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

RAVENSGATE REVIEW:
The East Kalgoorlie Gold Project comprises four exploration prospect areas for review: Blair North – Northern Zone and Southern Zone, Blair North – George’s Reward, Kanowna Lights and Snake Hill.

Ravensgate completed a desktop review of the project which involved reviewing the project’s technical aspects including previous work, regional geological setting, local geology, geochemistry, geophysics, mineralisation, resource estimation and planned exploration. The review also discusses the exploration potential of each sub-project and makes recommendations on further exploration activities. The inferred mineral resource of the George’s Reward gold deposit has been reviewed. A wireframe interpretation of the Blair North Northern Zone has been undertaken. The potential of the area for metals other than gold is not discussed in the report. Regional exploration and other prospects were not covered by the report.

Ravensgate is an independent, privately owned consulting firm and has been providing exploration, mining and mineral resource consulting services to the minerals industry since 1997.

Primary Author: Neal Leggo, Principal Consultant, BSc (Hons) Geology, MAIG, MSEG
Neal Leggo has over 28 years experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities including gold, copper, iron ore, silver, lead and zinc, uranium, tin, tungsten and manganese.
across numerous geological terranes within the Asia-Pacific region. Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of WA. Previous to this Neal was Exploration Manager at Crescent Gold where he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments including scoping, prefeasibility and review studies, geological audit and due diligence. At BHP, he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this, Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s, he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines. Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal completed an Honours degree in Geology at the University of Queensland in 1980, is a Member of The Australian Institute of Geosciences and holds the relevant qualifications, experience and professional associations required by the ASX and the JORC Code.

Co-author: Stephen Hyland, Principal Consultant, BSc Geology, FAusIMM, CIMM

Stephen Hyland has twenty-five years experience in exploration geology and resource modelling in Australia, Africa, Central and South East Asia as well as Eastern and Western Europe. This experience encompasses gold, coal, iron ore, base metals and industrial minerals. Since 1997, Stephen has been a full time consultant with the mining industry consulting firm Ravensgate. Stephen specialises in geological and resource block modelling and at Ravensgate is responsible for all geological modelling and reviews, mineral deposit evaluation, computational modelling, resource estimation, resource reporting as part of due diligence, feasibility studies and independent expert reports. Stephen Hyland holds the relevant qualifications and professional associations required by the ASX and JORC Code. Stephen leads the Ravensgate team by sharing knowledge in mineral deposit evaluation, resource estimation, software training and compliance reporting. Stephen’s expertise in the production of geological and resource block models using Minesight 3D mine evaluation and design software has seen him consulting for industry heavyweights Goldfields Ashanti, Newmont Mining Corporation and Freeport. Stephen’s extensive resource modelling experience commenced whilst working with Eagle Mining Corporation NL in the diverse and complex Yandal Gold Province where for three and half years he was their Principal Resource Geologist. The majority of his time there was spent developing the historically successful Nimary Mine. He also assisted the regional exploration group with preliminary resource assessment of Eagle’s numerous exploration and mining leases.