

Announcement to the Australian Securities Exchange
31 October 2012

QUARTERLY REPORT TO 30 SEPTEMBER 2012 – REVIEW OF OPERATIONS FOR THE QUARTER

EAST KALGOORLIE PROJECT, WESTERN AUSTRALIA

During the quarter, the Company maintained its focus on the East Kalgoorlie Project conducting aircore drilling at the Hake Prospect and diamond drilling programs at Northern Zone Deeps and Snake Hill.

Northern Zone Deeps Prospect (NMI 76%, Balagundi Gold Pty Ltd 24%)

A two hole diamond drill program totalling 899.1 metres was completed at Northern Zone Deeps during the quarter. The program has reinforced previous geological interpretations of a north-south trending structural corridor through the prospect area. This recent drilling, which compliments previous diamond drilling at Northern Zone Deeps, has now identified gold mineralisation over a 300 metre strike length at depth. Mineralisation remains open along strike to the north and south.

The two diamond holes, BNRC034 and BND004, both intersected gold mineralisation within a granodiorite intrusive with associated pervasive hematite-carbonate alteration, fine disseminated pyrite and shallow dipping east-west to northwest-southeast striking quartz veins.

Significant results from this drilling include:

- 19 metres grading 1.14 g/t Au from 132 metres in drillhole BNRC034; including
 - 0.5 metres grading 15.47 g/t Au from 144.5 metres, and
 - 1.0 metre grading 6.47 g/t Au from 149 metres.
- 4.59 metres grading 2.72 g/t Au from 271.41 metres in drillhole BND004; including
 - 0.64 metres grading 16.36 g/t Au from 271.41 metres.
- 22 metres grading 0.87 g/t Au from 336 metres in drillhole BND004; including
 - 1 metre grading 9.57 g/t Au from 338 metres, and
 - 1 metre grading 2.81 g/t Au from 355 metres.

A full set of results is provided in Table 1 and depicted in Figures 1 and 2.

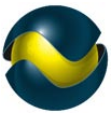
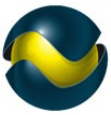


Table 1: Northern Zone Deeps – Diamond Drilling Intercept Summary

| Hole ID | Co-ordinates * | | Total Depth | From (m) | To (m) | Down Hole Interval (m) | Grade (g/t) |
|---------|----------------|----------|-------------|----------|--------|------------------------|-------------|
| | Northing | Easting | | | | | |
| BNRC034 | 6592602 | 381504.7 | 522 | 120.3 | 121 | 0.7 | 1.18 |
| | | | | 132 | 151 | 19 | 1.14 |
| | | | incl. | 144.5 | 145 | 0.5 | 15.47 |
| | | | incl. | 149 | 150 | 1 | 6.47 |
| | | | | 172 | 187 | 15 | 0.47 |
| | | | incl. | 177 | 178 | 1 | 3.95 |
| | | | | 205 | 217 | 12 | 0.40 |
| | | | | 221 | 225 | 4 | 0.41 |
| | | | | 230 | 238 | 8 | 0.29 |
| | | | | 277 | 279 | 2 | 0.43 |
| | | | | 291.64 | 298 | 6.36 | 0.88 |
| | | | | 304 | 312 | 8 | 0.29 |
| | | | | 338 | 339.65 | 1.65 | 0.49 |
| | | | | 401.17 | 404 | 2.83 | 1.49 |
| | | | incl. | 401.5 | 402.31 | 0.81 | 4.74 |
| | | | | 416.68 | 439 | 22.32 | 0.22 |
| | | | | 451 | 459 | 8 | 0.19 |
| | 468 | 471.4 | 3.4 | 0.36 | | | |
| | 520 | 521 | 1 | 2.26 | | | |
| BND004 | 6592802 | 381495 | 497.4 | 153 | 159 | 6 | 0.23 |
| | | | | 220 | 224.32 | 4.32 | 0.17 |
| | | | | 271.41 | 276 | 4.59 | 2.72 |
| | | | incl. | 271.41 | 272.05 | 0.64 | 16.36 |
| | | | | 279 | 294 | 15 | 0.78 |
| | | | | 296 | 302 | 6 | 0.46 |
| | | | | 308 | 313 | 5 | 0.22 |
| | | | | 316 | 329 | 13 | 0.20 |
| | | | | 336 | 358 | 22 | 0.87 |
| | | | incl. | 338 | 339 | 1 | 9.57 |
| | | | incl. | 355 | 356 | 1 | 2.81 |

Please Note: Drillhole coordinates provided in MGA9; holes were angled -60° towards 090° Magnetic. Sampling was conducted on either geological boundaries or 1 metre intervals and assayed using a total digest of a 40g charge by fire assay method. Reported intercepts are based on a 0.1 g/t lower cut-off grade with a maximum of three samples included which record lower than 0.1 g/t Au.



Previous near-surface drilling at the Northern Zone identified gold mineralised envelopes occurring in an en-echelon array centred within the granodiorite and extending into the adjacent country rock (Figure 1). The recent drilling has confirmed this interpretation and has also demonstrated that the north-south structural/mineralised trend is parallel to the IP chargeability anomaly reported previously by the Company (see ASX Reports 15 September 2010 and 15 May 2012). Additionally, gold mineralised intercepts in BND004 are coincident with the IP response, which suggests the IP anomaly is in part, associated with gold mineralisation.

Figure 1: Northern Zone Deeps Cross Section of Diamond Drill Hole BNR034

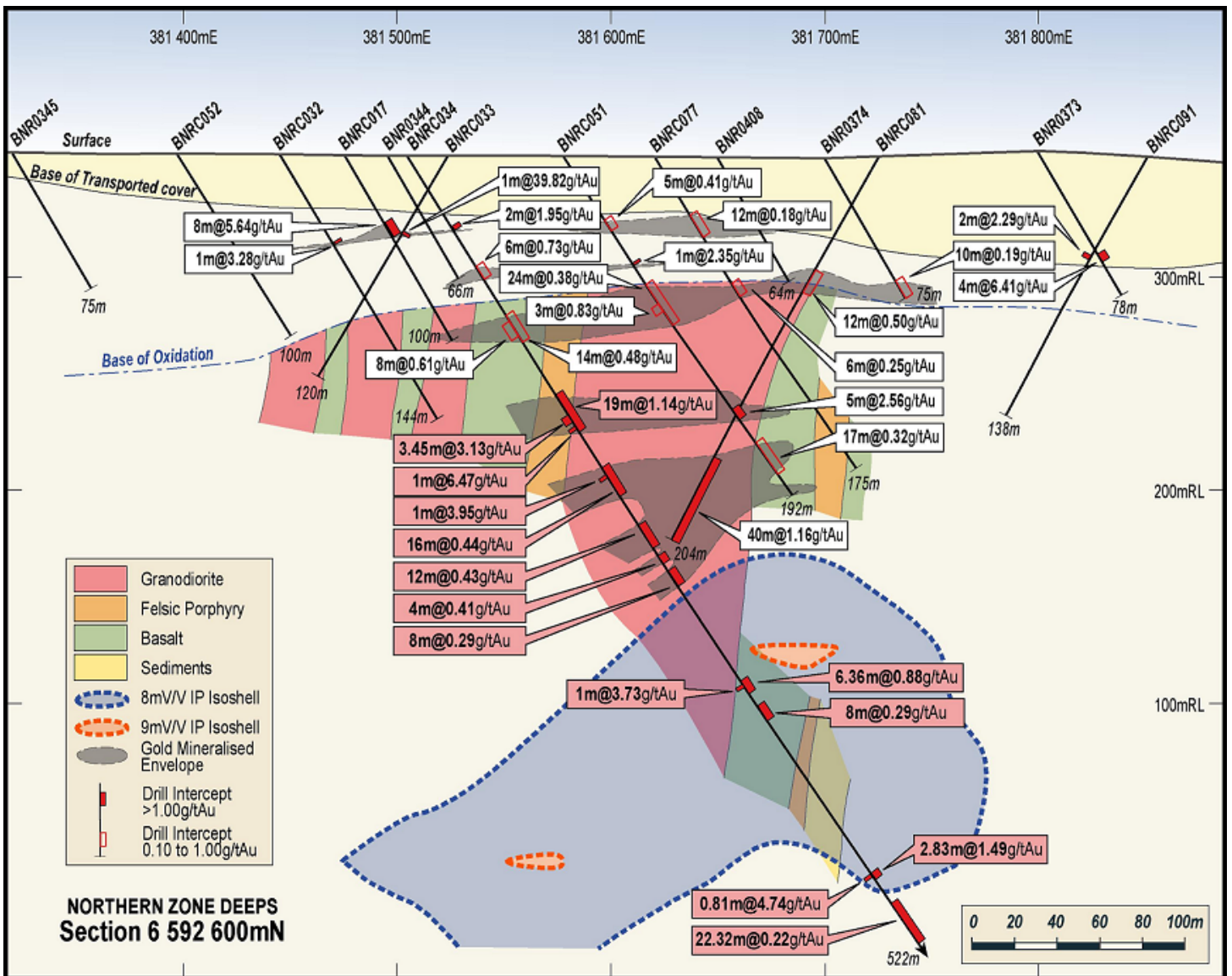
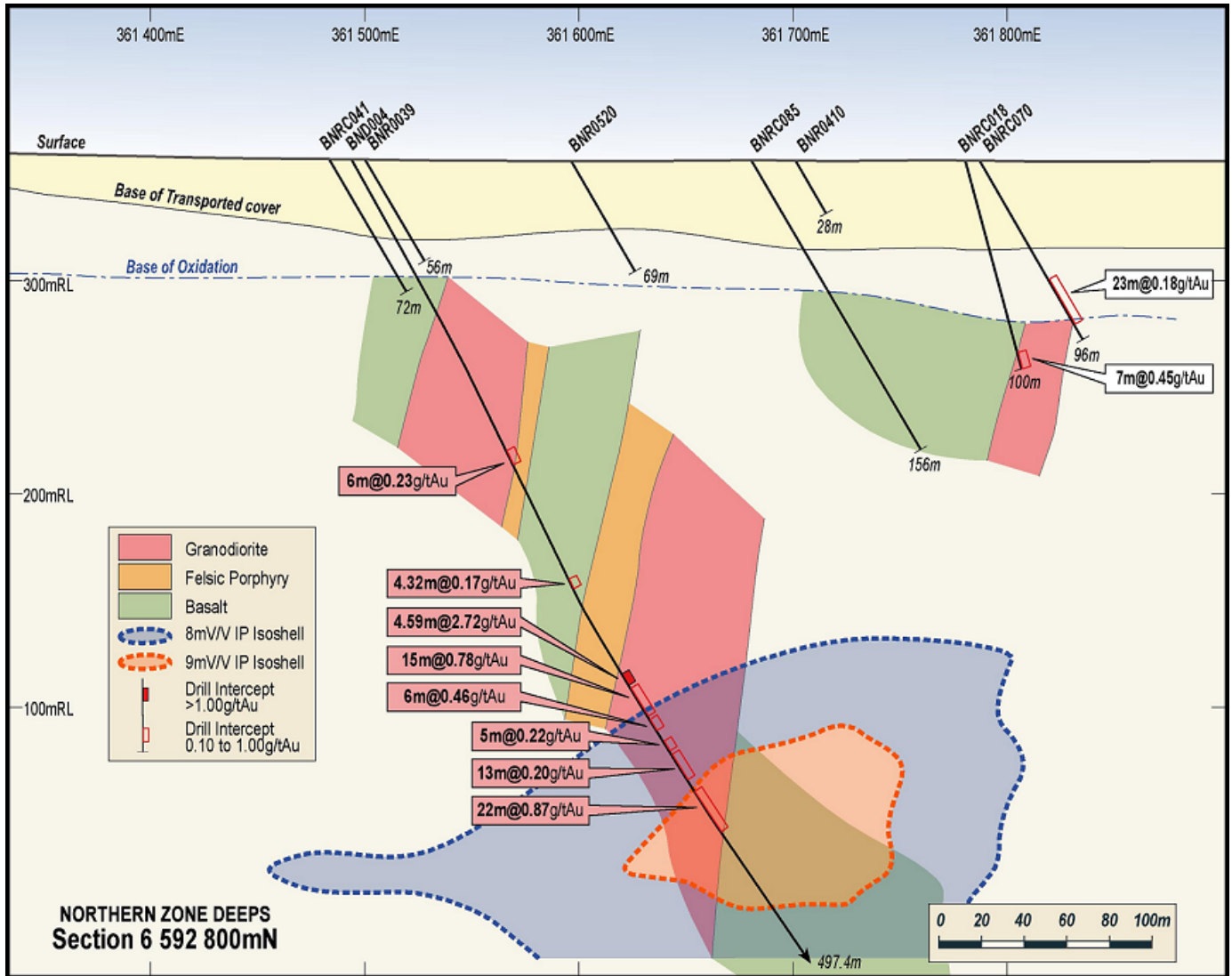




Figure 2: Northern Zone Deeps Cross Section of Diamond Drill Hole BND004



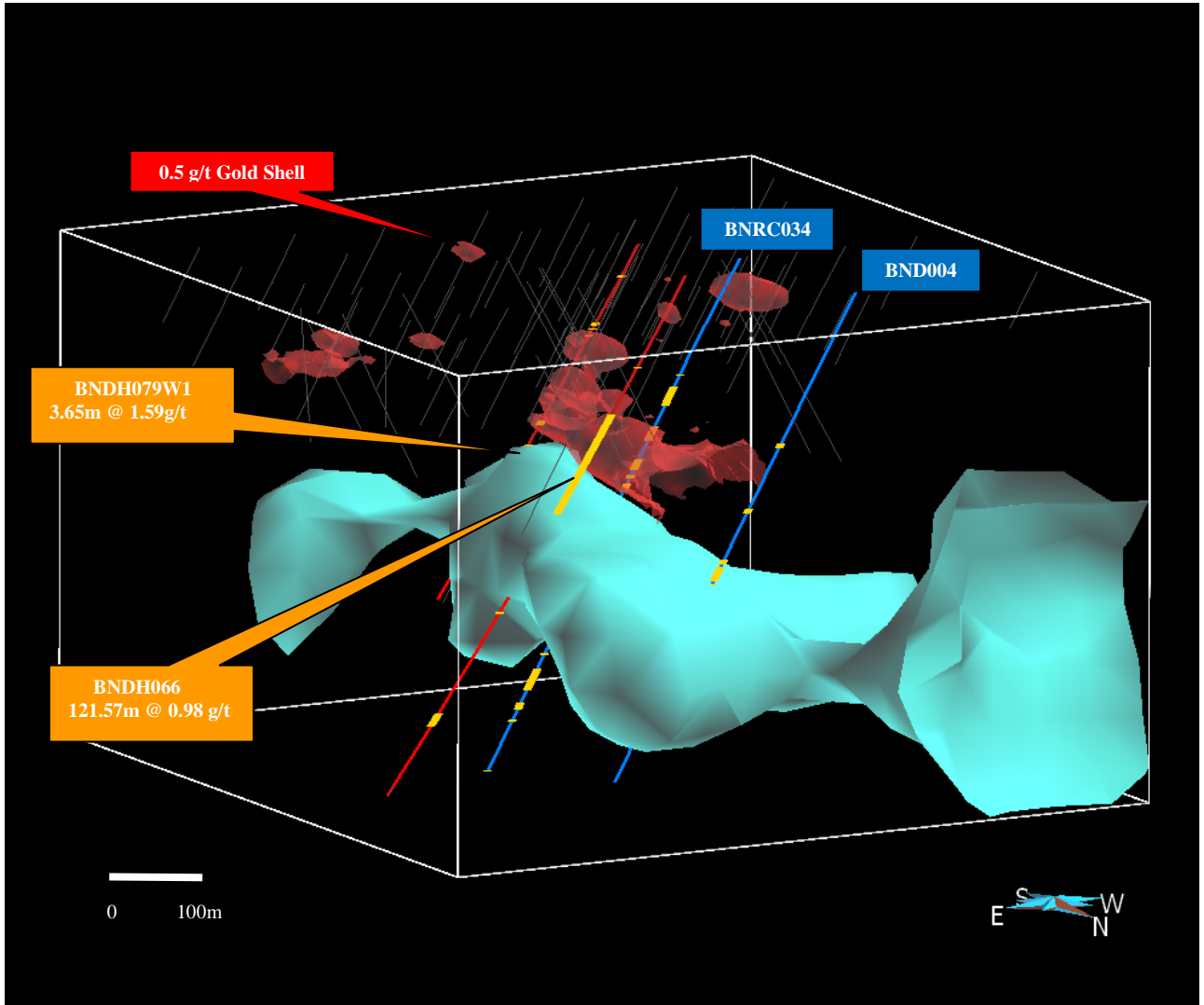
Northern Mining has completed four diamond holes into this extensive gold system with drilling conducted on a broad spacing (Figure 3). Geological interpretations from the recent drilling indicate the drilling direction has not conclusively tested the style and nature of the gold mineralisation observed in drill core.

The Company is now planning a diamond drill program with an optimal drill direction to effectively test the style of mineralisation observed.



Figure 3: Isometric View of Northern Zone Deeps

Induced Polarisation Chargeability Shells (8 mV/V) in green, Gold Grade Shell (0.5 g/t) displayed in red, near surface drill traces shown in grey, diamond holes BNDH066 and BNDH079W1 drill traces shown in red, diamond holes BNRC034 and BND004 in blue.



Snake Hill Prospect (NMI 76%, Balagundi Gold Pty Ltd 24%)

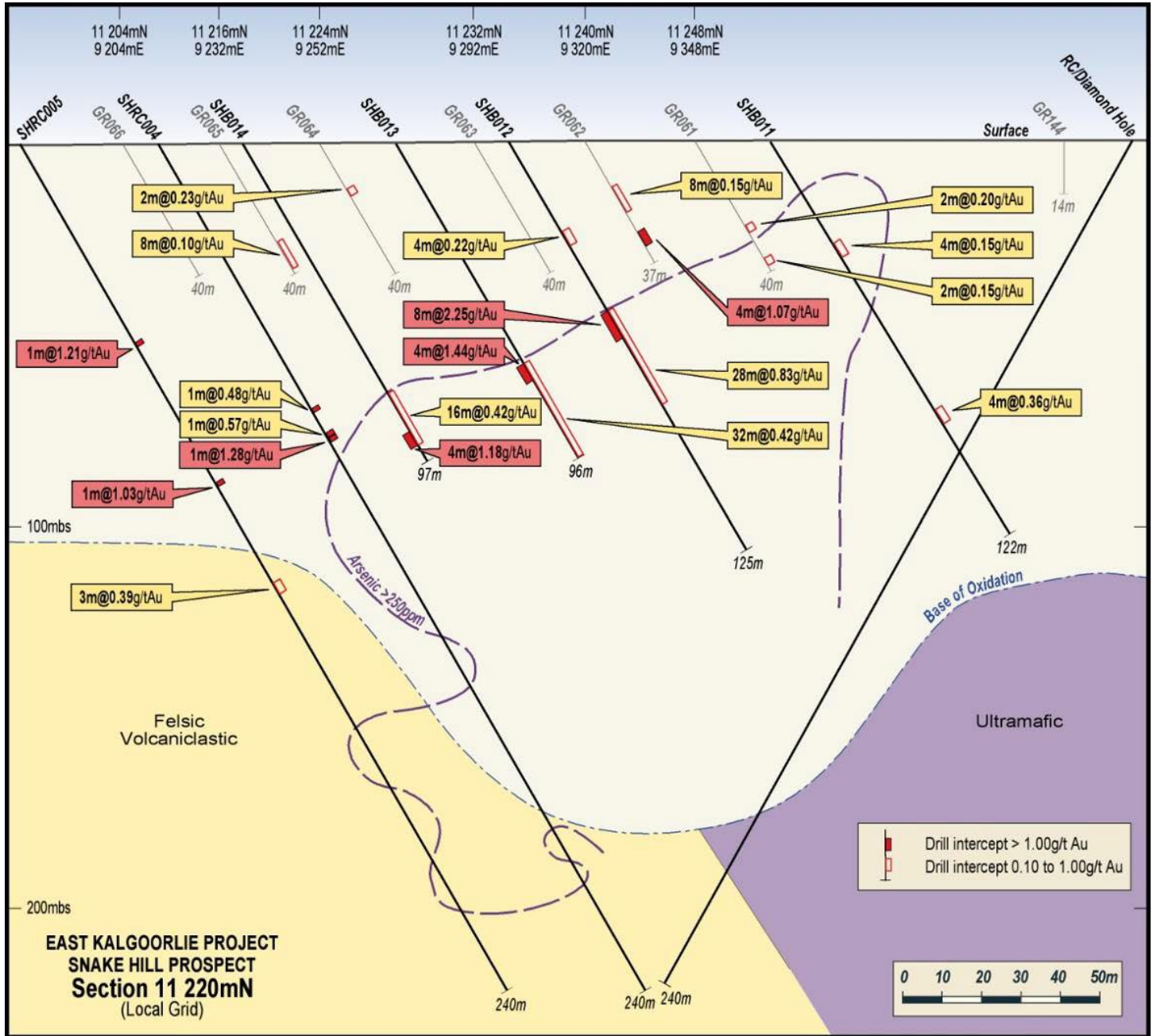
During the quarter, the Company completed a reverse circulation/diamond scissor hole to confirm geological interpretations observed in previous drilling. The diamond hole encountered a deep weathering profile (185 metres below surface) before intersecting highly altered ultramafic lithologies and passing into a lesser altered felsic, volcanoclastic sequence, however, no significant results were recorded.

The deep weathering profile encountered in both RC drillhole SHRC004 and diamond hole SHD003 (Figure 4) is believed to be the result of preferential weathering along a significant structure on, or adjacent to the ultramafic/felsic volcanoclastic contact.

The presence of a significant structure, the intense mineral alteration observed in drillcore, coincident with bedrock gold anomalism identified in RAB drilling, indicates that the Snake Hill prospect is a significant gold mineralised area.



Figure 4: Snake Hill Prospect Drill Section 11 220mN

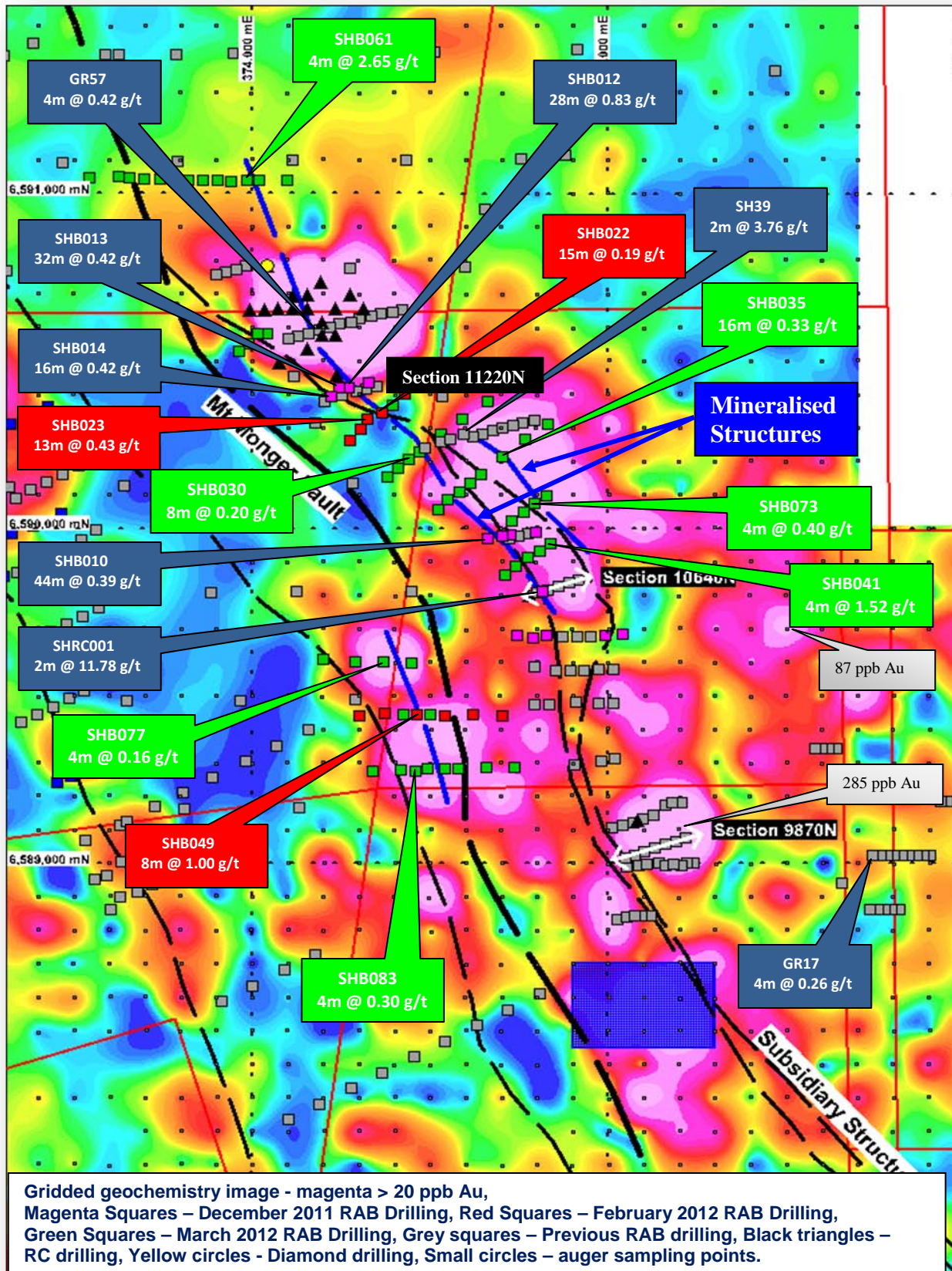


The Company considers the Snake Hill prospect to be highly prospective for gold mineralisation with extensive surficial gold anomalism (3.0 kilometres long x 1.5 kilometres wide gold in auger geochemical anomaly), coincident with the regional scale Mt Monger Fault (Figure 5). To date, bedrock gold mineralisation has been identified along a “subsidiary” structure over 1.5 kilometres in strike, with additional bedrock gold mineralisation identified along two other parallel structures, one of these coincident with the Mt Monger Fault. All three mineralised structures are open along strike.

Planning is in progress to conduct a reverse circulation drill program to further evaluate these prospective mineralised structures.



Figure 5: Snake Hill Prospect – Auger Geochemistry Plan and Drillhole Location





Hake Prospect (NMI 76%, Balagundi Gold Pty Ltd 24%)

During the quarter, Northern Mining completed a 12 hole aircore drill program totalling 1,124 metres to evaluate an historical drillhole intercept of 2m @ 5.45 g/t from 65 metres in drillhole BOR252. This drillhole intercept is located proximal to the interpreted position of the Mt Monger Fault.

No significant results were recorded from this drilling.

NORTHERN TERRITORY PROJECTS – CAMEL PROSPECT (Northern Mining 100%)

During the quarter, the Company received an Authority Certificate from the Aboriginal Areas Protection Authority (AAPA) to conduct exploration activities at the Camel Manganese prospect.

Upon receipt of this certificate, Northern Mining commenced the environmental approval process with the Northern Territory Department of Resources. These approvals are pending and once received, the Company proposes to undertake a small reconnaissance drill program to evaluate the thickness and grade of manganiferous outcrops identified in reconnaissance mapping.

The manganiferous outcrops occur in two discrete areas some 23 kilometres apart with limited exposure of rocks anomalous in manganese. At both areas, the zones of interest are covered by a shallow cover sequence. Rock chip values of the limited outcrop returned consistently elevated Mn results of up to 15.7% Mn at Area 1 and up to 45.6% Mn at Area 2 (see ASX Announcements 2 September 2010 and 22 September 2010).

CORPORATE

Renounceable Rights Issue Closes with Strong Support

Subsequent to the 30 September 2012, the Company announced it was undertaking a capital raising via a partially underwritten 1 for 2 Renounceable Rights Issue at an issue price of 2 cents per New Share. The total number of new Ordinary Shares subscribed for was 50,902,632 for \$1,018,053 representing approximately 37% take-up.

A further \$0.5 million (“**Shortfall Placement**”) at 2 cents per share was raised from the shortfall of the Rights Issue. The Shortfall Placement was offered to long term shareholders of the Company as well as clients of Patersons Securities Limited and closed oversubscribed.

This places the Company in a strong position to progress the Company’s gold exploration strategy.

Greg Wilson
Chief Executive Officer

Competent Person Statements

Information in this report that relates to Exploration Results is based on information compiled by Mr Greg Wilson, full time employee of Northern Mining Limited, who is a Member of The Australasian Institute of Mining and Metallurgy and who 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 Wilson consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Northern Mining Limited

ABN

30 113 654 229

Quarter ended ("current quarter")

30 September 2012

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (302) | (302) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (181) | (181) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 3 | 3 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) | - | - |
| Net Operating Cash Flows | (480) | (480) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (480) | (480) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|------------|------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (480) | (480) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (480) | (480) |
| 1.20 | Cash at beginning of quarter/year to date | 679 | 679 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter * | 199 | 199 |

* In October 2012 the Company raised \$1,018,053 through a renounceable entitlement offer and an additional \$500,000 by placement of shortfall shares.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 95 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 250 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 180 |
| Total | 430 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 60 | 492 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other – Term Deposits | 139 | 187 |
| Total: cash at end of quarter (item 1.22) | 199 | 679 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|--|--------------------|----------------------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | N/A | | | |
| 6.2 Interests in mining tenements acquired or increased | N/A | | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

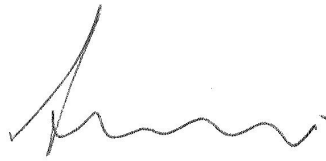
| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 Preference securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 *Ordinary securities | 273,250,523 | 273,250,523 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 *Convertible debt securities <i>(Unsecured)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options | | | <i>Exercise price</i> | <i>Expiry date</i> |
| <i>Unlisted</i> | 50,000 | - | \$0.25 | 31 December 2012 |
| <i>Listed</i> | 36,250,804 | 36,250,804 | \$0.06 | 31 December 2013 |
| <i>Unlisted</i> | 2,000,000 | - | \$0.10 | 18 July 2014 |
| <i>Unlisted</i> | 1,000,000 | - | \$0.125 | 18 July 2014 |
| <i>Unlisted</i> | 2,000,000 | - | \$0.15 | 18 July 2014 |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter | | | | |
| 7.11 Debentures <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

| | | | |
|------|---|--|--|
| 7.12 | Unsecured notes (totals only) | | |
|------|---|--|--|

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here

Alan Lockett
(Non-Executive Chairman)

Date: 31 October 2012

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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