

Announcement to the Australian Securities Exchange
26 October 2011

EXPLORATION UPDATE – KANOWNA LIGHTS PROSPECT

- RC drilling extends oxide mineralisation potential with intercepts including:
 - 2 metres grading 1.69 g/t Au from 26 metres,
 - 1 metre grading 1.33 g/t Au from 29 metres,
 - 1 metre grading 2.71 g/t Au from 38 metres, and
 - 6 metres grading 0.74 g/t Au from 58 metres.
- Detailed structural logging of drill core strengthens prospectivity of the prospect.
- Interpretation of aeromagnetics identifies additional features believed to be associated with a gold mineralised system.
- System is poorly tested – historic drilling rarely penetrated through to bedrock.



The East Kalgoorlie Project is an operating joint venture between NMI (76%) and Balagundi Gold Pty Ltd (24%). A key prospect within the East Kalgoorlie Project is the Kanowna Lights Prospect which is ideally located in a high gold endowment region just 3 km north of the world class +5 million ounce Kanowna Belle Gold Deposit. It is also 2.5 km northwest of the 1 million ounce Red Hill Deposit and two historical production areas, the 250,000 ounce Kanowna Deep Leads and the 250,000 ounce White Feather reef system (Figure 1).

Historical exploration at the prospect had identified two coherent north-south bedrock gold geochemical trends with lengths in excess of 800 metres (see ASX Release 29 November 2010 and Figure 2 this announcement).

NMI previously reported potential for oxide gold mineralisation within these laterally extensive geochemical trends. Drillhole KLRC010 returned intercepts of 7 metres grading 2.39 g/t Au from 51 metres and 2 metres grading 2.00 g/t Au from 64 metres within a broader gold mineralised envelope of 21 metres grading 1.35 g/t. Drillhole KLRC011 returned an intercept of 13 metres grading 2.26 g/t Au (see ASX Release 5th July 2011).

Recent work undertaken by NMI at the Kanowna Lights prospect includes a structural review of diamond drill core from drilling completed in June 2011, a review of multiclient geophysical datasets to aid in target generation and the completion of 1,276 metres of reverse circulation (RC) drilling in 12 holes.

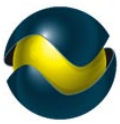
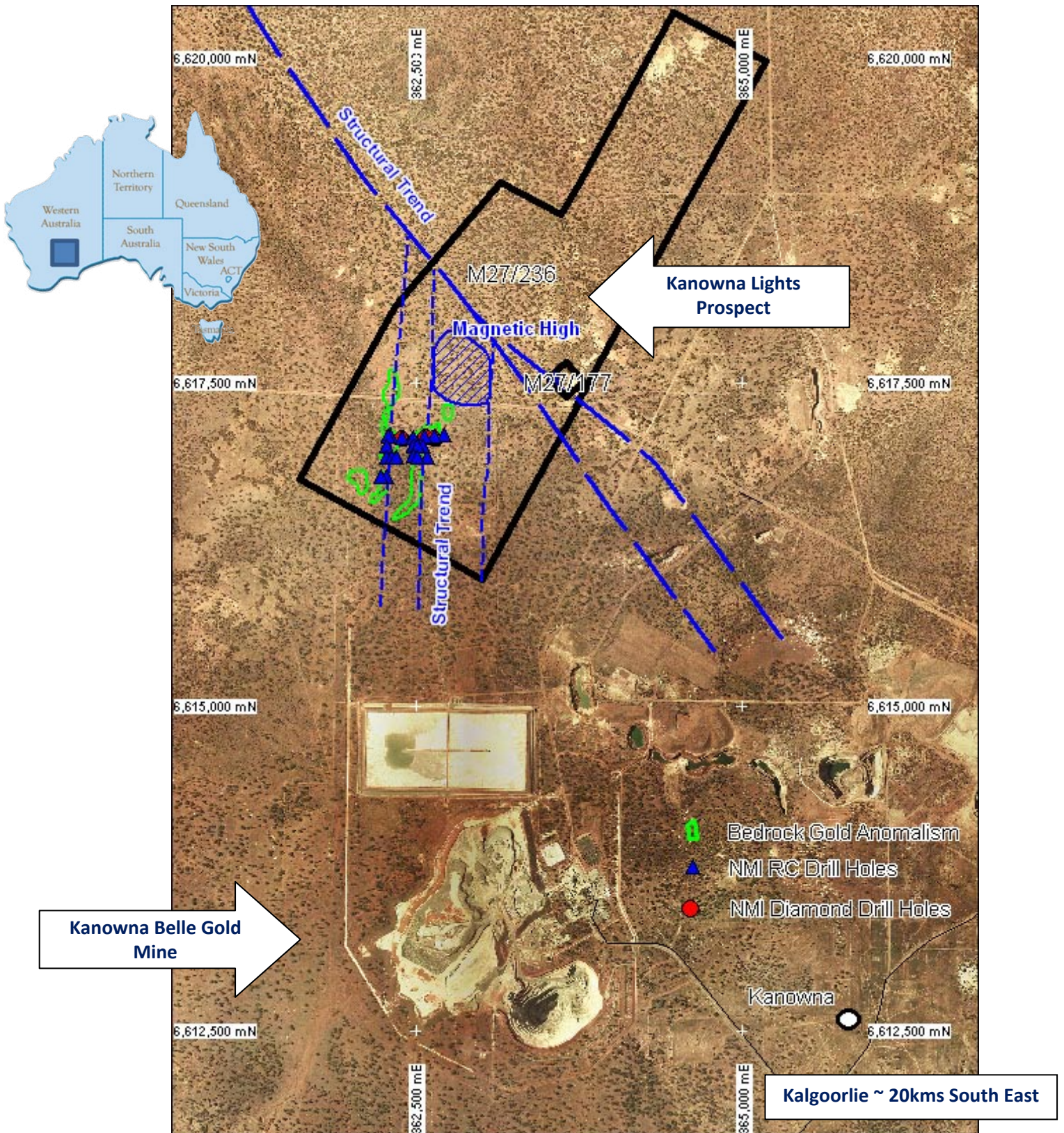


Figure 1: Kanowna Lights Prospect – Tenement Layout and Drill Coverage



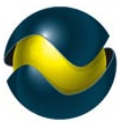
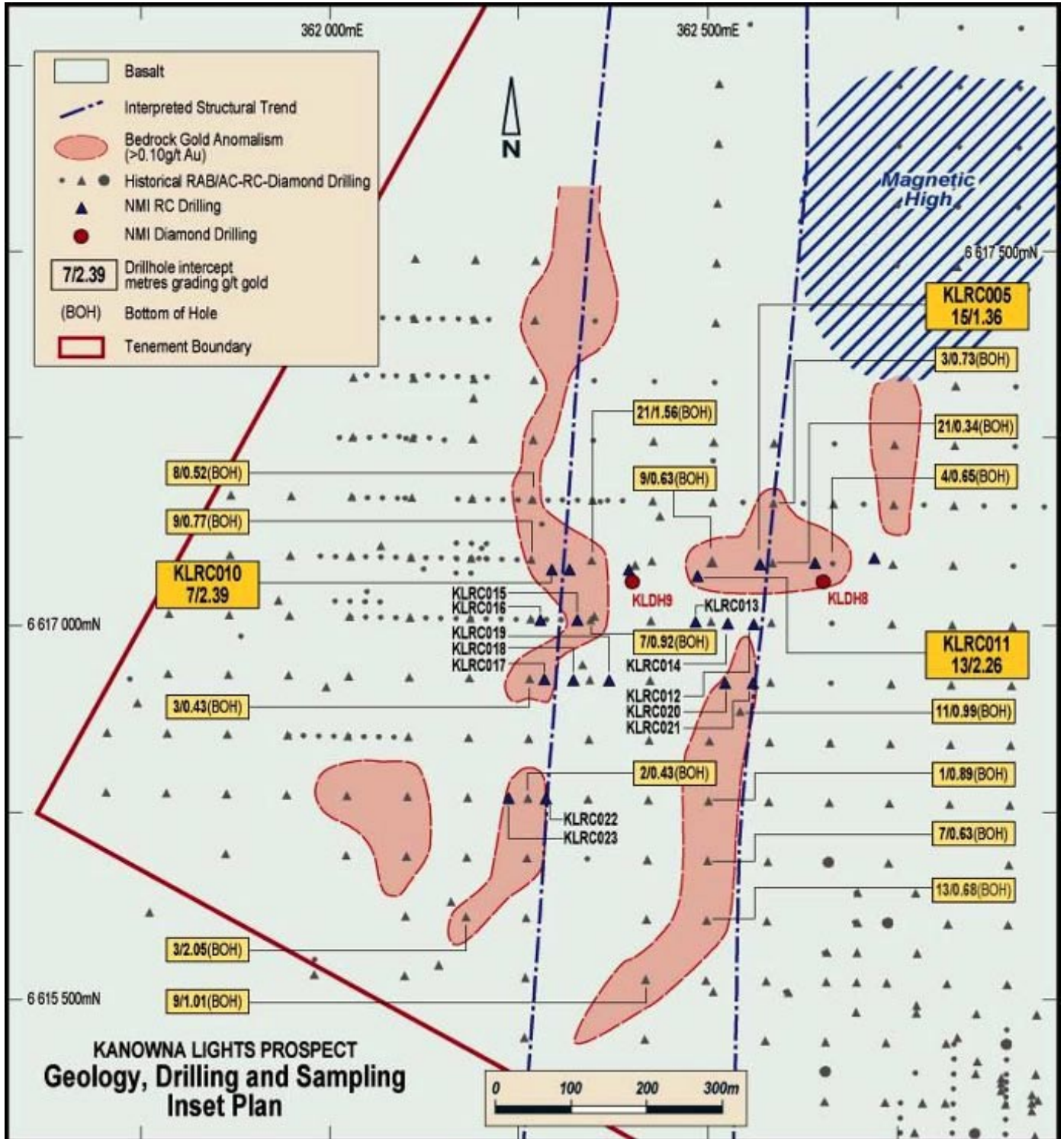
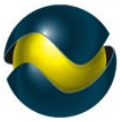


Figure 2: Kanowna Lights Prospect – Detailed Drillhole Collar Plan with Bedrock Gold Intercepts





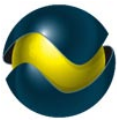
A review of two diamond holes completed by NMI in June 2011 was undertaken to identify structural aspects associated with gold mineralisation. Neither hole reported significant gold mineralisation, however, key structural information was obtained which will assist NMI in future drill planning.

Structural logging identified a quartz-ankerite-albite-pyrite alteration associated with a shear and shear vein system with a NW to NNW trend with a moderate WSW dip (Figure 3). The alteration mineralogy observed is commonly associated with gold mineralisation and indicates this structural orientation is highly prospective. The implications from this work suggest the presence of other structures not previously recognised from the interpretation of bedrock geochemical trends (north-south) and the initial drilling completed by NMI was potentially sub parallel to the mineralised structure. A key outcome from this work is for NMI to consider alternative drill orientations.

NMI is encouraged by the outcome of this work, in both a structural context and also the recognition of the alteration mineralogy associated with these structures, typical of other deposits in the Goldfields.

Figure 3: (a) Quartz-carbonate shear vein in basalt with ankerite-silica-albite-pyrite halo, (KLDH09 90m), (b) Ankerite-pyrite-silica-albite shear in basalt dipping moderately southwest (KLDH09, 96m), (c) Domain of shearing and shear veining (KLDH09, Tray 7), (d) Quartz-pyrite-carbonate shear vein with strong ankerite-silica-albite-pyrite alteration (KLDH09, 92m).





In addition to this work, the Company also completed a review of available multiclient geophysical datasets. Preliminary interpretation from the aeromagnetic dataset identified two main structural trends (Figures 1 and 2), a north-south trend coincident with the bedrock geochemical trends, and a north-west trend.

The north-west trend is potentially significant being of similar orientation recognised in the drill core as a potential gold mineralised structure. Historical drilling across this structure was all vertical and varied in hole spacing from 80 metres up to 200 metres. However, some of this drilling failed to penetrate through the transported cover sequence and is not considered an adequate test of this prospective feature.

This interpretational work also identified a 600 metre x 500 metre strongly magnetic semi-circular feature immediately north of the current area of interest (Figures 1 and 2). This feature is constrained between two north-south structural trends and NMI believes this feature is potentially related to magnetite alteration associated with a gold mineralised system. Historical drilling across this feature was all vertical and spaced 80 metres 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.

The structural observations from drill core, structural features interpreted from aeromagnetic datasets and extensive bedrock gold anomalism has strengthened NMI's belief that Kanowna Lights is highly prospective for gold mineralisation.

NMI completed a program of RC drilling to evaluate the potential of the oxide mineralisation identified in the June 2011 drill program and test for bedrock mineralisation. The drill program was completed on two 80 metre spaced sections (6,617,000N and 6,616,920N) south of the previous drill intercepts of 7 metres grading 2.39 g/t Au (KLRC010), 13 metres grading 2.26 g/t Au (KLRC011) and two holes on the 6,616,760N section some 320 metres south of previous drilling.

The drilling confirmed the continuity of gold mineralisation albeit at a lower tenor than previously reported intercepts. Drill intercepts are provided in Table 1 and shown in Figures 4 to 6.

Drilling has now identified six zones of anomalous gold geochemistry within the full regolith profile, with mineralisation evident in the transported profile, at the bedrock/transported interface, within iron rich zones of oxidised (weathered) bedrock, the oxidised/fresh rock interface and within fresh basalt and fresh granite.

The results to date reflect the complexity of gold occurrences within the respective lithological units. The Company continues to develop exploration strategies and programs to evaluate the Kanowna Lights prospect for significant gold mineralisation within the bedrock.

NMI continues to be encouraged by these recent developments and will continue to develop programs to further evaluate the oxide potential and bedrock potential.

Greg Wilson
Chief Executive Officer

Information that relates to Exploration Results at the Kanowna Lights Prospect is based on information compiled by Mr Greg Wilson, 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 is a full time employee of Northern Mining Limited and consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

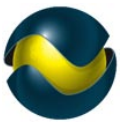


Figure 4: Kanowna Lights Prospect, 6 617 000mN Cross Section

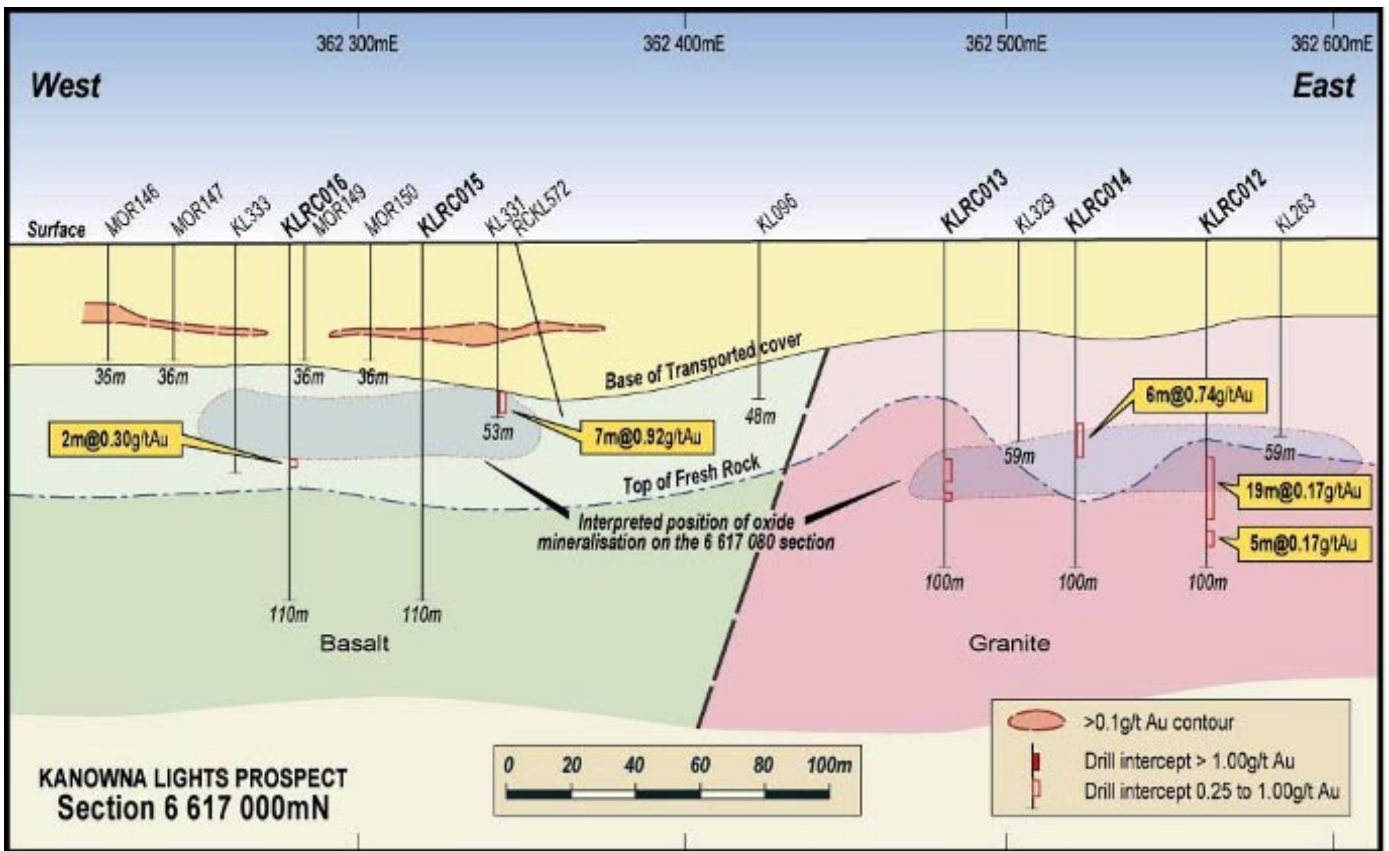
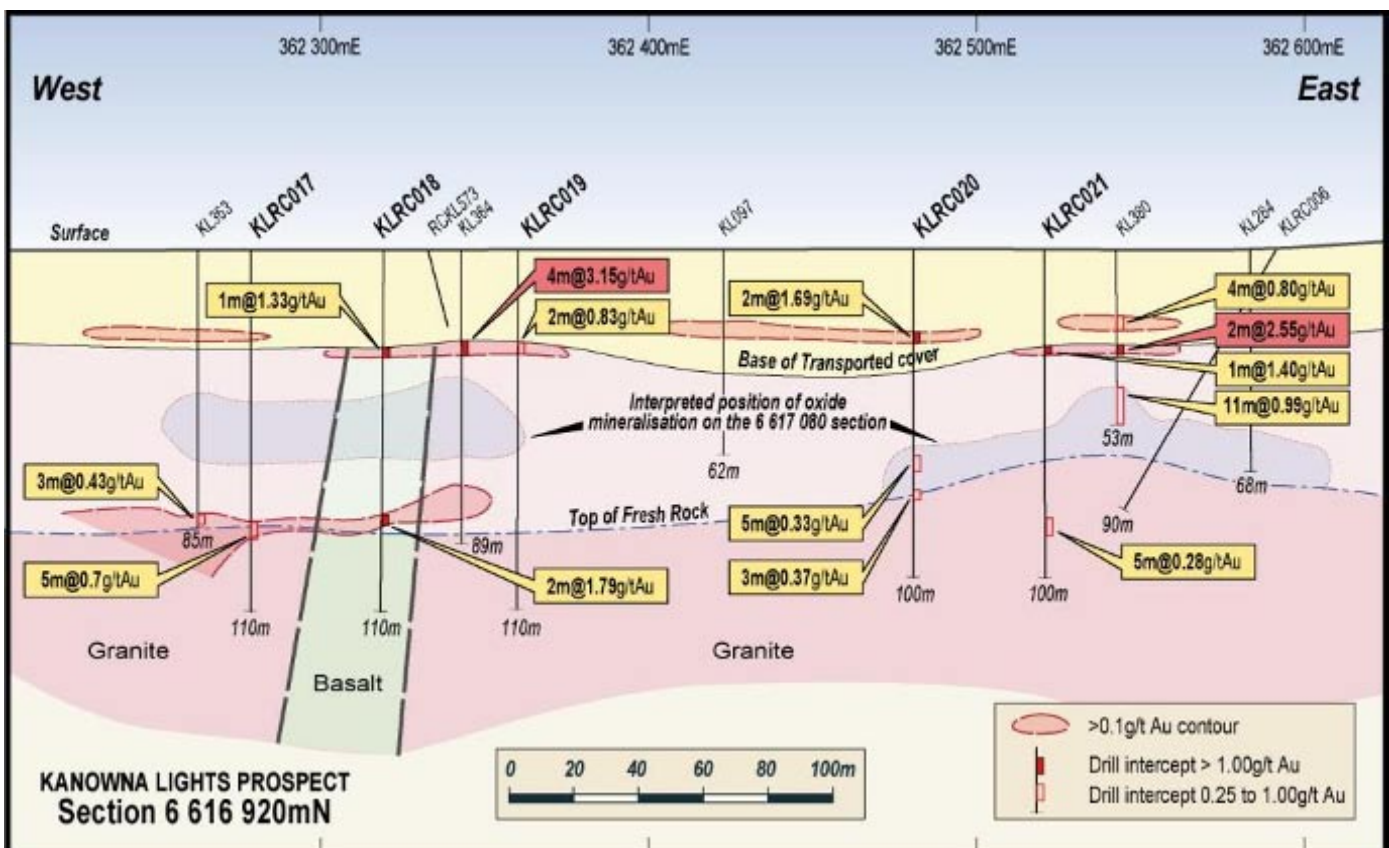


Figure 5: Kanowna Lights Prospect, 6 616 920mN Cross Section draft



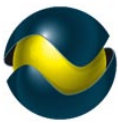


Figure 6: Kanowna Lights Prospect, 6 616 760mN Cross Section

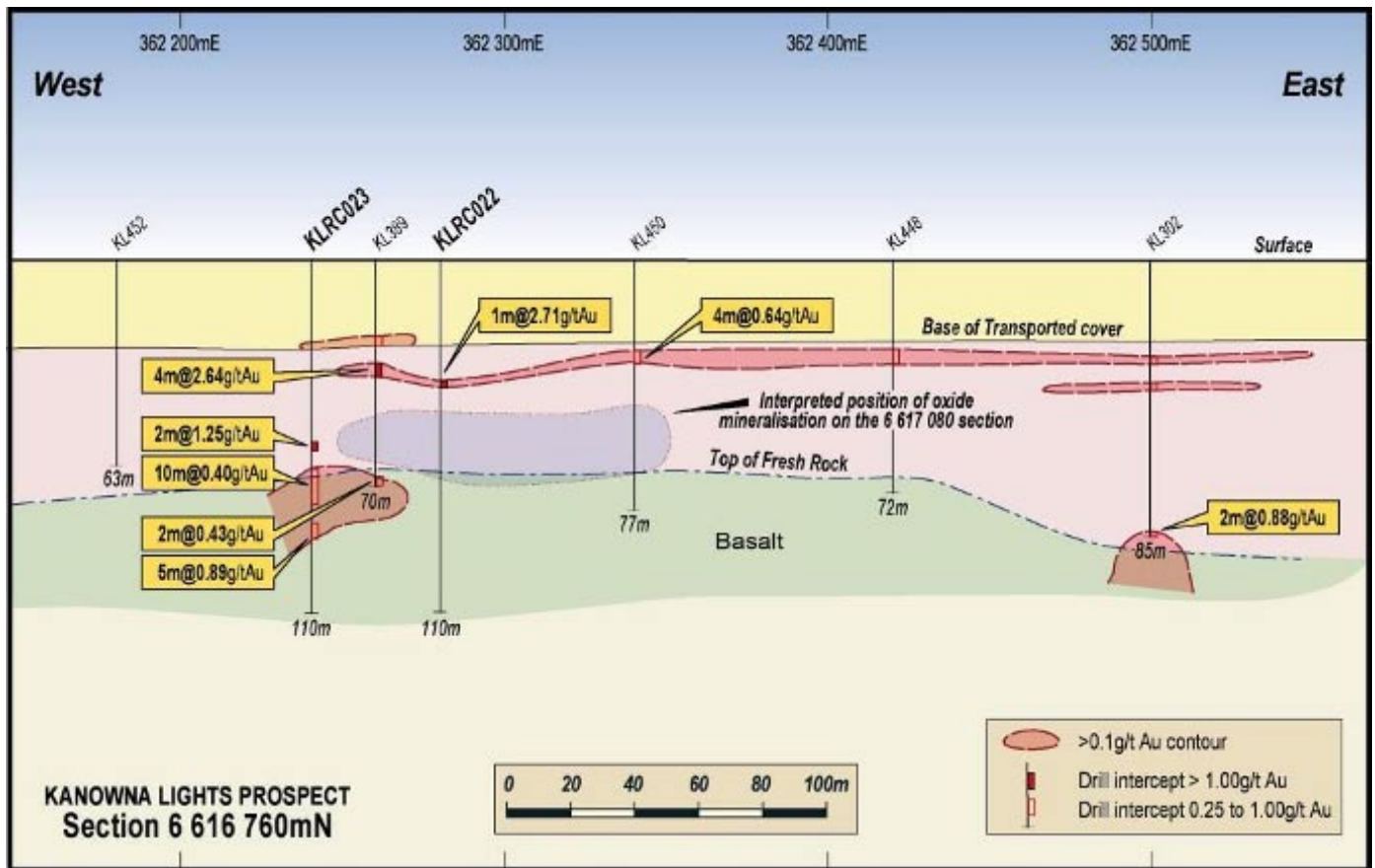


Table 1: Kanowna Lights Drill Intercept Summary

Hole ID	Co-ordinates *		Total Depth	From (m)	To (m)	Down Hole Interval (m)	Grade (g/t)
	Northing	Easting					
KLRC013	6,617,008	362,480	100	68	73	5	0.28
KLRC014	6,617,008	362,519	100	58	64	6	0.74
			incl	58	59	1	1.41
			incl	62	63	1	1.52
KLRC017	6,616,930	362,274	100	83	88	5	0.70
KLRC018	6,616,929	362,321	110	84	86	2	1.79
KLRC019	6,616,928	362,358	110	28	30	2	0.83
KLRC020	6,616,931	362,478	110	26	28	2	1.69
				66	71	5	0.33
				75	78	3	0.37
KLRC021	6,616,927	362,518	110	28	29	1	1.40
				84	87	3	0.38
KLRC022	6,616,770	362,277	110	38	39	1	2.71
KLRC023	6,616,778	362,239	110	56	58	2	1.27
				63	73	10	0.40
				81	85	4	1.06

Please Note: Coordinates provided in MGA94, with holes drilled vertically. Sampling was conducted on 1 metre intervals with samples being assayed using a total digest of a 40g charge by fire assay method. Reported intercepts are based on a 0.2 g/t cut-off with a maximum of 2 metres internal dilution.