

Northern Manganese Limited has extensive manganese exploration projects in the Northern Territory.

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1 August 2014
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SURRENDER, RELEASE & PAYMENT

HIGHLIGHTS

- Final agreement signed with Northern Territory Government
- Groote Eylandt sea or 'wet' tenements surrendered to Government
- In exchange for the surrender of Mineral Titles the Northern Territory Government will pay NTM \$2.8m GST inclusive

Northern Manganese Ltd ("**NTM**" or the "**Company**") is pleased to advise that it has reached a final agreement with the Northern Territory Government ("**NT Government**") in the form of a Deed of Surrender, Release and Payment (the "**Agreement**")

The Company previously advised shareholders that it had lodged a claim with the Chief Executive of the Department of Mines and Energy of the NT Government setting out a number of proposed terms and conditions including a compensation sum arising from the fact that the NT Government was intending to declare a general reservation over waters surrounding Groote Eylandt. This proposed general reservation, if established, would have a severe negative impact on the four Exploration Licences granted to NTM.

NTM had previously submitted a financial claim based on the four granted tenements affected which are EL 27523, EL 27550, EI27551 and MA 27605 ("**Mineral Titles**").

After an extended period of consideration and negotiations a final settlement has been reached. The key features of the Agreement are;

- The NT Government confirming that NTM's Mineral Titles are within its proposed coastal waters reservation area
- Acknowledging that the Company is in full compliance with its obligations under the Mineral Titles Act
- The NT Government will pay the Company the consideration of \$2.8m GST inclusive in exchange for the surrender of the Mineral Titles
- The Company has agreed to accept the payment as full and final settlement and discharge/release of any claims or otherwise against the NT Government

The Company can advise that all parties have now executed the Agreement.

Some administrative matters require attention however NTM expects that the NT Government will make payment in the next 30 days.

The Board would like to take this opportunity to thank all shareholders for their patience and understanding in this matter. Good progress had been made by the Company in capturing an understanding of the geological nature of the sea bed before the Moratorium was applied by the previous NT Government. Our work confirmed the hypothesis that the manganese deposition exploited by GEMCO on Groote Eylandt, does extend out and under the adjacent sea floor.

In March 2012 the previous NT Government announced a 3 year moratorium on seabed mining and exploration in the NT coastal waters. Since that time your Board had been working to have the moratorium removed. When it became apparent that the moratorium would not be removed the Board commenced work on attempting to realise a fair value in compensation for the Mineral titles that ultimately would be surrendered. This was a long and arduous process, which presented many challenges along the way however notwithstanding this a financial result was achieved.

The Board confirm that the Deed now agreed to only affects the Groote Eylandt Project sea tenements and that we still own applications for four Islands and three 'wet' tenements (over water) in Blue Mud Bay. The Islands are subject to negotiations but the wet tenements still fall within the moratorium. NTM also retain two Island applications within the Groote Eylandt project area that are not subject to the Deed of Surrender, Release and Payment.

The Board will now give consideration to new opportunities going forward whilst the moratorium is in force.



Lloyd Jones
Managing Director