

2 February 2015

Dear Shareholders

Northern Manganese Limited is pleased to enclose the Notice of General Meeting and green and white Proxy Forms in respect of a General Meeting of shareholders to be held in Perth on 5 March 2015.

Shareholders are being asked to consider six items of special business relating to requests from a shareholder group (Resolutions 1 to 5) and the Independent Board Committee (Resolution 6).

Attached to the Notice of Meeting are:

- a joint statement from the Independent Board Committee, members of which are Non-Executive Chairman, Mr Garry Connell, Managing Director Mr Lloyd Jones, and Non-Executive Director Mr David Ryan; and
- a joint statement from the requisitioning shareholders.

Shareholders are strongly advised to read the meeting booklet in full, including both the statements of the Independent Board Committee and of the requisitioning shareholders.

They contain important information regarding the business to be considered at the General Meeting.

The enclosed green Proxy Form has, for your convenience, been completed in accordance with the recommendations of the Independent Board Committee. You should use this green Proxy Form if you support the Independent Board Committee; otherwise use the white Proxy Form.

Please contact Mr Lloyd Jones (Managing Director) on 0458 025 157 or Rob Marusco (Company Secretary) on 0412 593 363 if you have any queries.



Mr Lloyd Jones
Managing Director

STATEMENT FROM THE INDEPENDENT BOARD COMMITTEE OF NORTHERN MANGANESE LIMITED

2 February 2015

Dear Northern Manganese shareholder

As you will read in the Notice of General Meeting, Northern Manganese Limited (“NTM” or the “Company”) has received requests from a shareholder group to put certain resolutions to shareholders, which resolutions are to be considered at a General Meeting of the Company to be held on 5 March 2015 (“General Meeting”).

The shareholder group, comprising Messrs Brian Thomas Ryan, Po Fung Lawrence Chan, John Timothy Kingswood (Kingswood Family A/C) and John Morris (Mariner Mining Pty Ltd) (together, the “Requisitionists”), has requested resolutions that recently-appointed Chairman Mr Garry Connell, Managing Director Mr Lloyd Jones and Non-Executive Director Mr David Ryan be removed from the Board, and Messrs Brad Denton and James Croser be appointed to the Board.

In response, and in light of other matters, we, the Independent Board Committee, which was formed by a resolution of the Board, has resolved to include a further resolution, that being to seek the removal as a Director of recently-removed Chairman, Mr Doug Daws.

The Independent Board Committee is unanimous in the view that the best interests of the Company will be served by rejecting the resolutions requested by the Requisitionists and supporting the resolution to remove Mr Daws.

That being the case, the Board of the Company going forward will comprise current independent Directors Messrs Connell, Jones and Ryan, whom together hold approximately 13.1 million shares or 12.8% of the Company’s capital.

In the alternative, the Board of the Company going forward will comprise current Director Mr Daws, as well as Messrs Denton and Croser, whom together hold approximately 150,000 shares or 0.1% of the Company’s capital.

Our key reasons for recommending you vote **AGAINST** the resolutions to remove Messrs Connell, Jones and Ryan, **AGAINST** the resolutions to elect Messrs Denton and Croser, and **FOR** the resolution to remove Mr Daws are:

- The action by the Requisitionists, considered to be associates of Mr Daws, has seemingly come about in response to the Independent Board Committees’ rejection of a proposal put to NTM by a private company in which Mr Daws has a significant personal interest to acquire certain resource properties from a third-party ASX-listed company
- That proposal, which the Independent Board Committee investigated to the best of its ability in the brief time available, did not meet the Company’s stringent investment criteria – quite frankly, the opportunity was not sufficiently attractive, the risks were too high and the Company would have struggled to fund it
- As compensation for essentially just introducing the proposal to NTM, Mr Daws’ company sought from NTM financial compensation that was considered extraordinarily high (arguably, if acting in the best interests of NTM, Mr Daws would have sought no compensation at all)
- Since, to the knowledge of the Independent Board Committee, the aforementioned resource properties are still on-the-market, it is reasonable for the Independent Board Committee to believe or at least be concerned that NTM will seek to acquire said assets (and Mr Daws will seek said compensation) if NTM shareholders vote contrary

to the recommendation of the Independent Board Committee such that Messrs Daws, Denton and Croser comprise the NTM Board going forward

- In the opinion of the Independent Board Committee, this would represent a very lucrative result for Mr Daws and his private company, and a highly undesirable outcome for NTM and its shareholders

Shareholders are strongly encouraged to read further information in support of this position, which is set out below.

Given the importance of this matter, we urge shareholders to support the Independent Board Committee and let us get on with the important job of running your Company free of any conflict or self-interest.

BACKGROUND TO THE REQUISITIONISTS' MEETING REQUEST

Since settling its claim against the Northern Territory Government in August 2014, the Company, with cash at its disposal at the present time of approximately \$1.86 million, has been actively seeking value-adding projects or opportunities.

Just recently, on 9 December 2014, an opportunity was put to the Company by a private company, Nimbus Mines Pty Ltd ACN 098 053 180 ("Nimbus").

The Chairman of Nimbus is recently-removed NTM Chairman, Mr Doug Daws. Together with his son, Mr Christopher Daws, the Daws' family holds approximately 93% of the capital of Nimbus.

The proposal from Nimbus commenced with Mr Daws declaring a conflict of interest, stating that he would represent Nimbus in the matter and agreeing not to participate in deliberations by the NTM Board on the matter until it was resolved.

The proposal concerned certain tenements held by an ASX-listed resources company (the "Tenements"). As confidentiality undertakings have been provided, we will refer to that company for the purpose of this Statement as "ResCo".

The Nimbus proposal stated it had entered into a "partnership" with ResCo in relation to the Tenements. Such rights were limited insofar as ResCo would retain 30% of any base metal resource discovered, as well as all gold that was discovered. Nimbus' exclusive rights in relation to the Tenements were to terminate on 16 January 2015, meaning there was only limited time for NTM's due diligence to take place.

To the belief of NTM, the so-called partnership to which Nimbus refers in relation to the Tenements constituted no more than a confidentiality agreement with ResCo and a short-term exclusive right.

Whilst the Nimbus proposal stated it had long held an interest in the general area in which the Tenements are situated, no claim was made by Nimbus of any specific effort undertaken by them in relation to the Tenements other than preliminary discussions with the ResCo geologist. No site visit had been undertaken.

The proposal stated that, in the event that NTM entered into an arrangement with respect to the Tenements, all exploration was to be funded by NTM, with no financial contribution from Nimbus.

In other words, as far as the Independent Board Committee is concerned, Nimbus' role essentially just encompassed the provision to NTM of an introduction to ResCo and the Tenements.

Nevertheless, the compensation that Nimbus sought from NTM was, in the opinion of the Independent Board Committee, extraordinarily high. It involved (in summary):

- Upon completion of any transaction, the payment to Nimbus of \$90,000 cash and the issue of 7.5 million NTM shares; plus
- Upon commencement of drilling, the issue to Nimbus of 10 million NTM shares and 10 million two-year \$0.02 options to acquire NTM shares; plus
- Upon the intersection of mineralisation to certain not particularly onerous parameters, the issue to Nimbus of 10 million NTM shares and 10 million two-year \$0.04 options to acquire NTM shares; plus
- Upon the interpretation of a JORC standard reserve of ten thousand tonnes at greater than 2% metal, the issue to Nimbus of 10 million NTM shares and 10 million two-year \$0.06 options to acquire NTM shares.

The Nimbus proposal stated:

“By such an arrangement Nimbus are not taking much money but would be rewarded via their shareholding in NTM in the event of exploration success. Virtually all of the NTM money would be expended on actual exploration. The suggested share issues would also ensure that the future of the company remained securely in the hands of those most interested in seeing NTM achieve success.”

We ask the question, on what basis does Nimbus consider itself to be more interested in seeing NTM achieve success than all current shareholders of NTM?

Notwithstanding the above, the Company, as was proper, executed the Confidentiality Agreement with Nimbus and subsequently commenced an evaluation of the Tenements. This included an independent geological assessment and a preliminary legal review of the relevant documentation.

Then, on 6 January, whilst the NTM investigation was still taking place, Nimbus again wrote to NTM, advising that ResCo had decided to not only divest the Tenements in their entirety (i.e. 100% rights to both the gold and base metals) but also certain other nearby tenements, as well as ResCo’s nearby mining operation and all associated equipment and infrastructure (“Mining Operation”) (together, the “Sale Assets”).

Further, Nimbus advised NTM that it was ResCo’s intention to offer the Sale Assets to the general market upon the lapse of Nimbus’ exclusive right to secure the Tenements on 16 January.

However, Nimbus further advised that, following discussions with ResCo, NTM would be able to secure an exclusive right to investigate the Sale Assets by the payment to ResCo of a non-refundable deposit of between \$100,000 and \$150,000.

According to Nimbus:

- The Sale Assets were likely to be purchasable for less than \$1 million
- It was possible (though not certain) that the deposit would be deductible from the purchase price

Nimbus stated in its letter that, under the proposed arrangements:

- NTM would be solely responsible for funding the acquisition of the Sale Assets

- NTM would be solely responsible for funding all exploration expenditure and mine development costs

As compensation for its further efforts, Nimbus sought from the Company the issue of an additional 10 million NTM shares.

If all milestone payments were achieved, this would see Nimbus hold 47.5 million NTM shares or approximately 32% of the Company's capital, or 43% if all options granted to Nimbus were exercised.

For reasons of confidentiality, it is not possible for NTM to identify the Sale Assets and set out in detail the reasons why it did not wish to proceed with their acquisition.

Suffice it to say:

- The preliminary view of the Company's consulting geologist in relation to the Tenements was that, in the absence of detailed geochemical interpretations, the geochemical database did not highlight any area of significant interest that had not subsequently been tested with drilling
- According to public statements by ResCo, the Mining Operation was high cost at around A\$1,400 per ounce and likely remain so
- The Tenements had a relatively high holding cost of in excess of \$1.5 million per annum

It is noted that, were NTM to have entered into the proposed arrangements, the Company's cash position after the first year would likely have been broadly as follows:

| NTM Cash Position | | |
|--|-----------|-------------------|
| Current cash position | \$ | 1,800,000 |
| <i>less</i> | | |
| 12 months' general company expenses | \$ | -400,000 |
| Desposit to review Sale Assets (minimum) | \$ | -100,000 |
| Sale Assets purchase price (estimate) | \$ | -1,000,000 |
| Introduction fee payable to Nimbus | \$ | -90,000 |
| Property holding costs | \$ | -1,500,000 |
| Net cash position | \$ | -1,290,000 |

In other words, NTM would have urgently needed to secure additional funding in market conditions in which doing so is at the very least difficult.

In summary, the Board of NTM (other than Mr Daws) considered the Sale Assets to be high risk with little prospect of an economic return for NTM shareholders, that as yet unascertained liabilities may be attached to the Sale Assets, and that the payment of a \$100,000 to \$150,000 non-refundable deposit to further investigate the Sale Assets was unreasonable in the circumstances.

Accordingly, on 15 January, NTM formally advised Nimbus by way of email of its intention not to proceed with the investigation, concluding:

"In its current format the Board advise that we are unable to proceed with this arrangement as we do not consider that the project will stand up to independent expert review as required under related party transactions and further that terms offered by Nimbus would not be in the best interests of all shareholders."

THE REASON BEHIND THE REQUISITIONISTS' MEETING REQUEST

Since the lodgment of the meeting request by the Requisitionists, Mr Daws has gone to great lengths in claiming that the lodgment of the request and the withdrawal of NTM from discussions in relation to the Sale Assets were unrelated events.

For instance, in its Media Release of 23 January, Nimbus states:

"The public statement made by NTM on 15th January contains some statements that are factually incorrect and this has led to some making the incorrect inference that the decision of NTM to not proceed with negotiations with Nimbus triggered the lodgement (sic) of the 249D notices on NTM. This is simply, but importantly, not correct.

"Nimbus wishes it to be known that they were not a party to or involved in the recently lodged 249D notices which has been submitted by Mr. John Morris, and others.

"The Chairman of Nimbus advises that he was unaware of lodgement (sic) of the 249D notice until late on Monday 12th January, and was unable to access a written copy of the documentation until return to Kalgoorlie on Tuesday 13th January."

In this regard, the Independent Board Committee makes the following observations:

- Mr John Kingswood, a director of Nimbus, is one of the Requisitionists (which Mr Daws also acknowledges)
- Messrs Kingswood and both Mr Daws and Mr Christopher Daws are also fellow directors of Avebury Nickel Mines Limited
- Mr John Morris, another of the Requisitionists, is both a confidant of Mr Daws and a close associate of Mr Christopher Daws

In other words, Mr Daws would appear to be close associates of at least half of the shareholders responsible for lodging the meeting request.

Moreover, Mr Croser, one of the Requisitionists' nominees, is presumably well known to Mr Daws, having previously served on the Board of Kalgoorlie Mining Company Limited with Mr Christopher Daws.

To the best knowledge, understanding and belief of the Independent Board Committee, for as long as we have been on the Board of NTM with Mr Daws, never previously has he mentioned the possibility of lodging a meeting request to remove Directors of NTM.

Yet, curiously, in an email dated 14 January to Mr Lloyd Jones, Mr Daws advised that he had alerted Mr Ryan "...to the likely lodgement (sic) of a 249D notice several days previously – I think maybe even more than [a] week ago".

In other words, as early as 7 January or before, no less than five days before the meeting to remove Directors was actually requisitioned, Mr Daws claimed that the lodgment of a requisition to remove Directors was likely to occur.

Interestingly, in the same 14 January email, Mr Daws states:

"...on Monday, I did receive telephone advice from [David Ryan] that the proposal from Nimbus had been rejected".

The Monday to which Mr Daws refers just happens to be the Monday of 12 January.

In other words, the meeting request was lodged on the very same day that Mr Daws came to learn that Nimbus' proposal to NTM was to be rejected.

We ask, could anyone genuinely believe that the Requisitionists' meeting request and NTM's withdrawal from review of the Sale Assets were unrelated events as Mr Daws claims?

It is noted that, if the Requisitionists did have a legitimate complaint about the way the Company had been run:

- **Wouldn't the first person the subject of a removal resolution be Mr Daws? He is, after all, the person who has Chaired the Company for the last three years, up until his removal as Chairman last week**
- **Why seek the removal of Mr Connell when he has only been a Director since January 2015?**

THE WAY FORWARD UNDER MR DAWS

So why is it so important for Mr Daws to deny that the request for the meeting and the withdrawal from review of the Sale Assets are related events, and equally important for the Independent Board Committee to demonstrate that they are?

In the opinion of the Independent Board Committee, this is not merely about Mr Daws retaining his Director's fee.

Indeed, of much greater import is the fact that, so far as the Independent Board Committee is aware, ResCo's Sale Assets are still on the market.

In the event that the recommendations of the Independent Board Committee are rejected by shareholders and the new Board of NTM going forward comprises Messrs Daws, Denton and Croser, there is every reason for the Independent Board Committee to believe and be concerned that NTM will pursue the Sale Assets and, no doubt, Mr Daws will pursue the compensation package from NTM to which he believes he is rightfully entitled.

Alternatively, if not this deal, who knows what Mr Daws will come up with next, and how much remuneration he will seek from the Company for his efforts? Will the Requisitionists' nominee directors be, or at least seen to be, independent to any such deal?

Our message to Mr Daws, the Requisitionists and their nominees is very clear. And that is, if you wish to take control of NTM, you should go about it in the usual manner in which a change of control is effected being a takeover offer in which shareholders are offered the full value of their shares, including an appropriate premium for control, and not by stealth. In other words, you should first give those shareholders who don't wish to participate in your transaction the opportunity to exit on fair and reasonable terms.

We note that, notwithstanding having earned aggregate Directors' fees from NTM of in excess of \$300,000, Mr Daws holds shares in NTM with a current market value of less than \$2,000. Accordingly, the Independent Board Committee believes that shareholders should not expect Mr Daws to put his hand in his pocket any time soon.

Finally, we note that the credentials of the Requisitionists' two Board nominees are hardly noteworthy:

- Mr Denton would not appear to have had any prior Board experience
- Mr Croser would appear to have had only one short-term stint as a public company director

THE WAY FORWARD UNDER THE INDEPENDENT BOARD COMMITTEE

If given the opportunity by shareholders, members of the Independent Board Committee will, as the Company has previously stated, seek to apply some or all of the proceeds of the Northern Territory Government settlement to value-adding projects or opportunities.

We will do so conscientiously. We will take a conservative approach. As we only have one opportunity to get this right, we will take whatever time is necessary before we act.

Most importantly in the present context, we will do so in an open and transparent manner, free of any conflict or self-interest, just as a director of a public company acting properly should.

OTHER MATTERS

Your Independent Board Committee respects the right of every shareholder to be heard. Equally, directors have an obligation to act without fear or favour, and not to subjugate the interests of the Company to the dictates of a small minority.

The actions of both Mr Daws and the Requisitionists have come at a significant cost and inconvenience to you and your Company.

Reflecting the fact that the outcome of the meeting of shareholders is crucial to the value of your shares, we ask shareholders to carefully consider all the information that has been provided herein.

Finally, we sincerely thank you for your past and current support, and very much look forward to seeking out a value-adding opportunity for the company without the distraction of unwarranted value-destroying agitation.

Yours faithfully

Mr Garry Connell
Chairman

Mr Lloyd Jones
Managing Director

Mr David Ryan
Director

This letter is a statement provided by Directors Messrs Connell, Jones and Ryan pursuant to section 203D(4) of the Corporations Act 2001 (Cth) for circulation to you and forms part of the accompanying Notice of General Meeting in respect of the forthcoming General Meeting of the Company to be held on 5 March 2015.



NOTICE OF GENERAL MEETING, EXPLANATORY MEMORANDUM AND PROXY FORM

To be held at

**Pagoda Resort & Spa
Waterwall Room
112 Melville Parade
COMO, WA, 6152**

on

Thursday, 5 March 2015

At 10.00 am (WST)

**The Independent Board Committee of NTM recommends that
Shareholders vote, and will vote their own Shares:**

AGAINST Resolutions 1 to 5

FOR Resolution 6

This is an important document that requires your immediate attention.

You should read this document in its entirety before deciding whether or not to vote for or against any resolution at the General Meeting. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

If you have questions about the General Meeting or the resolutions to be voted on, please call the **shareholder information line** on 1300 308 902 (within Australia) or +61 (2) 8022 7902 (outside Australia), Monday to Friday between 9:00 am and 5:00 pm (EST).

NOTICE OF GENERAL MEETING AND AGENDA

Notice is hereby given that a general meeting of shareholders of Northern Manganese Limited ("NTM") will be held at Pagoda Resort & Spa, Waterwall Room, 112 Melville Parade Como, Western Australia on Thursday, 5 March 2015 commencing at 10:00 am ("WST") ("Meeting").

The Explanatory Memorandum that accompanies and forms part of this Notice of General Meeting provides additional information on matters to be considered at the Meeting. The Proxy Form also forms part of this Notice of General Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete the Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 10:00 am on Tuesday, 3 March 2015.

Terms and abbreviations used in this Notice of General Meeting and Explanatory Memorandum are defined in the glossary of the Explanatory Memorandum.

Shareholders should read the Explanatory Memorandum before deciding how to vote.

A reference to the Independent Board Committee in this Explanatory Memorandum and Proxy Form is a reference to Directors Lloyd Jones, David Ryan and Garry Connell (in other words, all Directors except Mr Doug Daws). The Independent Board Committee was established by the Board of NTM to deal with the Meeting and matters relating thereto.

AGENDA

Resolution 1: Removal of Director - Mr Lloyd Jones



Your Independent Board Committee recommends and will be voting their Shares AGAINST

The Chairman intends to vote all undirected proxies **against** Resolution 1.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Lloyd Jones be removed from the Board of NTM with immediate effect.

Resolution 2: Removal of Director - Mr David Ryan



Your Independent Board Committee recommends and will be voting their Shares AGAINST

The Chairman intends to vote all undirected proxies **against** Resolution 2.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr David Ryan be removed from the Board of NTM with immediate effect.

Resolution 3: Removal of Director - Mr Garry Connell



Your Independent Board Committee recommends and will be voting their Shares **AGAINST**

The Chairman intends to vote all undirected proxies **against** Resolution 3.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Garry Connell be removed from the Board of NTM with immediate effect.

Resolution 4: Election of Director - Mr Brad Denton



Your Independent Board Committee recommends and will be voting their Shares **AGAINST**

The Chairman intends to vote all undirected proxies **against** Resolution 4.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Brad Denton be elected to the Board of NTM with immediate effect.

Resolution 5: Election of Director - Mr James Croser



Your Independent Board Committee recommends and will be voting their Shares **AGAINST**

The Chairman intends to vote all undirected proxies **against** Resolution 5.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr James Croser be elected to the Board of NTM with immediate effect.

Resolution 6: Removal of Director - Mr Doug Daws



Your Independent Board Committee recommends and will be voting their Shares **FOR**

The Chairman intends to vote all undirected proxies **for** Resolution 6.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Doug Daws be removed from the Board of NTM with immediate effect.

Proxies, attorneys and corporate representatives

A member entitled to attend and vote at the meeting may appoint a proxy, attorney or representative to give its vote and, if entitled to cast two or more votes, is entitled to appoint no more than two proxies. If two proxies are appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If such proportion is not specified, each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded. A proxy may but need not be a member of the Company and a member may appoint an individual or a body corporate to act as its proxy.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of a duly authorised officer or officers of the Company or its duly authorised attorney.

For the convenience of Shareholders, two proxy forms have been included with this Explanatory Memorandum, a green proxy form and a white proxy form.

The green proxy form has been completed in line with the recommendation of the Independent Board Committee and has been paid for by the members of that committee out of their personal funds. If you wish to vote in accordance with the recommendations of the Independent Board Committee, you should simply sign the **green proxy form** and fax or mail the form to the Company Secretary following the instructions on the form. **If you sign and return the green proxy form, you do not need to complete the white proxy form.**

If you do not wish to vote in accordance with the recommendations of the Independent Board Committee, you will need to follow the instructions on the white proxy form to indicate your voting instructions. Once you have completed this form, please fax or mail the form to the Company Secretary following the instructions on the form.

Proxy forms and, if applicable, the powers of attorney (or a certified copy of the powers of attorney) under which they are signed must be lodged with the Company Secretary at least 48 hours before the appointed time of the meeting. Proxy forms are enclosed for your convenience. The Company will accept any appointment of a proxy that complies with the requirements of section 250A of the Corporations Act.

The Company Secretary's contact details are as follows:

| | |
|------------------|--|
| Post | Using the enclosed pre-paid envelope OR Level 3, South Mill Centre, 9 Bowman Street, South Perth, WA, 6151 |
| In person | Level 3, South Mill Centre, 9 Bowman Street, South Perth, WA, 6151 |
| Telephone | (08) 6486 0980 |
| Facsimile | (08) 9368 6441 |
| Email | robert.marusco@mvpcapital.com.au |

Voting

The Chairman intends to put each Resolution that is moved to a poll at the Meeting. Voting results will be announced to the ASX as soon as practicable after the Meeting.

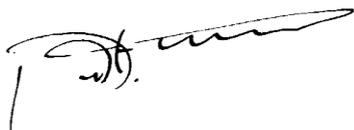
Entitlement to attend and vote

All Shareholders may attend the General Meeting.

The Directors have determined pursuant to regulation 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of

the Company at 10:00 am (WST) on 3 March 2015. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'R. Marusco', written over a horizontal line.

Robert Marusco
Company Secretary

Date: 2 February 2015

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting of the Company to be held at Pagoda Resort & Spa, Waterwall Room, 112 Melville Parade Como, Western Australia, on Thursday, 5 March 2015 commencing at 10:00 am (WST).

The purpose of this Explanatory Memorandum is to explain the Resolutions and to provide information that the Independent Board Committee believes is material to Shareholders in relation to the Resolutions.

The Company recommends that Shareholders read this Explanatory Memorandum before making any decisions in relation to the Resolutions.

A reference to the Independent Board Committee in this Explanatory Memorandum is a reference to Directors Lloyd Jones, David Ryan and Garry Connell (in other words, all Directors except Mr Doug Daws).

The reasons the Independent Board Committee was established are set out in their statement to Shareholders, which is annexed at the front of this Explanatory Memorandum

Background to special business being put to the Meeting

The special business to be considered at the Meeting has been requested by four Shareholders.

On 12 January 2015, the Company received a notice of requisition of meeting to move resolutions to remove Messrs Lloyd Jones and David Ryan as Directors and to elect Messrs Brad Denton and James Croser as Directors.

On 15 January 2015, the Company received a further notice to move a resolution to remove Mr Garry Connell as a Director.

These two notices (together, the **Requisitioning Notices**) were lodged with the Company by Shareholders Mr Brian Thomas Ryan, Mr Po Fung Lawrence Chan, Mr John Timothy Kingswood (Kingswood Family A/C) and Mr John Morris (Mariner Mining Pty Ltd) (together the **Requisitioning Shareholders**) who, at the time, held in aggregate 6,689,471 Shares, or approximately 6.5% of the capital of the Company.

In response to the 12 January 2015 notice, and in light of other matters, the Company established an independent board committee, consisting of Directors Lloyd Jones, David Ryan and Garry Connell (the **Independent Board Committee**) to consider the Requisitioning Notices.

On 23 January 2015, the Independent Board Committee resolved to include in the Notice of General Meeting a resolution for the removal of Mr Doug Daws as a Director.

In compliance with the above, the Company has included in the Notice of General Meeting the following items of special business:

Resolutions your Independent Board Committee recommends, and will be voting their Shares, AGAINST

- Resolution 1 – Removal of Mr Lloyd Jones as a Director
- Resolution 2 – Removal of Mr David Ryan as a Director
- Resolution 3 – Removal of Mr Garry Connell as a Director
- Resolution 4 – Election of Mr Brad Denton as a Director
- Resolution 5 – Election of Mr James Croser as a Director

Your Independent Board Committee recommends, and will be voting their Shares, **FOR**

- Resolution 6 – Removal of Mr Doug Daws as a Director

Voting in accordance with the position of the Independent Board Committee will result in a Board comprising Messrs Lloyd Jones, David Ryan and Garry Connell.

Voting contrary to the position of the Independent Board Committee will result in a Board comprising Messrs Brad Denton, James Croser and Doug Daws.

Frequently asked questions

| | |
|---|---|
| On what basis have these resolutions been requested? | <p>Any shareholder (or group of shareholders) holding more than 5% of the Company's issued capital is entitled to requisition a general meeting be called to have resolutions considered. Resolutions 1 to 5 are being put before the Meeting as a result of a request from the Requisitioning Shareholders, who together hold more than 5% of the Company's Shares.</p> <p>The Independent Board Committee proposed to include Resolution 6 at this Meeting for the reasons set out in the statement of the Independent Board Committee that is annexed to this Notice of Meeting.</p> |
| Why do the Requisitioning Shareholders wish to replace on the Board Messrs Jones, Ryan and Connell with Messrs Denton and Croser? | <p>Accompanying this Notice of Meeting is a statement prepared by the Requisitioning Shareholders and which sets out the reasons why the Requisitioning Shareholders wish to replace Messrs Jones, Ryan and Connell with Messrs Denton and Croser. The Company is not responsible for the contents of the statement (including whether it complies with all applicable laws) and the statement does not form part of this Explanatory Memorandum.</p> <p>Your Independent Board Committee does not agree with the reasons put forward by the Requisitioning Shareholders and will be voting Shares they hold <u>AGAINST</u> the Resolutions put forward by the Requisitioning Shareholders.</p> <p>Their reasons for forming this view are set out in their statement to Shareholders, which is annexed at the front of this Explanatory Memorandum.</p> |
| Why does the Independent Board Committee recommend that Shareholders vote against Resolutions 1 to 5 and for Resolution 6 (to remove Mr Doug Daws from the Board)? | <p>Your Independent Board Committee has proposed that Shareholders remove Mr Daws as a Director, for the reasons set out in their statement to Shareholders, which is annexed at the front of this Explanatory Memorandum.</p> |

Further information

If you have questions about the General Meeting or the resolutions to be voted on, please call the **shareholder information line** on 1300 308 902 (within Australia) or +61 (2) 8022 7902 (outside Australia), Monday to Friday between 9:00 am and 5:00 pm (EST).

Important dates and times

| | |
|--|--|
| Record time/date to determine Shareholders eligible to vote | 10:00 am (WST) on Tuesday, 3 March 2015 |
| Last time/date for receipt of valid proxies | 10:00 am (WST) on Tuesday, 3 March 2015 |
| General Meeting | 10:00 am (WST) on Thursday, 5 March 2015 |

Nature of resolutions

All of the resolutions are ordinary resolutions, meaning that they can be passed by a simple majority of votes cast by the Shareholders entitled to vote.

Special Business

Resolution 1 – Removal of Director - Mr Lloyd Jones

Resolution 1 relates to the removal of Mr Lloyd Jones as a Director.

Mr Jones is the Managing Director of the Company. He has been a Director of the Company since February 2011.

In announcing Mr Jones' appointment as Managing Director in June 2011, then Chairman Doug Daws stated:

“The appointment of Lloyd Jones to take on the lead management role of the company at this important time in the company’s development is a significant step. Lloyd brings an impeccable record in government, mining and exploration management with him.”

Mr Jones successfully negotiated an agreement with the Community of Blue Mud Bay (“BMB”) that paved the way to achieving from the Northern Territory Government the consent to negotiate for mineral titles at BMB under the Aboriginal Land Rights Act.

Mr Jones has an interest in 2,303,992 Shares and 6,000,000 Options in the Company.

Information as to why the Independent Board Committee recommends Shareholders vote against, and will be voting their personally held Shares against, the removal of Mr Jones is set out in the statement of the Independent Board Committee which is annexed at the front of this Explanatory Memorandum.



The Independent Board Committee does not support this Resolution and will be voting their Shares AGAINST the removal of Mr Jones as a Director.

Resolution 2 – Removal of Director – Mr David Ryan

Resolution 2 relates to the removal of Mr David Ryan as a Director.

Mr Ryan was appointed as a Director in February 2011.

Mr Ryan brings to the Board extensive skills in the mining industry including in relation to strategic development, project deployment and administration.

Mr Ryan has an interest in 282,990 Shares in the Company.

Information as to why the Independent Board Committee recommends Shareholders vote against, and will be voting their personally held Shares against, the removal of Mr Ryan is set out in detail in the statement of the Independent Board Committee which is annexed at the front of this Explanatory Memorandum.



The Independent Board Committee does not support this Resolution and will be voting their Shares AGAINST the removal of Mr Ryan as a Director.

Resolution 3 – Removal of Director – Mr Garry Connell

Resolution 3 relates to the removal of Mr Garry Connell as a Director.

Mr Connell was appointed as a Director in January 2015.

Mr Connell brings to the Board considerable experience in exploration, mining and earthmoving, and has considerable skills and experience in evaluating projects and opportunities.

Mr Connell has an interest in 10,500,000 Shares in the Company and, as such is the Company's largest Shareholder.

Information as to why the Independent Board Committee recommends Shareholders vote against, and will be voting their personally held Shares against, the removal of Mr Connell is set out in detail in the statement of the Independent Board Committee which is annexed at the front of this Explanatory Memorandum.



The Independent Board Committee does not support this Resolution and will be voting their Shares AGAINST the removal of Mr Connell as a Director.

Resolution 4 – Election of Director – Mr Brad Denton

Resolution 4 relates to the election of Mr Brad Denton as a Director.

As Mr Denton is unknown to the Independent Board Committee, the Committee is not aware of any skills he may be able to bring to the Company. Further information on Mr Denton is set out in the statement provided by the Requisitioning Shareholders and which is annexed to this Explanatory Memorandum.

The Independent Board Committee is not aware of Mr Denton having any Shares in the Company.

Information as to why the Independent Board Committee recommends Shareholders vote against, and will be voting their personally held Shares against the election of Mr Denton is set out in detail in the statement of the Independent Board Committee which is annexed at the front of this Explanatory Memorandum.



The Independent Board Committee does not support this Resolution and will be voting their Shares AGAINST the appointment of Mr Denton as a Director.

Resolution 5 – Election of Director – Mr James Croser

Resolution 5 relates to the election of Mr James Croser as a Director.

As Mr Croser is unknown to the Independent Board Committee, the Committee is not aware of any skills he may be able to bring to the Company. Further information on Mr Croser is set out in the statement provided by the Requisitioning Shareholders and which is annexed to this Explanatory Memorandum.

Mr Croser has declared an interest in 50,000 Shares in the Company.

Information as to why the Independent Board Committee recommends Shareholders vote against, and will be voting their personally held Shares against the election of Mr Croser is set out in detail in the statement of the Independent Board Committee which is annexed at the front of this Explanatory Memorandum.



The Independent Board Committee does not support this Resolution and will be voting their Shares AGAINST the appointment of Mr Croser as a Director.

Resolution 6 – Removal of Director – Mr Doug Daws

Resolution 6 relates to the removal of Mr Doug Daws as a Director.

Mr Daws was appointed as a Director in January 2011.

Mr Daws is an experienced company director and has more than 40 years' experience in the resources industry.

Mr Daws has an interest in 96,530 Shares in the Company.

Information as to why the Independent Board Committee supports this Resolution and will be voting their Shares for the removal of Mr Daws is set out in detail in the statement of the Independent Board Committee that is annexed at the front of this Explanatory Memorandum.



The Independent Board Committee supports this Resolution and will be voting their Shares FOR the removal of Mr Daws as a Director.

GLOSSARY

In this Notice and Explanatory Memorandum:

| | |
|------------------------------------|--|
| ASX | means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires. |
| Board | means the board of Directors. |
| Chairman | means the Chairman of the Meeting. |
| Company or NTM | means Northern Manganese Limited (ABN 24 119 494 772). |
| Constitution | means the constitution of the Company as amended. |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth) as amended. |
| Director | means a director of the Company. |
| EST | means Eastern Daylight Saving Time. |
| Explanatory Memorandum | means this explanatory memorandum. |
| Independent Board Committee | means Directors Messrs Lloyd Jones, David Ryan and Garry Connell. |
| Listing Rule | means the official Listing Rules of ASX. |
| Meeting | means the general meeting of shareholders of the Company to be held at Pagoda Resort & Spa, Waterwall Room, 112 Melville Parade Como, Western Australia on Thursday, 5 March 2015 commencing at 10:00 am (WST) |
| Notice of General Meeting | means this notice of meeting. |
| Option | means an option to acquire a fully paid ordinary share in the capital of the Company. |
| Ordinary Resolution | means a resolution requiring to be passed by a majority of such shareholders, as being entitled to do so, vote in person or by proxy on such resolution. |
| Requisitioning Shareholders | means Mr Brian Thomas Ryan, Mr Po Fung Lawrence Chan, Mr John Timothy Kingswood (Kingswood Family A/C) and Mr John Morris (Mariner Mining Pty Ltd). |
| Resolution | means a resolution set out in the Notice. |
| Share | means a fully paid ordinary share in the capital of the Company. |
| Shareholder | means a holder of a Share. |
| WST | means Western Standard Time. |

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NORTHERN
MANGANESE
LIMITED

ABN 24 119 494 772

Lodge your vote:



By Mail:

Northern Manganese Limited
Level 3 South Mill Centre
9 Bowman Street
South Perth WA 6151

Alternatively you can fax your form to
(within Australia) 08 9368 6441
(outside Australia) +61 8 9368 6441

For all enquiries call:

(within Australia) 1300 308 902
(outside Australia) +61 2 8022 7902

Proxy Form

 For your vote to be effective it must be received by 10:00am Tuesday, 3 March 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Northern Manganese Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Northern Manganese Limited to be held at Pagoda Resort & Spa, Waterwall Room, 112 Melville Parade, Como, Western Australia on Thursday, 5 March 2015 at 10:00am and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

Your Independent Board Committee intends to vote **AGAINST** items 1 to 5

| | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 Removal of Director - Mr Lloyd Jones | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 Removal of Director - Mr David Ryan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 Removal of Director - Mr Garry Connell | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 Election of Director - Mr Brad Denton | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 Election of Director - Mr James Croser | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Your Independent Board Committee intends to vote **FOR** item 6

| | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 6 Removal of Director - Mr Doug Daws | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies **against** each item of business with the exception of Resolution 6 where the Chairman of the Meeting intends to vote **for**.

Registered name and address:

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____



27 January 2015

Dear Northern Manganese Shareholders.

We strongly recommend you vote in **FAVOUR** of the resolutions to remove Messer's Lloyd Jones, David Ryan and Garry Connell as directors of Northern Manganese and to appoint Messer's Bradley Denton and James Croser as directors in order to give Northern Manganese the best opportunity to maximize the value of the Company.

We, being, Mr Brian Ryan, Mr Po Fung Lawrence Chan, Mr John Timothy Kingswood and Mr John Morris (as members through our shareholder entities) (**Shareholders**) have requisitioned a general meeting to seek the removal of Messer's Lloyd Jones, David Ryan and Garry Connell as directors of Northern Manganese.

We have proposed the resolutions for the following reasons:

- (a) We consider that the composition of the current board of the Company (**Board**) is not appropriate having regard to the Company's current and future needs. In our view, the Board needs to be refreshed so that it has the skills and expertise needed to develop and grow the Company and preserve capital for the right project that meets the Company's objectives.
- (b) The performance of the Company over the last couple of years has been disappointing with the Board taking over 1 year to negotiate a compensation payment with the Northern Territory government. Further, while this was in progress the Company did not advance any new project opportunities or complete additional capital raisings and as a result put shareholders' investment funds at risk. On a related note, Mr Lloyd Jones was on a full wage while waiting for this compensation outcome.
- (c) Further, we consider that the current Board has tunnel vision, being far too selective in the announcement of new project opportunities and that the Company's current predicament requires a board that is open to all options. The Board has limited experience in capital markets and the evaluation of near term resource production opportunities.
- (d) Against this backdrop of poor financial performance, we believe that the administration expenses of the Company are excessive. The Board has spent approximately \$3,500,000 on administration since July 1 2011.

Particularly, in the month following the receipt of the \$2,800,000 compensation on the 15th August 2014 the Company spent \$498,000 on administration.

- (e) Further, the share price of the Company has fallen from 19c to 2c between the period of July 2011 to January 2015.
 - (f) The current operations of the Company have resulted in very little engagement by the investment broking community which again limits the future transaction opportunities available to the Company.
-

We propose to add to the Company's board an experienced team who have the requisite skills to engage with shareholders and the investment community. The objective will be to grow the Company and rebuild shareholder value.

Below are the biographical details of the proposed directors, Mr James Croser and Mr Bradley Denton.

Mr Bradley Richard Denton

Mr Denton has 20 years' experience in business development, mineral processing and process improvement with miners ranging from private through to multi nationals.

Mining roles have ranged from macro and micro project evaluation, process development & improvement, early stage capital raising, debt and equity funding arrangements, operations through to investor relations in West Africa, Indonesia and Australia. He is a hand's on people focused manager.

Mr James Croser

Mr Croser is a mining engineering graduate of the Western Australian School of Mines, with 20 years of operations, technical and management experience in the Australian mining sector.

He is currently Director of Brightsun Enterprises Pty Ltd, a privately owned mining business with gold assets in WA. He recently served as Managing Director of ASX-listed Kalgoorlie Mining Company Limited, until the 2013 takeover by Norton Gold Fields Limited.

Prior to this he acted as General Manager of Rock Team mining consultancy and contracting company. He maintains significant contacts and references within the network of the Western Australian resources sector.

Mr Croser has held statutory mine management positions for Perilya Limited and La Mancha Resources Limited, including as inaugural Underground Manager for construction of the 1M ounce Frog's Leg Gold Mine, and is the holder of a Western Australian First Class Mine Manager's Certificate.

For further information:

| | | |
|--------------|------------|--|
| John Morris | 0419406802 | jmor0263@bigpond.net.au |
| Brad Denton | 0417960444 | brad@westviewbc.com.au |
| James Croser | 0439980311 | james@vaportrail.com.au |

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