



NORTHERN MANGANESE LIMITED

ABN 24 119 494 772

31 DECEMBER 2014

HALF-YEAR FINANCIAL REPORT

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CORPORATE INFORMATION

Directors

Gary Connell (Chairman, Non-Executive Director)
Lloyd Jones (Managing Director)
David Ryan (Non-Executive Director)

Company Secretary

Robert Marusco

Registered Office

Level 3
9 Bowman Street
South Perth WA 6151
Australia

Solicitor

Kings Park Corporate Lawyers
Suite 8, 8 Clive Street
West Perth WA 6000
Australia

Bankers

Westpac Banking Corporation Limited
109 St George's Terrace
Perth WA 6000
Australia

Share Register

Computershare Investor Services Pty Ltd
Level 2, RBA Building
45 St George's Terrace
Perth WA 6000
Australia

Stock Exchange Listing

The Company is listed on the Australian Stock Exchange Limited
ASX Code: NTM

Website

www.northernmanganese.com.au

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Australia

DIRECTORS' REPORT

Your directors submit their report of Northern Manganese Limited (the **Northern Manganese Company**) for the half-year ended 31 December 2014 (the **Balance Date**) and review report thereon.

DIRECTORS

The names of the directors of the Company in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Garry Connell	Chairman, Non-Executive Director (Appointed as Non-Executive Director 13 January 2015 and Chairman on 30 January 2015)
Lloyd Jones	Managing Director
David Ryan	Non-Executive Director
Douglas Daws	Non-Executive Director (Removed at General Meeting of Shareholders on 5 March 2015)

REVIEW AND RESULTS OF OPERATIONS

The principal activities of the Company throughout the half-year have comprised of the following:

- Exploration of mining tenements;
- Investing cash assets in interest bearing bank accounts; and
- The general administration of the Company.

The Company realised a net loss for the half-year of \$317,663 (2013: \$392,128).

REVIEW OF OPERATIONS

General

During this six month period Northern Manganese (NTM) reached agreement with the Northern Territory Government on the Groote Eylandt Project.

This saw a Deed of Surrender, Release and Payment being entered into by the Company and the government which allowed the Government to declare a **General Reservation** over the coastal waters surrounding Groote Eylandt. By way of compensation NTM received the sum of \$2.8 million from the Northern Territory Government.

This allowed NTM to settle outstanding creditors and pay salaries not paid for the 11 months whilst the management worked on reaching an agreed settlement for the Groote Eylandt Project.

With the Darwin office now closed and a voluntary reduction of salary by the Managing Director, NTM's Board is now set to review future acquisitions that would add value to the company and our shareholders.

Late in December 2014 the then Chairman Mr Doug Daws brought a related party deal to the table. This ended in your company receiving a 249D requisition for a General Meeting of shareholders to remove all Directors bar Mr Daws.

That General Meeting of shareholders was held on the 5 March 2015 which saw the requisitioners motions defeated and Mr Daws removed as a Director of NTM.

At the General Meeting, Mr Connell our Chairman and largest shareholder, reinforced that NTM is embarking on new project acquisitions that fit our criteria and add value to your company.

Exploration Review

NTM advise that no exploration was undertaken in the Northern Territory due to the Moratorium still being in effect.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Northern Territory Projects

The following projects have been retained in the Northern Territory:

- Two Islands in the Groote Project area both under veto;
- Four Islands in the Blue Mud Bay area subject to consent negotiations;
- Three Exploration Licences in Blue Mud Bay subject to the Moratorium; and
- A group of tenements in Commonwealth waters south of Groote Eylandt.

With the Moratorium in place NTM are reviewing all our holdings in the Northern Territory and awaiting feedback from Government on their position on offshore exploration going forward.

EVENTS SUBSEQUENT TO REPORTING DATE

On 13 January 2015 the Company announced the appointment of Mr Gary Connell as a Non-Executive Director and subsequently announced his appointment as Chairman on 30 January 2015 replacing Mr Douglas Daws.

On 15 January 2015 the Company announced that they had received a 249D Notice of Requisition of Meeting to remove Directors and on the 16 January 2015 they received a further 249D Notice of Requisition of Meeting to remove Director.

On 2 February 2015 the Company issued a Notice of General Meeting and Proxy Forms in respect of a General Meeting of Shareholders to be held in Perth on 5 March 2015 at 10.00am.

On the 5 March 2015 the Company announced the results of the General Meeting of Shareholders and advised that Resolutions 1 to 5 were not carried and Resolution 5 was carried with Douglas Daws being removed as a Director.

Other than the above, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

AUDITOR INDEPENDENCE

Section 370C of the Corporation Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the consolidated financial report. This Independence Declaration is disclosed on page 5 of this report and forms part of this directors' report for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the directors.



Lloyd Jones
Managing Director

Perth, Western Australia

Dated this 13th day of March 2015



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DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF NORTHERN MANGANESE LIMITED

As lead auditor for the review of Northern Manganese Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Northern Manganese Limited and the entities it controlled during the period.

Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 13 March 2015

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	31 Dec 2014 \$	31 Dec 2013 \$
Revenue from continuing operations	3	21,817	5,487
Other income		-	117,500
Administration expenses		(46,178)	(11,960)
Impairment of available-for-sale financial assets	5	(48,354)	(17,500)
Compliance costs		(108,477)	(116,524)
Consultants fees		(35,958)	(7,759)
Depreciation expense		(5,938)	(9,607)
Directors fees		(57,259)	(56,998)
Due diligence expenses		(7,154)	-
Employee benefits expense		(110,534)	(178,266)
Exploration and evaluation		(17,365)	(12,482)
Investor relations expenses		-	(3,641)
Loss on disposal of non-current assets		(27,268)	(6,868)
Office accommodation expenses		(9,229)	(55,721)
Travel expenses		(6,462)	(6,330)
Share based payments (expense) / benefit		140,696	(31,459)
Loss before income tax		(317,663)	(392,128)
Income tax benefit		-	-
Loss for the year		(317,663)	(392,128)
Other comprehensive loss for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to owners of Northern Manganese Ltd		(317,663)	(392,128)
Loss per share for loss attributable to the ordinary equity holders of the Group:			
Basic loss per share (cents per share)		(0.31)	(0.39)
Diluted loss per share (cents per share)		(0.31)	(0.39)

The Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	31 Dec 2014 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,870,918	45,264
Trade and other receivables	4	13,784	13,845
Prepayments		7,252	-
Available-for-sale financial assets	5	190,001	118,300
Total Current Assets		2,081,955	177,409
Non-current Assets			
Exploration and evaluation expenditure	6	-	2,800,000
Plant and equipment		37,161	67,103
Total Non-current Assets		37,161	2,867,103
TOTAL ASSETS		2,119,116	3,044,512
LIABILITIES			
Current Liabilities			
Trade and other payables		94,959	538,045
Provisions		9,431	22,231
Borrowings		13,395	19,508
Total Current Liabilities		117,785	579,784
Non-current Liabilities			
Borrowings		-	3,424
Total Non-current Liabilities		-	3,424
TOTAL LIABILITIES		117,785	583,208
NET ASSETS		2,001,331	2,461,304
EQUITY			
Equity attributable to equity holders			
Contributed equity	7	12,855,790	12,840,324
Reserves		4,665,277	4,823,053
Accumulated losses		(15,519,736)	(15,202,073)
TOTAL EQUITY		2,001,331	2,461,304

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Consolidated	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2013	12,783,774	4,800,512	(11,451,069)	6,133,217
Loss for the half-year	-	-	(392,128)	(392,128)
Total comprehensive loss	-	-	(392,128)	(392,128)
Transactions with owners in their capacity as owners				
Contributions of equity	55,519	-	-	55,519
Employee shares and options	-	31,459	-	31,459
Balance at 31 December 2013	12,839,293	4,831,971	(11,843,197)	5,828,067
Balance at 1 July 2014	12,840,324	4,823,053	(15,202,073)	2,461,304
Loss for the half-year	-	-	(317,663)	(317,663)
Total comprehensive loss	-	-	(317,663)	(317,663)
Transactions with owners in their capacity as owners				
Contributions of equity	-	-	-	-
Transaction costs	(1,614)	-	-	(1,614)
Employee shares and options	17,080	(157,776)	-	(140,696)
Balance at 31 December 2014	12,855,790	4,665,277	(15,519,736)	2,001,331

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 Dec 2014 \$	31 Dec 2013 \$
Cash flows from operating activities		
Payments to suppliers and employees	(715,461)	(299,609)
Interest received	18,075	724
Research and development rebates received	-	-
Other income	-	4,764
Net cash (outflows) used in operating activities	(697,386)	(294,121)
Cash flows from investing activities		
Payments for exploration and evaluation	(144,104)	(64,335)
Proceeds from disposal of exploration assets	2,800,000	50,000
Payments for available-for-sale financial assets	(141,540)	-
Proceeds from sale of available-for-sale financial assets	21,485	-
Payments for plant and equipment	(3,264)	-
Net cash inflows used in investing activities	2,532,577	(14,335)
Cash flows from financing activities		
Proceeds from issue of shares	-	55,519
Repayment of borrowings	(9,537)	(8,723)
Net cash inflows / (outflows) from financing activities	(9,537)	46,796
Net (decrease) in cash and cash equivalents	1,825,654	(261,660)
Cash and cash equivalents at beginning of financial period	45,264	293,125
Cash and cash equivalents at end of financial period	1,870,918	31,465

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements for the half-year ended 31 December 2014 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half-year financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the most recent annual financial statements and public announcements made by Northern Manganese Limited during the interim period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The half-year financial statements were approved by the Board of Directors on 13th March 2015

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements and corresponding interim period.

(b) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Estimates and Judgements

During the period the share based payment expense recognised of \$157,776 has been reversed as the vesting conditions are no longer expected to be met.

2. SEGMENT INFORMATION

The Directors (who are the chief decision makers) have determined the Group has one reportable segment, being mineral exploration in Australia. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

	31 DEC 2014	31 DEC 2013
	\$	\$
Reportable segment profit (loss)	(17,365)	105,018
Reportable segment assets	-	2,800,000
Reportable segment liabilities	-	(146,470)
Reconciliation of reportable segment profit or loss		
Reportable segment profit (loss)	(17,365)	105,018
Unallocated:		
Corporate expenses	(322,115)	(497,870)
Interest income	21,817	724
Loss for the half-year before income tax	(317,663)	(392,128)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2. SEGMENT INFORMATION (continued)

	31 DEC 2014	30 JUNE 2014
	\$	\$
Reconciliation of reportable segment assets		
Reportable segment assets	-	2,800,000
Unallocated:		
Cash and cash equivalents	1,870,918	45,264
Trade and other receivables	13,784	13,845
Prepayments	7,252	-
Available-for-sale financial assets	190,001	118,300
Plant & equipment	37,161	67,103
Total assets as per statement of financial position	2,119,116	3,044,512
Reconciliation of reportable segment liabilities		
Reportable segment liabilities	-	(146,470)
Unallocated:		
Trade and other payables	(94,959)	(391,575)
Provisions	(9,431)	(22,231)
Borrowings	(13,395)	(22,932)
Total liabilities as per statement of financial position	(117,785)	(583,208)

There have been no changes to the way that the segment report is reported from the prior year. There is no reportable segment depreciation, amortisation or tax expense. As a result of the Group's operations it does not have any major customers.

3. REVENUE FROM CONTINUING OPERATIONS

	31 DEC 2014	31 DEC 2013
	\$	\$
Interest revenue	21,817	723
Other income	-	4,764
	21,817	5,487

4. TRADE AND OTHER RECEIVABLES

GST receivable	10,042	11,478
Other	3,743	2,367
	13,785	13,845

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Listed equity securities

Balance at beginning of the half-year	118,300	90,960
Acquisition of equity securities	141,540	67,500
Proceeds on sale of equity securities	(21,485)	-
Impairment of available-for-sale financial assets	(48,354)	(40,160)
Balance at end of the half-year	190,001	118,300

The listed equity securities have been recorded at fair value based on the ASX bid price on 31 December 2014 which is considered to be a level 1 fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 DEC 2014	30 JUNE 2014
	\$	\$
Balance at beginning of the half-year	2,800,000	5,760,803
Expenditure incurred	17,365	221,518
Expenditure written off	(17,365)	(3,182,321)
Proceeds received for surrender of tenements	(2,800,000)	-
Balance at end of half-year	-	2,800,000

The ultimate recoverability of the Group's areas of interest is dependent on the successful discovery and commercialisation of the project.

The Group follows the guidance of AASB 6 *Exploration for and Evaluation of Mineral Resources* to determine when capitalised exploration and evaluation expenditure is impaired. At the end of the reporting period the Group assessed that expenditure relating to tenements in the Groote Eylandt and Blue Mud Bay projects that were in application should be written off. As a result exploration costs of \$17,365 have been written off during the period.

On 1 August 2014 the Company announced that it had reached a final agreement with the Northern Territory Government and that all parties had executed a Deed of Surrender, Release and Payment.

The key features of the agreement are:

- The NT Government confirming that NTM's Mineral Titles are within the 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 in exchange for the surrender of the four granted tenements affected EL 27523, EL 27550, EL27551 and MA 27605 (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.

On 15 August 2014 the Company subsequently announced that the final payment of \$2.8m from the Northern Territory Government for the surrender of Mineral Titles had been received. The Group also confirmed that the Deed of Surrender, Release and Payment 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. The Group also retain two Island applications within the Groote Eylandt project area that are not subject to the Deed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 Dec 2014 Shares	31 Dec 2013 Shares
7. CONTRIBUTED EQUITY		
<i>Ordinary shares</i>		
Issued and fully paid	102,217,195	100,773,246

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Shares	\$
<i>Movement in ordinary shares on issue</i>		
At 1 July 2013	99,662,862	12,783,774
10 October 2013 Exercise of options	10,384	519
10 October 2013 Shares issued by way of placement to investors	1,100,000	55,000
At 31 December 2013	100,773,246	12,839,293
At 1 July 2014	100,793,862	12,840,324
24 November 2014 Shares issued in lieu of remuneration to Managing Director	1,423,333	17,080
Transaction costs	-	(1,614)
At 31 December 2014	102,217,195	12,855,790

Options

Listed Options

No listed options to subscribe for ordinary fully paid shares were granted during the half-year or outstanding at 31 December 2014,

No listed options were exercised, lapsed or forfeited during the half-year.

Unlisted Options

No unlisted options to subscribe for ordinary fully paid shares were granted during the year:

The following unlisted options to subscribe for ordinary fully paid shares are outstanding at 31 December 2014:

- 45,000,000 options exercisable at \$0.20 each on or before 20 May 2012 or \$0.40 if exercised between 21 May 2012 and 20 May 2015 expiring on 20 May 2015. Upon exercise, the option holder receives one fully paid ordinary share, plus 1 further option exercisable on the same terms and conditions of the one exercised.
- 6,000,000 options exercisable at \$0.20 each and expiring on 1 December 2016.

During the period the share based payment expense recognised of \$157,776 has been reversed as the vesting conditions are no longer expected to be met.

No unlisted options lapsed or were forfeited during the half-year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

8. FINANCIAL ASSETS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement principles adopted in this report are consistent with those applied in the consolidated financial statements for the year ended 30 June 2014.

The table below analyses the Group's financial instruments that are carried in the financial statements at fair value by valuation method. The Group's financial assets carried at fair value are listed equity shares.

	31 DEC 2014	30 JUN 2014
	\$	\$
Financial Assets – Current		
Listed equity shares at fair value through other comprehensive income (i)	190,001	118,300

- (i) Level 1 ☐ Fair value measurements were obtained using quoted prices (unadjusted) in active markets for identical assets.
- (ii) Level 2 ☐ Fair value measurements were obtained using inputs other than quoted prices that are observable for the asset either directly (as prices) or indirectly (derived from prices).
- (iii) Level 3 ☐ Measurements are not based on observable market data (unobservable inputs).

There were no transfers between level 1 and level 2 during the reporting period.

Fair value of financial assets and liabilities

The Group's carrying values for all financial instruments, other than those measured at fair value approximate their fair values at 31 December 2014.

9. COMMITMENTS & CONTINGENCIES

There were no changes in commitments and contingencies to those disclosed in the most recent financial report at 30 June 2014.

10. RELATED PARTIES

(a) Transactions with key management personnel

As announced on 20 October 2014, the Company agreed with Mr Jones to reduce his total remuneration package to \$180,000 inclusive of superannuation, effective from 1 November 2014, all other terms and conditions in his existing Executive Services Contract remain unchanged. In addition, 1,423,333 ordinary shares were issued to Mr Jones on 24 November 2014 in accordance with his Executive Services Contract at a price of \$0.012 as approved by Shareholders at the November 2014 Annual General Meeting. The issue of these shares was designed to reward Mr Jones for his services and to act as an incentive for future performance.

There were no other changes to transactions with key management personnel during the period.

Mr L Jones

Salary and superannuation totalling \$Nil (June 2014: \$54,323) remain payable at balance date.

Mr D Daws

Directors fees and superannuation totalling \$Nil (June 2014: \$186,667) remain payable at balance date.

Mr D Ryan

Directors fees and superannuation totalling \$Nil (June 2014: \$24,083) remain payable at balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

11. EVENTS AFTER THE REPORTING DATE

On 13 January 2015 the Company announced the appointment of Mr Gary Connell as a Non-Executive Director and subsequently announced his appointment as Chairman on 30 January 2015 replacing Mr Douglas Daws.

On 15 January 2015 the Company announced that they had received a 249D Notice of Requisition of Meeting to remove Directors and on the 16 January 2015 they received a further 249D Notice of Requisition of Meeting to remove Director.

On 2 February 2015 the Company issued a Notice of General Meeting and Proxy Forms in respect of a General Meeting of shareholders to be held in Perth on 5 March 2015 at 10.00am.

On the 5 March 2015 the Company announced the results of the General Meeting of Shareholders and advised that Resolutions 1 to 5 were not carried and Resolution 5 was carried with Douglas Daws being removed as a Director.

Other than the above, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the consolidated financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2014 and the performance for the half-year then ended; and
 - (ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001 and other mandatory professional requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors:



Lloyd Jones
Managing Director
Perth, Western Australia
Dated this 13th day of March 2015



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Northern Manganese Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Northern Manganese Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Northern Manganese Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Northern Manganese Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Northern Manganese Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO


Chris Burton

Director

Perth, 13 March 2015