

SHAREHOLDER UPDATE – CHAIRMAN’S LETTER

Dear Shareholder

I write to provide a brief overview of the eight months since I assumed the role of Chairman of Northern Manganese Limited (**NTM** or the **Company**) and a brief update as to where I see the Company heading.

As you are no doubt aware, this short period has seen four of the Company’s 1,100 plus shareholders now representing approximately 5.67% of the company’s capital challenge the right of the Board to continue on with its task on not one but two occasions.

Whilst within their legal right to pursue the course they took, I cannot begin to tell you how disruptive and costly such actions have been.

The requisitionists’ argument in support of change seemed to centre on an apparent lack of activity by the Board, with claims we did not have the skills to evaluate an opportunity, complete an acquisition transaction and raise capital. As has been demonstrated by our recent transaction announcement and activities on the evaluation of opportunities, such concerns were entirely ill founded.

Against this background, you will recall that, at the 5 March 2015 general meeting, I was as your largest shareholder emphatic that I was not going to see the Company derailed to benefit a few but, rather, that my Board and I had the same vision being to find a near term project that we could invest in for the benefit of NTM and all its shareholders.

Indeed, prior to the end of March, the Managing Director brought to the attention of the Board the Redcliffe Gold Project, and the opportunity to enter into an arrangement of one form or another with the project owner, Redcliffe Resource Limited (**RCF**).

Of the many projects that the Board considered over this period, Redcliffe best met our stringent criteria, amongst them being that it involved a commodity we knew well (gold), was located in a favourable mining jurisdiction (Leonora in the Eastern Goldfields Western Australian), risk had already been substantially reduced and brought with it considerable exploration upside and with production possible in the near term. I encourage you to review our previous market announcements about the Redcliffe Gold Project.

In so many ways, this seemed to the Board like a far better option for the Company’s scarce financial resources than our Blue Mud Bay project, a high-risk sub-sea manganese target the subject of a Government moratorium on exploration that might never be lifted, and on which a significant amount of Company money and time had already been spent.

I note that the Board's view on Blue Mud Bay does not seem to be shared by the requisitionists who, in their July 2015 statement to shareholders, advocated that the Company continue to pursue this opportunity. In light of this, shareholders should be aware that we recently wrote to the requisitionists offering them the opportunity to purchase all of the Company's rights and entitlements in Blue Mud Bay, as well as our other Northern Territory manganese interests. We await the requisitionists response and will keep shareholders fully informed of any developments.

Meanwhile, amongst all the noise, I believe the arrangements we have been able to enter into in relation to the Redcliffe Gold Project, announced 18 August, are structured in such a way as to achieve an excellent outcome for NTM.

With a 51% controlling stake in the project acquired, we have already been able to put our foot on this exciting opportunity. Moreover, if RCF shareholders approve the Scheme of Arrangement and the merger of NTM and RCF proceeds, this will see NTM emerge as the sole owner of the Redcliffe project with an expanded shareholder base (something the requisitionists suggested the Board did not have the ability to achieve). We will also welcome the new skills on the NTM Board that RCF directors Rod Foster and Bruce McFarlane will bring.

Meanwhile, work on bringing Redcliffe into production continues apace. Key early tasks include:

- Updating resources to JORC 2012 compliant status
- Updating the mining execution plan for Golden Terrace South
- Further exploration and extensional drilling
- Review of capital expenditure and funding requirements

This comes at a time when the gold price in Australian dollar terms at around \$1,600 per ounce is not too far from its all-time high.

I take the opportunity to sincerely thank all NTM shareholders for their support during these trying times and respectfully request the requisitionists to allow us the opportunity to bring Redcliffe into production free of any further unwanted distraction.

Yours sincerely



Garry Connell
Chairman
15 September 2015