

Ms J Hewitt
Advisor, Listings Perth
ASX

By Email: jill.hewitt@asx.com.au

5th February 2014

Dear Jill

Northern Manganese Limited

I refer to your letter of 31 January 2014 and respond using the same numbering as your letter.

- 1 The Appendix 5B which you have referred to estimates the Company's cash outflows for the current quarter as \$250,000. The Company has available to it a full placement capacity of approximately 15,000,000 shares and is currently in the process of working on a rights issue or similar to placing those shares to raise additional capital. The Company has entered into negotiations with a major Western Australian broking firm with a view to engaging them in this process however as at the date of this letter no formal agreement has been reached. The Company also advises that expenditure on future exploration will only occur if new capital is raised and unless this occurs the \$100,000 estimated expenditure on exploration activities will not be incurred. In addition, as reported to the market, the Company has entered into negotiations with the Northern Territory Government in relation to a financial compensation package resulting from the surrender of various tenements held by the Company around Groote Island in the Northern Territory. At this stage negotiations are incomplete however the NT Government has made an opening compensation offer, which is subject to review and response by the Company. Timing in relation to finalisation of negotiations and financial settlement is unknown however the Company expects that the compensation will result in a reasonable cash amount being paid to the Company. .
- 2 Since its listing on the ASX the Company has continually taken steps to enable it to continue to meet its business objectives and the Company will continue to take such steps. As an exploration company these steps include exploring its tenement portfolio and considering new complimentary opportunities as they arise, together with raising funds to fund exploration activities, administrative costs and working capital. Specifically however the Company has;
 - 2.1 Entered into discussions with a major WA broking firm to raise new capital via a rights issue, placement or similar. These negotiations are expected to be finalised over the next few days.
 - 2.2 Continued to work with the NT Government in relation to its compensation package.

NORTHERN MANGANESE LIMITED

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- 2.3 Is activity pursuing the sale of other non-manganese tenement packages the company currently owns.
- 3 Yes the Company can confirm that it is in compliance with listing rules and in particular listing rule 3.1.
- 4 The Company's audited balance sheet as at 30 June 2013 reflects consolidated net assets of in excess of \$6.1 million, comprised of total assets of in excess of \$6.27 million and total liabilities of less than \$150,000. Of those liabilities, including some of the more current liabilities, the Company has discussed with selected creditors the option of payment in full or part to be satisfied by way of an issue of shares under the Company's 15% placement capacity. In addition the Company has commissioned an independent expert to value its Groote Island tenement package under the Valmin Code as part of its negotiations with the NT Government in order to seek a fair and reasonable compensation settlement for its shareholders.

Yours sincerely



Lloyd Jones
Managing Director

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31 January 2014

Mr R Marusco
Company Secretary
Northern Manganese Limited
C/- NKH Business Advisors & Accountants
PO Box 8281
SUBIACO WA 6008

Email: robert.marusco@nkh.com.au

Dear Robert

ASX Compliance Pty Limited
ABN 26 087 780 489
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Exchange Plaza
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Northern Manganese Limited ("Company")

I refer to the Company's Quarterly Cash Flow Report in the form of an Appendix 5B for the period ended 31 December 2013, released to ASX Limited ("ASX") on 31 January 2014, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of - \$0.
2. Net negative operating cash flows for the quarter of \$116,000.
3. Cash at end of quarter of \$31,000.
4. Estimated cash flow on exploration of \$100,000
5. Estimated cash flow on administration \$150,000

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities? Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
3. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

4. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Response

Under listing rule 18.7A, a copy of this query and the Company's response may be released to the market, so the response should be in a suitable form and separately address each of the questions asked.

The Company's response should be sent to me via email to jill.hewitt@asx.com.au or by facsimile to **facsimile number +61 8 9221 2020**. It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00pm WST on Wednesday, 5 February 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

Sent electronically without signature

Jill Hewitt
Senior Adviser, Listings Compliance (Perth)