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## QUARTERLY REPORT TO 30 JUNE 2013

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### QUARTER OVERVIEW

- Loyalty options offered in Northern Manganese Limited (NTM) oversubscribed
- Compensation Claim for Groote Eylandt tenure lodged with Northern Territory Government
- Consent to negotiate issued by Minister for Mines for the Blue Mud Bay Island tenure
- Wounded Knee continues to reveal its geology
- Cardinal Resources withdraw from Mt Alexander JV

I am pleased to advise that the loyalty options offered in NTM were oversubscribed and required your Board to pare back the allocations. The Chairman and Board will now seek to re build our share value with a focus on our Northern Territory Blue Mud Bay Island tenure and further grass roots exploration of our Wounded Knee project which continues to reveal its geology.

As advised in in an earlier ASX announcement (8th July) Cardinal Resources withdrew from the Mt Alexander project and NTM will actively pursue a new joint venture partner in this uranium prospect.

### PROJECT UPDATES

#### Northern Manganese Groote Eylandt Project

These are the four granted EL's off the west coast of Groote Eylandt the subject of the government imposed moratorium on the 6 March 2012 and now the subject of a proposed general reservation to prevent mining and exploration in the waters surrounding Groote Eylandt.

The Government has announced plans to introduce the general reservation on the 30 September 2013. For this proposal to proceed to their intended timetable would require NTM to surrender our granted tenure and to receive acceptable undertakings from the government confirming the unalienable right to the preservation of our entitlement to have the first grant of a mining title over the area should circumstances change in the future. It will also require the payment to NTM of significant compensation on terms yet to be agreed.

NTM have lodged our 'Statement of Claim' in respect of compensation as detailed in our ASX release of 19 July 2013. We are waiting the formal invitation to sit down with representatives of Government to discuss our claim, and if acceptable to us, to agree.

#### Blue Mud Bay

NTM is the applicant for four (4) Islands and three (3) offshore Exploration Licences.

With the Moratorium in place the offshore applications 28086, 28087 and 28089 cannot be granted. It is important to note that the Chief Minister and the department have advised that the moratorium will be removed on the declaration of the general reserve over the waters surrounding Groote Eylandt.

The Department of Mines and Energy had been requested to initiate the consent to negotiate process for the four Island tenements under the Aboriginal Land Right Act (ALRA).

NTM received advice from the Minister for Mines and Energy on the 19 July as follows:

"I am pleased to advise that, pursuant to section 62(2) of the Mineral Titles Act, I hereby give my consent for North Manganese Pty Limited (a wholly owned subsidiary) to enter into negotiations with the Northern Land Council in respect of the applications for the grant of Exploration Licences 28089, 28090, 2809, and 28092."

This is the beginning of a highly prescribed process commenced with the lodgment of supporting documentation by NTM to the Northern Land Council who will administer the process on behalf of the community of Blue Mud Bay.

NTM are also in discussions with a consultant with strong traditional links to the community to assist your company in reaching a consensus in terms of an agreement for exploration and future mining of the Islands.

NTM are looking to build on the cooperation agreement entered into with the Blue Mud Bay Community last year and are committed to building a strong working relationship with them to achieve our goals and the objectives of the community. We have always made it clear that we want to engage with the BMB community and that we want the community to be an active party in our undertakings in the area, hopefully in a form of Joint Venture in addition to the usual employment, training and royalties components.

We hope to build on a mutual vision of building a strong working relationship leading to an independent economic community at BMB for its peoples.

### **Offshore Commonwealth Waters Project**

These tenements are to the south of the Groote Eylandt West project and are still in the application stage with limited correspondence occurring between the NT department who are representing the commonwealth and NTM. It would be fair to assume that the happenings around Groote Eylandt are being carefully observed by the commonwealth government prior to them making any decision on these applications.

### **Wounded Knee Project**

The Wounded Knee project on EL46/873 is located in the Pilbara Mineral Field approximately 15 km south-east of the Woodie Woodie manganese mine.

### **Work to date**

Following the aerial photo-geological interpretation, a field mapping trip was undertaken with the aim of ground truthing various areas of interest, and sampling outcrops. An area of approximately 9 square kilometres was 'walked' and a total of 22 samples were taken.

The mapping paid particular attention to quartz vein orientations and magnitude. Relationships between mineralised quartz veining and associated orientations/locations are being investigated. Structural complexity associated with quartz veining was observed in many locations. The previously identified fold structure located between the so-called Antiform Fault and the Baramine Fault appears to be more domal than anticlinal following structural readings taken from rocks in the south of the area. More data is required prior to making more inferences.

## Results

Twenty two rock chip samples were assayed. Anomalous levels of copper and lead were expected from two of the samples as mineralisation was clearly evident in hand samples.

The results are summarised below:

Sample	Au (ppb)	Ag (ppm)	Cu (%)	Pb (%)	Fe (%)	Mo (ppm)	Ti (ppm)	Zn (ppm)
100351	265	752	11.400	9.760	3.82	41.9	150	272
100352		1.5	0.057	0.049	9.07	14.1	0	180
100353		1.5	0.013	0.069	8.15	7.3	0	256
100354		1	0.004	0.009	1.04	17.1	250	8
100355		1	0.006	0.022	1.89	2.6	0	44
100356		0	0.002	0.006	2.7	2.3	1700	74
100357		0.5	0.000	0.003	5.09	3	150	10
100358		1	0.001	0.007	6.27	5.7	50	340
100359		1	0.004	0.020	3.19	3.4	0	94
100360		0.5	0.003	0.004	1.72	3.7	0	14
100388	19	1.5	0.022	0.010	0.94	5.9	150	8
100389		0	0.001	0.001	1.63	2.1	150	4
100390		2	0.002	0.001	0.45	2.4	0	0
100391		0.5	0.001	0.003	0.57	2.9	0	6
100393		0.5	0.000	0.001	0.73	3.2	0	0
100394		0	0.002	0.003	0.75	2.1	300	36
100395		1	0.012	0.035	1.23	0.6	800	144
100396		0.5	0.002	0.004	0.67	2.4	150	16
100397	13	0.5	1.340	0.335	3.68	45.8	150	224
100398		0.5	0.005	0.001	1.33	5.3	0	48
100399		0.5	0.002	0.002	61.4	2	800	4
100400		1	0.001	0.001	0.8	2.8	0	6

All but one of the results are from newly identified outcrops. The highest copper result was 11.4% and the highest lead result was 9.76%. Interestingly, anomalous values for other elements including gold, silver, molybdenum, titanium and zinc were also reported. A silver assay returned at 752g/t, and a predominantly hematitic sample also contained 800ppm titanium. The highest titanium result was 1,700ppm.

No significant results were returned for platinum, palladium, tin, nickel or vanadium.

One rare earth element (REE) sample was taken with no significant result being returned. The sample was taken from a large area of cover material and is by no means definitive. This has not discounted further work.

## Planned Work

More mapping is required to the south of the project area to follow up on the continuity of the structural trend of quartz outcrops. Compilation of data obtained from the mapping/sampling expedition is ongoing. Completion of the mapping and compilation of results should allow for geological target generation for proposed geophysics.

## **Mt Alexander**

Cardinal Resources Ltd (CDV) has the right to earn a 60% interest in the Mount Alexander Project from NTM through the expenditure of \$1 million on the project and a further 10% through an additional expenditure of \$800,000.

As advised to market on 8<sup>th</sup> July Cardinal Resources have given written notice of their withdrawal from the Mt Alexander Joint Venture. Cardinal did not reach the minimum required expenditure to earn an interest in this project. NTM awaits CDV to provide in due course the Mining Information as defined in clause 2.21 of the Farmin Agreement held by CDV in relation to E08/9187. NTM intend to actively pursue this uranium project with interested third parties.

## **Corporate**

During the quarter your Board approved the issue of the loyalty options in recognition of support from our investors. As advised this was oversubscribed.

The Company is currently in discussions with sophisticated, professional and exempt investors in respect to the placement of the Shares available under its ASX Listing Rule 7.1 and 7.1A capacities and placement funds.

## **Tenements**

No tenements were acquired or relinquished during this period



Lloyd Jones  
Managing Director

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Northern Manganese Limited

ABN

24 119 494 772

Quarter ended ("current quarter")

30 June 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(70)	(458)
(b) development	-	-
(c) production	-	-
(d) administration	(231)	(1,173)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	37
1.5 Interest and other costs of finance paid	3	(4)
1.6 Income taxes paid	-	-
1.7 Other – research and development received	-	774
<b>Net Operating Cash Flows</b>	<b>(296)</b>	<b>(824)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(20)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(20)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(296)</b>	<b>(844)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(296)	(844)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	40	40
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(8)	(16)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	<b>Net financing cash flows</b>	<b>32</b>	<b>24</b>
	<b>Net increase (decrease) in cash held</b>	<b>(264)</b>	<b>(820)</b>
1.20	Cash at beginning of quarter/year to date	557	1,113
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>293</b>	<b>293</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	103
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Item 1.5 has been adjusted to correct the amount of interest and other costs of finance shown in the previous quarter.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	60
4.2 Development	-
4.3 Production	-
4.4 Administration	230
<b>Total</b>	<b>290</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	293	557
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposits	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>293</b>	<b>557</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	99,662,862	99,662,862		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	-	-		
7.5 *Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted	45,000,000	-	\$0.40	20 May 2015
Unlisted	6,000,000	-	\$0.20	1 December 2016
Listed	39,865,145	39,865,145	\$0.05	30 April 2014
7.8 Issued during quarter	39,865,145	39,865,145	\$0.05	30 April 2014
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 31 July 2013

Print name: **Lloyd Jones**  
**Managing Director**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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