

31 October 2012

NORTHERN MANGANESE QUARTERLY REPORT TO 30 SEPTEMBER 2012

Northern Manganese Groote Eylandt Project

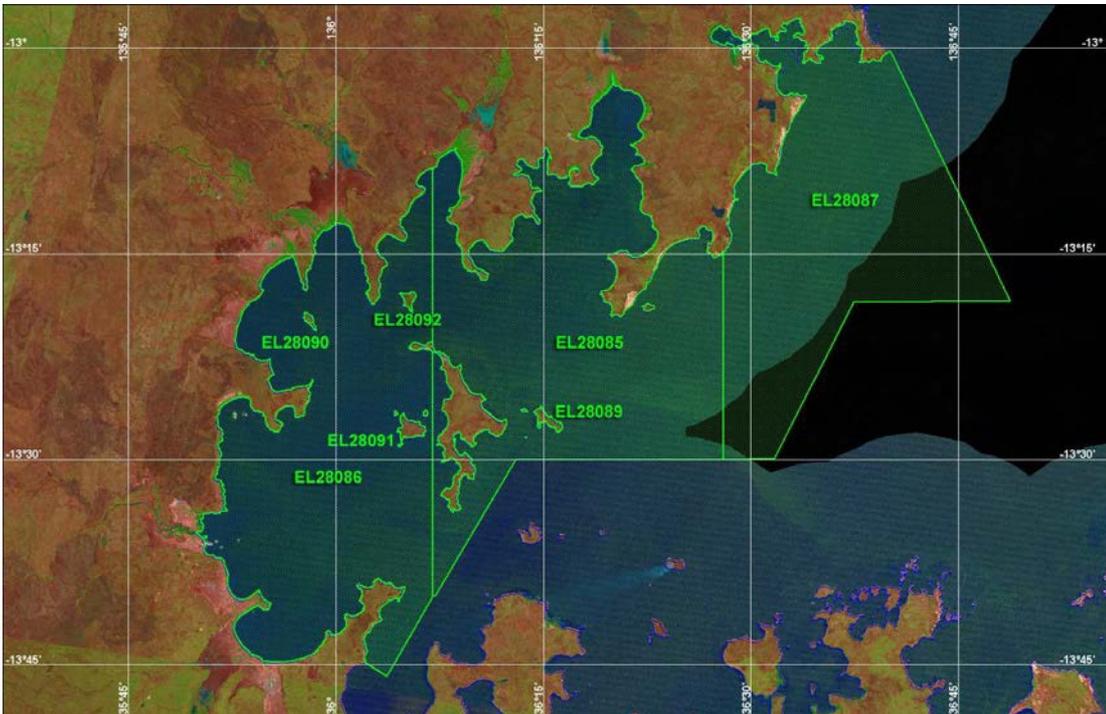
Exploration activities developed for this project have been placed on hold following the announcement on the 6th March 2012 by the Northern Territory Government of a moratorium on all offshore exploration and seabed mining for three years until 2015.

The Northern Territory Environmental Protection Authority (EPA) have been charged by the Government to undertake the comprehensive assessment of offshore exploration and seabed mining to ascertain the potential impacts such activities may have on the environment.

No reportable activities have occurred on this project during the quarter as a result of the Moratorium.

Blue Mud Bay

Northern Manganese Limited (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.

The preparation of a consent request was put on hold until after the elections held on 25 August 2012 which saw the Country Liberal Party come to power. Preparations have since recommenced for the lodgment of the consent to negotiate notice over the four Island tenements under the Aboriginal Land Right Act (ALRA)

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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.



A total of 9 RC holes were drilled within the Wounded Knee Project area in October for a total of 833m. Seventy samples from this program were submitted for analytical test work.

A geological assessment including thin section analysis of chips retrieved from the October 2012 drilling program and associated assay results is expected to give insight and direction to the future exploration approach.

Geological logging of drill chips has challenged the most recent geological mapping and structural interpretations. Additional mineralised quartz veining containing copper and lead mineralisation has been located. Quartz veining can be described as extensive and complex.



Wounded Knee Project (continued)

Detailed mapping is planned given the scale of highly mineralised quartz tension gashes evident in specific areas. By combining existing structural knowledge with localised and specific geological mapping, it is hoped to gain a detailed understanding of mineralisation controls. In particular, mineralised quartz veining and its relationship with local geology needs to be assessed.

Mt Alexander**Ridge Resources JV**

Ridge Resources Ltd (**Ridge**) 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.

Ridge has reported that no expenditure occurred during the quarter.

Other Business**Mining the Territory Conference**

The Chairman, Managing Director and Environmental consultant attended a Stakeholder Workshop entitled "Managing multiple interests in the Northern Territory's marine environment" organised by the CSRIO Wealth from Oceans Flagship Research Program.

The Aim was to provide a forum to develop a better understanding of the needs associated with marine multiple use management.

This workshop was proved a valuable precursor to the workshop held as part of the "Mining the Territories Conference" entitled "Seafloor Mining in the Northern Territory". The Managing Director presented at this workshop as well as the Mining the Territories Conference.

The CSRIO will distill the comments gathered from both workshops and distribute back to the stakeholders with an action plan on the next steps.

Tenements

No tenements were acquired or relinquished during this period

Corporate

Company cash balance at 30 September 2012 was \$1.256 million