

Quarterly Report Period Ending 31 December 2011

Northern Manganese Groote Eylandt Offshore Project

As reported in the September Quarterly our Environment and Biodiversity and Conservation (**EPBC**) approval was granted to Northern Manganese Ltd (**NTM**) by the Department of Sustainability, Environment, Water, Population and Communities (**SEWPAC**)

We advised at that time that an authorisation from the Northern Territory Government Department of Resources (**NT DOR**) of our Mine Management Plan (**MMP**) was the last regulatory action required before we could commence our acoustic survey as approved.

As advised to market the same department that approved the EPBC wrote to NTM advising that they SEWPAC were looking to list the Groote Eylandt Archipelago and surrounding waters to the mainland as an area of National Heritage Significance due to the existence of song lines and dreaming lines as advised by the Traditional Owners.

As a result of this proposed listing the NT DOR has held up our authorisation of the MMP whilst they source further particulars. NTM has also sought greater detail from SEWPAC and the Chief Minister of the NT but to date has received no written response from either party.

NTM requested and received an audience with The Hon Kon Vatskalis, Minister for Primary Industry, Fisheries and Resources to discuss this standoff. As a consequence of this meeting in late December 2011 NTM wrote to the Anindilyakwa Land Council (**ALC**) providing additional information and requesting further meetings with the ALC to further discuss the NTM program and the community concerns about this program.

We can report that the ALC have responded to our request for a meeting on the 24 December suggesting a meeting in the New Year when their people will be available to conduct such a meeting.

NTM are confident that a meeting will occur with both parties in early February and subject to that meeting it may be necessary to seek an extension of time from the Federal Government in respect of our existing window to conduct the acoustic survey currently due to expire on the 20 March 2012.

Project Acquisition

The Company continues to review other Manganese prospects both domestic and international with the view to enhancing our existing Manganese portfolio.

Whilst manganese and particularly the Company's existing tenements in the Gulf of Carpentaria will retain pre-eminent importance in the Company's planning, the delays to the various approval processes at both the state and federal level are a cause for concern. This has prompted a decision to examine the potential of other projects and other commodities. A number of opportunities have been offered to the company and some of these are being given further evaluation.

Tenements

No tenements were acquired or relinquished during this period

Ridge Resources JV

Ridge Resources Ltd (**Ridge**) has entered into an agreement 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 completed an Airborne Survey of the Mt Alexander Project comprising of radiometric and magnetic surveys during December.

Darwin Office

The transition to and opening of the Darwin Office was completed during this period