

Northern Manganese Limited has extensive manganese exploration projects in the Northern Territory.

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Mr Lloyd Jones
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28th February 2012

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ASX Limited
Company Announcement Office
SYDNEY NSW 2000

PURCHASE OF EXPLORATION PROJECT – EL 45/873

Northern Manganese Limited (“NTM” or the “Company”) is pleased to announce that it has entered into a Purchase Agreement to acquire 100% of tenement known as “The Wounded Knee Project” (the “Tenement”) currently held by a Kalgoorlie based prospector (the “Prospector”).

The “Wounded Knee Project” on EL 45/873 is located in the Pilbara Mineral Field approximately 120 km east of Nullagine and 15 km south-east of the Woodie Woodie manganese mine. Despite its proximity to Woodie Woodie the project is not for manganese - it is a base metal prospect on which some earlier work has been undertaken.

The Tenement

E45/873 is a granted Exploration Licence in its first year of a 5 year term expiring 6th December 2016, comprising 35 graticular blocks or 111.36 km² in the Pilbara Mineral field of Western Australia.

Terms of Acquisition

On 20th February 2012, the Prospector and the Company entered into a Deed of Tenement Purchase (the “Agreement”) whereby the Company completes an outright purchase of the Tenement from The Prospector. In order to finalise the transaction the Company will:

- (i) pay the Prospector the amount of AUD\$180,000;
- (ii) allot and issue to the Prospector and /or his nominee 4,000,000 fully paid ordinary shares (**Shares**) in NTM.

The Shares to be allotted to the Prospector to complete this purchase is made within the Company’s available 15% capacity under ASX Listing Rule 7.1.

Geology

The mineralisation is hosted by an extensive series of quartz veins associated with a contact between felsic volcanic units and sediments. Detailed geological mapping over the tenement has been completed (see figure 1). Geological interpretations involving local and regional geology appear to be lacking as there is little discussion on fluid pathways associated with mineralised quartz veining and regional folding relationships.

A recent publication by Blake, T.S., et al. entitled Two episodes of regional-scale Precambrian hydrothermal alteration in the eastern Pilbara, Western Australia, has proven that 'ancient crustal fractures have repeatedly acted as fluid conduits' within the eastern Pilbara. Given that major hydrothermal activity has occurred in the immediate area (Woodie Woodie manganese mineralisation), it is likely that potential exists for further mineralisation in the area. A structural interpretation of the area has been conducted. The interpretation is complex and appears relatively well understood.

Historical Work

Rock chip and stream sediment sampling over the area has been extensive over numerous campaigns conducted by a number of companies. This process has highlighted many target areas. See Figure 1

Ground based EM and gravity surveys have been carried out over the area. Follow-up gradient array IP (GAIP) surveys were then used with inconclusive results. It is thought that no 'significant' target was defined using GAIP although it was accepted that the mineralised quartz veining or tension gashes would not likely show up due to their size (typically 2m width and 10m in length).

Limited drilling to date has not intersected significant mineralisation.

Planned Work

- Confirm access arrangements
- Review geological interpretations with a view to defining new drill targets.
- Field visit 2nd quarter of the year to ground truth previous work
- Define drilling program placement
- Engage with and complete Heritage Surveys with Traditional Owners

NB. Access is restricted at present due to the influence of the Northern wet season.

Conclusion

The decision to acquire this project represents a departure from the Company's previously stated intention to focus on manganese exploration and development – particularly in the vicinity of Groote Eylande off the coast of northern Australia. It offers an interesting alternative opportunity.

NTM has been influenced in its decision by the protracted processes that have arisen for access to the Company's Northern Territory tenements for a range of reasons not the least being the apparent inability of the Northern Territory Government to adhere to its own access procedures.

NTM will continue to do everything legally available to it to establish an approved exploration program over its offshore tenements commencing with the planned acoustic survey that received Commonwealth approval in November 2011.

NTM will continue to examine the potential of a range of projects offered to it in Australia and elsewhere.

Board Update

The Company advises that Mr Doug Daws has changed his role in the Company from Executive Chairman to Non-Executive Chairman effective immediately.

Doug Daws
Chairman

The information in this report relating to exploration results and mineral resources is based on information compiled by Mr. N. Cull who is a Member of the Australian Institute of Geoscientists. Mr. Cull is a senior geological consultant for Northern Manganese Pty Ltd, and consents to the inclusion in this type of report of the information as presented. He has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.



Figure 1 Project Geology Area (from GSWA, 2007) and Cu Surface Geochemistry

