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## QUARTERLY REPORT TO 30 June 2014

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### QUARTER OVERVIEW

- Draft Deed of Surrender Payment and Release received from the Northern Territory Government
- A Revised Deed of Surrender Payment and Release returned to the Northern Territory Government by Northern Manganese Limited (“NTM” or the “Company”)
- Agreed terms of Deed of Surrender Payment and Release imminent.
- Wounded Knee divested

### PROJECT UPDATES - Groote Eylandt Project

During the quarter NTM Management continued to press the Department of Mines and Resources in the Northern Territory to comment on our draft Deed and indeed to meet with Company representatives.

The twelve (12) month anniversary date of the day the Northern Territory’s Chief Minister called your chairman to advise what the Cabinet had decided during a community Cabinet meeting held at Groote Eylandt has now passed with no resolution reached.

Their intentions as advised to the Company were simple:

- Invoke a General Reservation around the waters of Groote Eylandt which would prevent Exploration and Mining from occurring.
- NTM would be required to surrender their existing granted tenure
- Compensation would be considered by the NT Government and
- NTM requested to submit their costs to the Department of Mines and Resources.

After twelve months of negotiations the final sticking point has been the compensation amount or as the NT Government now refers the “consideration” that they were prepared to offer for the surrender of our granted titles.

Such an offer was finally received from the Department of Mines and Resources on the 28 April 2014 raising the hope that we could conclude our negotiations within the timeline of twelve months. However in the interests of our shareholders your Board concluded and agreed that the offer was insufficient for what NTM were being asked to surrender or indeed compensatory enough for what the Company had expended. A revised offer was prepared and returned to the Department of Mines and Resources on the 23 May 2014.

## Blue Mud Bay

No further action has occurred around the consent meetings whilst NTM Management continues to work with the Department of Mines and Resources to resolve the Deed of Surrender Payment and Release around our Groote Eylandt Project.

## Offshore Commonwealth Waters Project

No activity occurred during the quarter. These tenements are located to the south of the Groote Eylandt West project and are still in the application stage.

## Wounded Knee Project

After due consideration of the projects merit and review of the geological data past present and proposed, the Board agreed to divest all interest in this project.

## Mining Tenements Held as at 30 June 2014

Tenement	Status	Tenement Area (km <sup>2</sup> )
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### Groote Eylandt, Northern Territory (Northern Manganese 100%)

A27605	Granted	685.10
A28131	Application	196.70
A28132	Application	115.00
A28133	Application	278.50
A28134	Application	772.90
A28135	Application	387.90
EL27521	Application	47.30
EL27522	Application	10.50
EL27523	Granted	738.00
EL27550	Granted	154.10
EL27551	Granted	87.70
EL27937	Application	0.20
OEL28098	Application	1472.00
OEL28099	Application	1615.00
OEL28100	Application	1595.00
OEL28101	Application	1587.00
OEL28102	Application	1603.00
OEL28103	Application	1578.00
OEL28104	Application	1546.00
OEL28105	Application	1613.00
OEL28106	Application	1079.00

### Blue Mud Bay, Northern Territory (Northern Manganese 100%)

EL28085	Application	1,349.96
EL28086	Application	1,337.84
EL28087	Application	1,192.23
EL28089	Application	4.70
EL28090	Application	1.64
EL28091	Application	7.08
EL28092	Application	2.72

## **Mining Tenements Acquired and Disposed during the June 2014 Quarter**

### **Acquired:**

Nil

### **Disposed:**

EL46/873 – Wounded Knee, Western Australia

## **Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the June 2014 Quarter**

Nil

## **Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the June 2014 Quarter**

Nil

## **Subsequent Events**

The Board can advise that our latest offer is being considered carefully by the Department of Mines and Resources and further, NTM believe that an agreement will be reached which would allow settlement by the end of July 2014 with payment expected to be made in August 2014.

Details of the agreed settlement will be the subject of a separate release to the ASX on completion.

## **Corporate**

The Company is reviewing its funding arrangements and capital raising initiatives going forward.

## **Shares**

<b>Company</b>	<b>Number of Shares Held</b>	<b>Share Price 30 June 2014</b>	<b>Value 30 June 2014</b>	<b>Comments</b>
Zenith (ZNC)	500,000	\$0.085	\$42,500	Escrowed until 28 October 2014
Spitfire (SPI)	7,580,000	\$0.01	\$75,800	



**Lloyd Jones**  
**Managing Director**