

10 September 2015

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SHAREHOLDER UPDATE – BLUE MUD BAY PROJECT

Northern Manganese Limited (“**NTM**” or the “**Company**”) held a General meeting on 28 August 2015 which was requested by Requisitioning Shareholders (the “**Requisitioners**”) the purpose of which was to replace your current Board of the Company with their nominated directors the resolutions of which, when put to a vote of Shareholders, did not carry. Shareholders present at that meeting requested an update on what is happening in the Northern Territory, especially around the Company’s Blue Mud Bay Project in light of the fact the Requisitioners had previously issued a statement to Shareholders (copy on NTM Web Page) which made a number of claims concerning the traditional owners of Blue Mud Bay.

The Requisitioners’ statement said that they had been approached by Mr Conway Bush, Indigenous Elder Representative of Blue Mud Bay People, and that Mr Bush represented the major indigenous stakeholder and endorsed new leadership for NTM.

As the Northern Land Council (“**NLC**”) is the body established under the Aboriginal Lands Rights (Northern Territory) Act 1976 (Cth) (**ALRA**) and the Native Title Act 1993 (Cth) (**NTA**) to represent the traditional owners of Blue Mud Bay, management of NTM wrote to the Northern Land Council to seek clarification on the claims made by the Requisitioners.

Specifically we asked the NLC the following questions and received these answers;

NTM QUESTION	NLC RESPONSE
Does the NLC represent the traditional Aboriginal owners of Blue Mud Bay in relation to the Exploration Licence applications made by NTM?	YES
Have the Requisitioners (or their representatives) contacted the NLC?	NO
Have traditional Aboriginal owners of Blue Mud Bay, through the NLC, resolved to support the motion proposed by the Requisitioners to remove the board of NTM?	NO

The management and the Board of NTM is fully aware of the statutory role of the Northern Land Council in respect of Aboriginal land and the Northern Land Council’s role as a Native Title Representative Body (**NTRB**) in relation to land and waters the subject of native title rights and interests. The Company has complied with the negotiation process mandated by the Part IV of the *Aboriginal Land Rights (Northern Territory) Act 1976* (Cth) (**ALRA**) and recognises the Northern Land Council as the NRTB for waters the subject of native title rights and interests. Further we respect it is the decision of Traditional Owners as a group as to whether to allow exploration to occur on Aboriginal land and it is not for outsiders to seek to overturn veto decisions.

Your Board believes that there are many hurdles still to climb in the Northern Territory and whilst we do not say that the Blue Mud Bay Project will never get off the ground, with the Moratorium in place and renewed for a further three years by the Government in March 2015, coupled with low manganese pricing and high costs of exploration, that time is not now.

Northern Manganese will continue to keep the shareholders apprised of developments in the Northern Territory as and when they occur.



Lloyd Jones

Managing Director