

Chairman's address 2020 AGM

The 2019/20 year has been a particularly difficult one for our Company with crises being dealt with on numerous fronts, not the least being the impact of the COVID-19 pandemic.

Thanks to a massive effort by our board, management, staff, advisors, we have managed to weather the storm and come out with a clean balance sheet; having maintained ongoing activities and testing at our Browns Range facility; and carried out encouraging exploration activity in the Browns Range area.

It has indeed been a torrid time, due largely to circumstances beyond our control.

In mid-May 2019, the Company received formal notification from AusIndustry that it was of the opinion that the Company's 2016/17 and 2017/18 research and development claims related to activities that were "ineligible R&D activities" which would not be eligible for the Research and Development (R&D) tax offset for those income years.

The Company had taken detailed precautions and advice to ensure that its R&D claims met the criteria laid down for the tax offsets and we were very surprised at this finding.

Almost 9 months later, following an appeal by the Company, AusIndustry completed a review and found that most activities in Northern Minerals' R&D tax offset claims for FY17 and FY18 were in fact eligible.

On 24 August 2020, almost 15 months after AusIndustry's initial determination and 6 months after completion of its review, we entered into a settlement agreement with the Australian Taxation Office (ATO) that settled all matters relating to the Company's refundable R&D tax offset claims for FY17 and FY18 and which concluded the ATO's review of those claims.

This protracted settlement negotiation with the ATO caused severe disruption to our cash flow, and these events had a profound effect on the Company's ability to carry on its business. We found ourselves with a significant debt to the ATO and were faced with the potential threat of other sanctions. Thanks to the understanding and co-operation of our lenders, suppliers and other creditors, we were able to survive the situation, over which we had little control.

In August 2019, the Company had also entered into a subscription agreement with Baogang Group Investment (Australia) Pty Ltd (BGIA) to raise \$20 million under a private placement. We had been in discussions with BGIA for a number of years and we saw them as a good partner that could bring rare earth technical expertise as well as funding for the next phase of the development of the Browns Range Project. Unfortunately, the investment by BGIA was prohibited by the Treasurer in April 2020 and we needed to seek alternate funding urgently.

As a result, the Company was forced to raise funds at prices significantly lower than the BGIA placement, and existing shareholders may have been impacted by way of a dilution in their shareholdings.

In March of this year, with the impact of COVID 19 being felt across the globe, the Company made the difficult decision to temporarily suspend site operations at the Browns Range Pilot Plant Project. We were faced with progressive travel restrictions within regional WA that would be required to halt

Powering Technology.

Northern Minerals
Ground Floor
34 Colin Street
West Perth WA 6005

PO Box 669
West Perth WA 6872
northernminerals.com.au
info@northernminerals.com.au

ASX: NTU
T: +61 8 9481 2344
F: +61 8 9481 5929
ABN: 61 119 966 353

the spread of COVID-19, particularly to remote communities in areas like the East Kimberley. COVID restrictions required the plant to be placed into care and maintenance for 5 months.

These very trying and stressful situations saw our long time Managing Director, George Bauk, resign from the Company. George was an exceptional and resilient leader for the Company, having steered it through some low points with an unwavering focus on realising the potential of the Browns Range Project.

George has been replaced as CEO by long serving CFO Mark Tory. Mark has been with the company for 8 years and retains the knowledge of the global rare earth industry after working closely with George during this time.

On the positive side of the ledger, we have continued with our ongoing development of the largest, rare earths occurrence of its kind in the world outside of China.

The R&D testwork has recommenced, with the partial restart of operations following a five-month disruption. Beneficiation testwork on Browns Range ore is continuing and hydrometallurgical plant testwork has been re-started to continue the three-year pilot assessment of the economic and technical feasibility of a commercial, larger scale development at Browns Range.

We entered into an offtake agreement with Thyssenkrupp Materials Trading GmbH, one of the world's leading raw material distributors from the Materials Services business area, for 100% of offtake from the Browns Range Pilot Plant Project.

We announced wide high-grade rare earth intercepts from diamond drilling at Dazzler and Iceman prospects with Grades up to 10 times the existing Total Mineral Resource grade.

An upgraded Mineral Resource estimate for the Dazzler deposit increased the tonnage by over 50%; with a grade increase from 2.23% to 2.33% TREO. Dazzler is now the second largest resource at Browns Range behind Wolverine.

Further information about the Company's projects, including the Dazzler and Iceman projects can be found in the Company's ASX announcements.

The Company has committed a \$5 million budget for its current exploration program for the remainder of the financial year ending 30 June 2021. Up to 16,500 metres will be drilled across the tenements in total, with approximately 8,500 metres of reverse circulation drilling completed to date. The objective of the program is to increase the heavy rare earth Mineral Resource and life of mine potential at Browns Range. Exploration results, along with testwork findings from the Pilot Plant, will feed into any future commercial, large-scale project feasibility study.

The Company is well placed with one of the largest heavy rare earth occurrences in the world as its major asset.

Heavy rare earths are a critical component of many things we do in today's modern world, including electric vehicles and other green energy.

Through the development of its 100% owned flagship project, the Browns Range Project, Northern Minerals aims to build the Western Australian operation into a significant world producer of heavy rare earths.

On behalf of the Board, I would like to thank all of our shareholders for their continued support and commitment to the Company and we look forward to further positive developments in 2021.

ENDS

Authorised by:

Colin McCavana
Non-executive Chairman

About Northern Minerals:

Northern Minerals Limited (ASX: NTU) (Northern Minerals or the Company) is one of a few producers of heavy rare earth element dysprosium outside of China via production from the Browns Range Heavy Rare Earth Project in northern Western Australia.

The Company commenced the production of heavy rare earth carbonate in late 2018 as part of a three-year pilot assessment of economic and temporarily technical feasibility of a larger scale development at Browns Range. In March 2020, the operation was placed into care & maintenance as a result of COVID-19 and has partially restarted operations in August 2020.

The work program provides the opportunity to gain production experience and surety of supply for our offtake partner, thyssenkrupp, as well as allowing the assessment of various project enhancement initiatives including ore sorting and the separation of the product into individual rare earth oxides.

Through the development of its flagship project, the Browns Range Project (the Project), Northern Minerals aims to build the Western Australian operation into a significant world producer of dysprosium outside of China.

The Project is 100% owned by Northern Minerals and has several deposits and prospects containing high value dysprosium and other HREs, hosted in xenotime mineralisation.

Dysprosium is an essential ingredient in the production of DyNdFeB (dysprosium neodymium iron-boron) magnets used in clean energy, military and high technology solutions.

For more information: northernminerals.com.au.

