

28 October 2022

Notice under section 708A(12C)(e) of the Corporations Act

Cleansing Notice

Northern Minerals Limited ACN 119 966 353 (**Company**) gives this cleansing notice (**Cleansing Notice**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (**ASIC Instrument 2016/82**).

Today the Company issued to Iluka WA Investments Pty Ltd ACN 662 683 883 (**Iluka Investments**) a \$15.0 million convertible note with a 7% interest rate and a maturity date of 31 December 2024 convertible into up to approximately 365.6 million fully paid ordinary shares in the Company (**Shares**) (including assumed capitalised interest) at a conversion price of \$0.048 per Share, subject to conditions and certain adjustment events (**Convertible Note**).

The Convertible Note has been issued without disclosure under Part 6D.2 of the Corporations Act. The issue of this Cleansing Notice enables any Shares which may be issued by the Company on conversion of the Convertible Note to be on sold to retail investors without further disclosure.

This Cleansing Notice is an important document and should be read in its entirety. Neither the Australian Securities and Investments Commission (**ASIC**) nor ASX Limited (**ASX**) take responsibility for the contents of this Cleansing Notice. The rights and liabilities attaching to the Convertible Note are summarised in Schedule 1.

Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) the effect of the issue on the Company of the Convertible Note and the underlying Shares;
- (b) a summary of the rights and liabilities attaching to the Convertible Note; and
- (c) a summary of the rights and liabilities attaching to the Shares that will be issued on conversion of the Convertible Note; and
- (d) any information that:
 - (1) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (2) investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

Powering Technology.

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- (B) the rights and liabilities attaching to the Shares; and
- (3) other information relating to the Company's status as a disclosing entity.

The effect of the issue on the Company

The principal effect of the issue of the Convertible Note on the Company will be to:

- (a) increase the cash reserves of the Company by \$15.0 million;
- (b) increase the indebtedness of the Company by the face value of the Convertible Note (\$15.0 million) plus all accrued interest from time to time; and
- (c) if the face value of the Convertible Note and all accrued interest is converted into Shares on the maturity date of 31 December 2024, increase the number of Shares on issue by approximately 365.6 million Shares (subject to the adjustment events described below).

Iluka's interest in the Company

On 26 October 2022, the Company announced that it had entered into a strategic partnership with Iluka Resources Limited (ASX: ILU) (**Iluka**) which includes:

- (a) a total rare earths oxides supply agreement signed with Iluka Rare Earths Pty Ltd (a wholly owned subsidiary of Iluka) covering the anticipated 8+ year mine life (30.5k tonnes) for rare earths oxide from Browns Range (**Supply Agreement**); and
- (b) subscription and option agreement with Iluka Investments (which is also a wholly owned subsidiary of Iluka) (**Subscription and Option Agreement**) which include the following:
 - (1) the issue by the Company to Iluka Investments of the Convertible Note;
 - (2) an initial placement by the Company to Iluka Investments of 125.0 million Shares at \$0.04 per share to raise \$5.0 million, which completed today (**Iluka Tranche 1 Placement**);
 - (3) a future placement by the Company to Iluka Investments, to take place following the Browns Range final investment decision (and certain other conditions being satisfied or waived), pursuant to which Iluka Investments will (subject to satisfaction or waiver of certain conditions) be issued an additional 230 million Shares to raise up to \$13.8 million at the lower price per Share of:
 - (A) any equity raising to raise additional equity funding required for the total pre-production costs of the Browns Range project, such funding being additional to the moneys committed pursuant to the Company's share purchase plan announced to ASX on 26 October 2022 (**SPP**) and the Iluka subscriptions set out in this notice (**Additional Browns Range Equity Fundraising**); and
 - (B) \$0.052 per Share (being a 30% premium to the Iluka Tranche 1 Placement), or, if Company shareholders approve the issue of the Iluka Tranche 2B Call

Option (as defined below), \$0.06 (being a 50% premium to the Iluka Tranche 1 Placement),

(Iluka Tranche 2A Placement); and

- (4) a call option / put option arrangement pursuant to which Iluka Investments will (subject to satisfaction or waiver of certain conditions and exercise of the call option or put option) be issued up to an additional 653.3 million Shares to raise up to \$39.2 million at the lower price per Share of:

(A) the subscription price applicable to any Additional Browns Range Equity Fundraising; and

(B) \$0.06 per Share (being a 50% premium to Tranche 1),

(Iluka Tranche 2B Call Option / Put Option).

Following the issue of shares under the Iluka Tranche 1 Placement, SPP (assuming full take-up), Iluka Tranche 2A Placement and Iluka Tranche 2B Call Option / Put Option (as applicable) and assuming the Iluka Convertible Note (and all accrued interest) converts into Shares at the maturity date, Iluka Investments would theoretically have voting power of approximately 21.6% in the Company (assuming no other issuances by the Company between the date of this announcement and those issuances). However, the Iluka Subscription and Option Agreement provides that the number of new shares to be issued to Iluka Investments upon completion of the Iluka Tranche 2B Call Option / Put Option is to be the lesser of (a) 653.3 million shares and (b) such number of shares as would result in Iluka Investments acquiring voting power in the Company of 19.9% at the time of issue. To the extent that Iluka Investments would obtain voting power of greater than 19.9% through the issue of shares upon conversion of the Iluka Convertible Note, Iluka Investments may require the Company to issue such number of shares up to the 19.9% threshold and to pay cash for the balance of the shares that would otherwise have been issued upon conversion of the Iluka Convertible Note. Accordingly, Iluka Investment's interest in the Company will not exceed 19.9% in practice through the arrangements set out in this cleansing notice.

Please refer to the Company's ASX announcement and investor presentation released to the ASX on 26 October 2022 for further details regarding the Company's strategic partnership with Iluka, including the conditions to the Iluka Tranche 2A Placement and Iluka Tranche 2B Call Option / Put Option.

Rights and liabilities attaching to the Convertible Note

A summary of the key rights and liabilities attaching to the Convertible Note is set out in Schedule 1 to this Cleansing Notice. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Company or Iluka Investments.

Rights and liabilities attaching to Shares issued under the Convertible Note

The Shares to be issued to Iluka Investments on the conversion of the Convertible Note will rank equally in all respects with all the Company's existing Shares. The rights attaching to Shares, including new Shares to be issued to Iluka Investments on the conversion of the Convertible Note,

are set out in the Company's constitution and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The following is a broad summary of the rights and liabilities attaching to the Company's Shares. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the holders of the Shares.

General meetings	Each holder of a Share (Shareholder) has the right to receive notice of, and to attend and vote at, a general meeting of the Company.
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Voting	<p>Each Shareholder has one vote on a show of hands.</p> <p>On a poll, each fully paid Share has one vote, and every partly paid Share has a fraction of a vote equal to the amount paid up on the Share.</p>
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Dividends	<p>The directors of the Company (Directors) may from time to time determine dividends to be distributed to Shareholders according to their rights and interests. The Directors may fix the amount, time for payment and the method of payment.</p> <p>Alternatively, if a dividend is recommended by the Board, the Company may determine a dividend at a general meeting.</p> <p>Each Share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the Share (not credited) bears to the total amounts paid and payable (excluding amounts credited) in respect of such Shares.</p>
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Rights on winding up	If the Company is wound up, each Share grants the holder a right to participate in the division of any surplus assets or profits of the Company, in proportion to the number of Shares held.
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Transfer of shares	Generally, shares are freely transferable subject to formal registration requirements, the registration of the transfer not resulting in a breach of the general law, or the registration of the transfer not resulting in a breach of the ASX Listing Rules, the ASTC Settlement Rules or the Company's constitution.
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Variation of rights	<p>Unless otherwise provided by the terms of issue of the Shares of that class, the rights attached to shares in any class may be varied or cancelled only by:</p> <ul style="list-style-type: none"> • passing a special resolution of the Company; <p>and, either:</p> <ul style="list-style-type: none"> • passing a special resolution at a meeting of the members holding shares in the relevant class; or • with the written consent of members with at least 75% of the votes in the relevant class.
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This requirement applies irrespective of whether the Company is being wound up.

Alteration Constitution	of	The Company's constitution can only be amended by a special resolution of Shareholders.
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Compliance with disclosure obligations

The Company is a “**disclosing entity**” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. These obligations require the Company to notify ASX of information about specific events and matters as they arise.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a director's statement and report, and an audit report or review.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report of the Company most recently lodged with ASIC, being the financial report of the Company for the year ended 30 June 2022;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice; and
- (c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice.

A list of continuous disclosure documents given by the Company to ASX after the lodgement of the financial report referred to in (a) and before the lodgement of this Cleansing Notice is set out in the table below.

Date	Announcement headline
28 October 2022	Notice under section 708A(5)(e) of the Corporations Act
28 October 2022	Appendix 3G
28 October 2022	Application for quotation of securities – NTU
26 October 2022	Appendix 3B

26 October 2022	Appendix 3B
26 October 2022	Appendix 3B
26 October 2022	Proposed issue of securities – NTU
26 October 2022	Proposed issue of securities – NTU
26 October 2022	NTU – Investor Presentation
26 October 2022	NTU – Strategic Partnership with Iluka Resources
25 October 2022	Notice of Annual General Meeting / Proxy Form
21 October 2022	Appendix 4G and Corporate Governance Statement
21 October 2022	Annual Report to shareholders
19 October 2022	Northern Minerals Executive and Board Changes
10 October 2022	Updated Wolverine Mineral Resource estimate at Browns Range
5 October 2022	Notification of cessation of securities - NTU
30 September 2022	Date of AGM and closing date for director nominations

No excluded information

Other than as set out in this Cleansing Notice, as at the date of this Cleansing Notice, the Company advises that it has complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which:

- (a) has been excluded from a continuous disclosure notice given in accordance with the ASX Listing Rules;
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (2) the rights and liabilities attaching to the Convertible Note and Shares.

Authorised by:

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Schedule 1

Rights and liabilities attaching to the Convertible Note

The following is a broad summary of the rights and liabilities attaching to the Convertible Note. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Company or Iluka Investments.

1. Issuer	Northern Minerals Limited (ACN 119 966 353) (Company)
2. Convertible noteholder	Iluka WA Investments Pty Ltd (ACN 662 683 883) (Iluka)
3. Face value	A\$15 million
4. Interest	7.0% per annum. Accrued interest is capitalised quarterly.
5. Maturity Date	31 December 2024
6. Conversion Price	\$0.048, or as otherwise adjusted in accordance with the adjustment events summarised in item 12 below.
7. Conversion	<p>The Convertible Note may be converted into Shares before the Maturity Date in the following circumstances.</p> <ul style="list-style-type: none"> • (Iluka's election) Iluka may elect to convert all of the Convertible Note into Shares at any time before the Maturity Date. • (Company's election) The Company may elect to convert all of the Convertible Note into Shares at any time after completion of the Iluka Tranche 2A Placement and either the Call Option or Put Option is exercised and before the Maturity Date. <p>The number of Shares issued upon conversion of the Convertible Note is calculated as follows:</p> $\text{Number of Shares} = \frac{\$15 \text{ million} + \text{capitalised and accrued interest}}{\text{Conversion Price } (\$0.048 \text{ or as otherwise adjusted})}$ <p>To the extent that Iluka would obtain voting power greater than 19.9% through the issue of shares upon conversion of the Convertible Note, Iluka may require the Company to issue such number of shares up to the 19.9% threshold and to pay cash for the balance of the shares that would otherwise have been issued upon conversion of the Convertible Note.</p> <p>Iluka's election to convert the Convertible Note into Shares prevails over any election by the Company to redeem the Convertible Note.</p> <p>All Shares issued on conversion of the Convertible Note will rank equally in all respects with other ordinary shares in the capital of the Company.</p>
8. Redemption	The Convertible Note may be redeemed in certain circumstances, including the following:

	<ul style="list-style-type: none"> • (Maturity Date) The Company must redeem all of the Convertible Note on the Maturity Date (to the extent not already redeemed or converted). • (Company's election) The Company may elect to redeem all of the Convertible Note at any time before the Maturity Date. • (Event of Default) Iluka may elect to redeem all of the Convertible Note at any time after an event of default. Events of default include: <ul style="list-style-type: none"> – failure to make payments to Iluka set out in the transaction documents relating to the strategic relationship with Iluka (Transaction Documents) (other than due to an administrative or technical error); – unremedied breaches of the Transaction Documents (other than the Supply Agreement) by the Company; – unremedied misrepresentations made by the Company; – events or circumstances that have had or would reasonably be likely to have a material adverse effect on the Company and/or its obligations under the Transaction Documents and Iluka's rights and remedies under the Transaction Documents; – enduring events of default prescribed under a Transaction Document (other than the Iluka subscription and option agreement and Supply Agreement); – material defaults on financial indebtedness owed to third parties of more than \$1 million; – the termination of a Transaction Document (other than by Iluka or with Iluka's consent); – if it becomes unlawful for the Company to perform its material obligations under the Transaction Documents (other than the Supply Agreement) or if any security granted to Iluka ceases to be effective; – a provision of a Transaction Document (other than the Supply Agreement) is or becomes invalid, void, voidable or unenforceable in any material respect; – ASX delisting the Company or the Shares ceasing to be quoted on ASX for more than 10 consecutive trading days; – the insolvency of a Company group member; and – where the ASX determines the Convertible Note does not comply with the ASX Listing Rules. • (Change of control) Iluka may elect to redeem all of the Convertible Note at any time within 3 months of a 'change of control' event occurring in respect of the Company.
9. Use of funds	<p>The Company must use an amount equal to \$15 million to fund the:</p> <ul style="list-style-type: none"> • direct costs and expenses of the definitive feasibility study in relation to the Browns Range project (DFS); • working capital costs expressly contemplated by the DFS budget agreed between the Company and Iluka and appropriate contingencies for additional

	<p>work such as drilling programs or metallurgical work should they be required prior to the final investment decision; and</p> <ul style="list-style-type: none"> • interest and fees payable in respect of the Convertible Note.
10. Undertakings	<p>The Convertible Note includes certain undertakings including, amongst others, that the Company and each of its group members will not:</p> <ul style="list-style-type: none"> • create an encumbrance over any of its assets other than certain permitted encumbrances; • incur any financial indebtedness other than certain permitted financial indebtedness; • provide any financial accommodation to any person other than as contemplated by the Transaction Documents; and • enter into any transactions to sell, lease, transfer or otherwise dispose of any asset other than certain permitted disposals.
11. Representations and warranties	<p>The Company provides certain warranties as at the date of the Convertible Note including warranties relating to litigation and ownership of tenements.</p> <p>There is no liability cap for breach of warranties. Neither the Company nor Iluka is liable for consequential loss.</p>
12. Adjustments to the Conversion Price	<p>The Convertible Note includes certain mechanisms to adjust the Conversion Price to ensure the parties are left in the same economic position following various corporate actions, including capital reconstructions (including consolidations and sub-divisions of capital) of the Company, payment of certain dividends, certain share buy-backs and issuances of securities, amendments to the rights of securities and demergers or spin-offs.</p> <p>Additionally, at any time Shares are issued at less than the Conversion Price or rights or securities are issued which gives the recipient the right to acquire Shares at less than the Conversion Price, the Conversion Price will be adjusted to reflect the dilutive effects of the issue that would have been experienced if the market price of the Shares was the Conversion Price (unless another adjustment mechanism applies).</p> <p>The Conversion Price will not be adjusted if the Company issues securities:</p> <ul style="list-style-type: none"> • under an employee incentive scheme (including the proposed issue of performance rights and options to directors); • to Iluka or any of its related bodies corporate (including under the Transaction Documents or through conversion of the Convertible Note); • pursuant to the proposed share purchase plan as announced to ASX on 26 October 2022; • to any person as consideration for the acquisition of assets or securities by the Company or any of its related body corporate; or • to suppliers of goods or services to the Company, provided the aggregate value to each individual supplier is no more than \$300,000.
13. Grant of security to Iluka	<p>The Company has entered into a combination security agreement under which it agrees to grant security over all of its present and after acquired property (including certain Company mining tenements) to Iluka to secure the obligations</p>

	of the Company under the Iluka Convertible Note. If an event of default occurs, Iluka may enforce the security granted under the combination security agreement. Further, if requested by the Company, Iluka and the Company will use their respective reasonable endeavours to enter into a priority and subordination deed with the Company and its project debt financiers under which the security granted under the combination security agreement will rank behind any security granted in favour of the project debt financiers and the obligations under the Iluka Convertible Note will be subordinated to the project debt finance
14. Voting at general meetings	Prior to conversion, the Convertible Note does not confer any right to vote at a shareholder meeting.
15. Assignment and transferability	Iluka may only assign or novate its rights and benefits or transfer the Convertible Note with the prior written consent of the Company, unless an Event of Default is continuing, in which case, the Company's prior written consent is not required.