



NORTHERN MINERALS

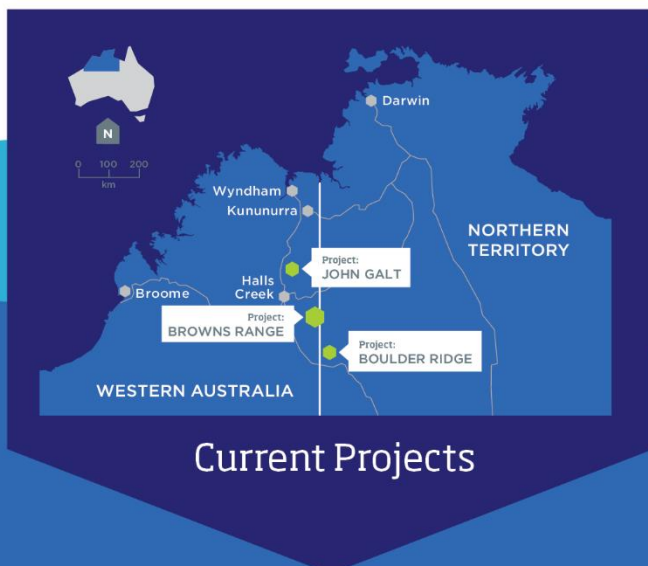
Powering Technology.



Quarterly Activities Report

MARCH 2017

The focus this quarter has been financing and contract finalisation for the \$56 million Browns Range pilot plant project, which was approved by the Board post the end of the quarter.



Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) is developing the Browns Range Heavy Rare Earth Pilot Plant Project in northern Western Australia. Through the development of its flagship project, the Browns Range Project (the Project), Northern Minerals aims to be the first significant world producer of dysprosium outside of China.

The three-year pilot plant project will commence first production of heavy rare earth carbonate in H1 2018. The pilot plant development will continue with its R&D development and will provide the opportunity to gain production experience, surety of supply for our offtake partner and assess the economic and technical feasibility of the larger full scale development.

Corporate Overview

Highlights:

- Basic engineering design for the process plant completed by Sinosteel MECC and Worley Parsons in Beijing ahead of final costings by Sinosteel Equipment & Engineering Co., Ltd (Sinosteel MECC).
 - Mine planning for the Wolverine and Gambit West pits completed for 180,000 tonnes of ore to be mined and stockpiled from starter pits on these deposits.
 - \$10m Placement to a syndicate of investors, underwritten by Hong Kong-based AMC Wanhai Securities Limited.
 - Accommodation camp upgrade from 20 rooms to 48 rooms and water supply underway.
 - Mr Colin McCavana, a founding director, was appointed as Non-Executive Chairman during the quarter.
 - Former Chairman Mr Conglin Yue and former Deputy Chairman Mr Kevin Schultz both stepped down from the Northern Minerals board to concentrate on other business interests.
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- Post the end of the quarter, the Company entered a Sales Agreement with Lianyugang New Materials Sales Co. Ltd (JFMAG), for 100% of the production from the Browns Range Pilot Plant Project.
 - On 18 April 2017, the Northern Minerals' Board approved the \$56 million development of the Browns Range Pilot Plant Project.

The construction period for the pilot project is 11 months, with first mixed rare earth carbonate production in mid-2018.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Final Investment Decision															
Mining & Bulk Earthworks															
Design & Fabrication															
Installation															
R&D Testing															

Browns Range Project Update

Northern Minerals has approved the Pilot Plant Project for its 100% owned, dysprosium-rich Browns Range heavy rare earth element project, located south east of Halls Creek in the Tanami region of Western Australia and the Northern Territory. The three-year pilot plant development, was approved by the Board on 18 April 2017.



The Company has the opportunity to become the first significant dysprosium producer outside of China through the development of the high-grade Browns Range Project, placing Northern Minerals in a unique position to capitalise on the growing demand for the rare earth element in the production of neodymium iron-boron magnets commonly used in the production of motors for electric vehicles and wind turbines.

During the March quarter, Northern Minerals executed an Underwriting Agreement with Hong Kong-based AMC Wanhai Securities Limited for a Placement to raise \$10 million at 13.5c. This Placement will be completed in the June quarter with \$2 million already received.

The Company also entered a milestone Sales Agreement for all product produced from Browns Range during the pilot plant stage. The Agreement with Lianyugang New Materials Sales Co. Ltd (JFMAG) covers 100% of the production during the three-year pilot stage. As part of the Sales Agreement, JFMAG has agreed to provide a pre-payment of \$10 million to Northern Minerals before the first shipment of rare earth carbonate.

During the quarter, Huatai Mining failed to complete the full \$30 million Subscription Agreement by the agreed extension date, with \$19.5 million paid to Northern Minerals. Northern Minerals has reserved all its rights under the Subscription Agreement.

The EPC Contractor for the pilot plant project, Sinosteel MECC, appointed Worley Parsons to undertake the design work for the pilot plant, with basic engineering design completed during the March quarter for Sinosteel MECC to finalise costings.

On 18 April 2017, the Northern Minerals' Board approved the \$56 million Browns Range Pilot Plant Project. The pilot plant project will take 11 months to build with a three-year operating period. During the pilot plant project, Browns Range is expected to produce 148,200kg of dysprosium in 1,719,000kg of Total Rare Earth Oxide in a Mixed Rare Earth Carbonate.

The pilot plant project will be used to undertake research and development and to assess the economic feasibility of a full-scale project and forms part of a broader ongoing feasibility study underpinning the Browns Range Project.

EPC CONTRACT WORKS

Following the execution of the EPC contract with Sinosteel MECC in December, Sinosteel appointed Worley Parsons to undertake the detailed design for the pilot plant. The basic engineering design phase was completed during the March quarter and was used by Sinosteel MECC to refine the final costings for the project.

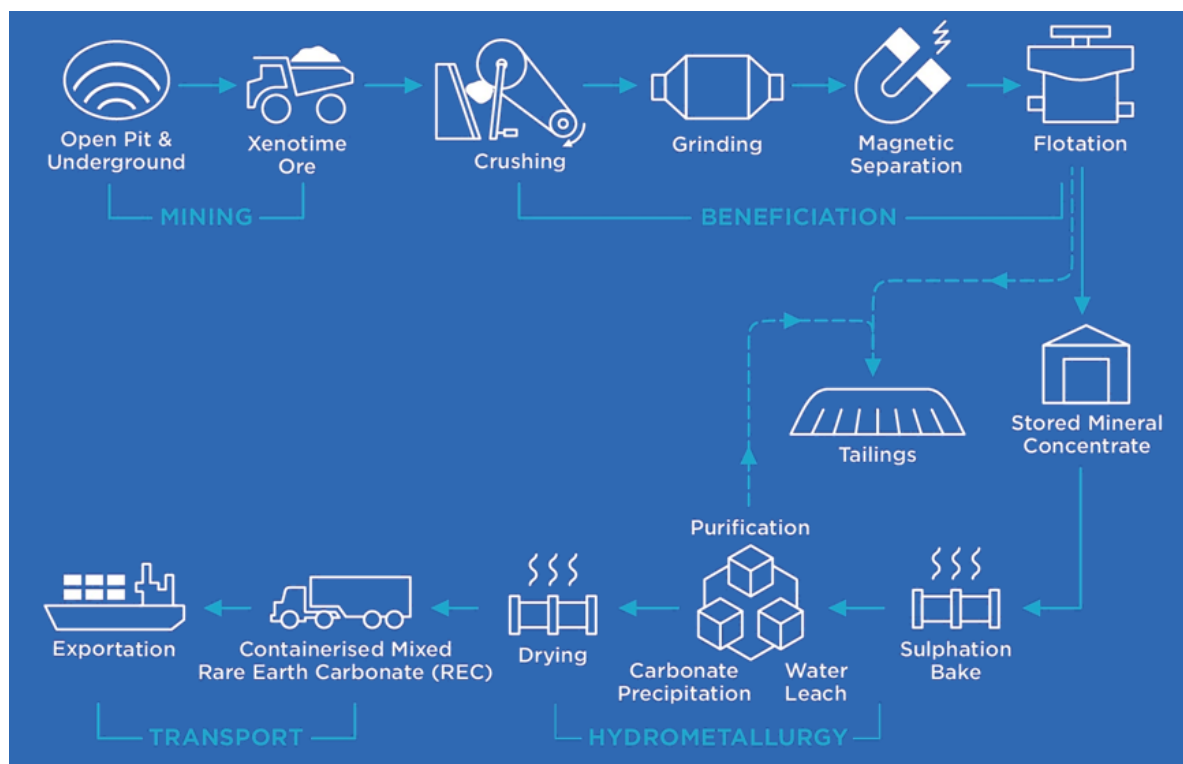


Figure 1: Process Flowsheet

MINING STUDIES

Mining studies during the quarter focussed on the Wolverine and Gambit West open pits. Starter pits comprising 180,000 tonnes of ore from these deposits have been designed and scheduled, which is sufficient for the pilot plant trial period.

The Company plans to mine all the Pilot Project pits in one six-month campaign during 2017, with ore stockpiled for treatment over the proposed three-year pilot plant trial period.

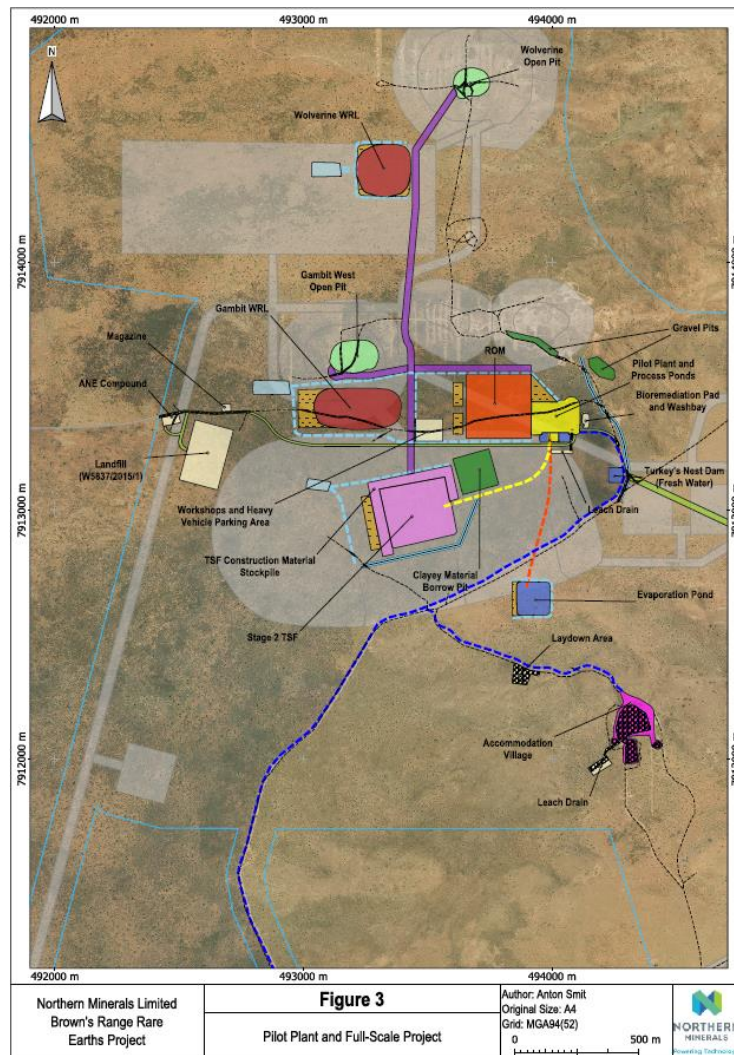


Figure 2: Site Layout

SALES AGREEMENT

During the quarter, Northern Minerals entered a Sales Agreement with Lianyugang Zeyu New Materials Sales Co Ltd (**JFMAG**), a 51% owned subsidiary of Guandong Rare Earths. Guandong Rare Earths is a 100% subsidiary of Guandong Raising Asset Management (**GRAM**).

The milestone Sales Agreement covers all planned production from the Browns Range Pilot Plant. The Sales Agreement terms are based on CIF Incoterms 2010 with pricing referenced from a 2-month average of quoted prices on Asian Metals and Ruidow, with an adjustment for the Australian dollar/Chinese Renminbi exchange rate movements.

Under the Sales Agreement, prior to the first shipment of mixed rare earth carbonate, JFMAG will make a pre-payment to Northern Minerals of A\$10 million. The prepayment covers 15% of the expected value of production during the Pilot Plant phase, with the remaining 85% to be paid to Northern Minerals over the course of the agreement based on volumes delivered.

Following execution of the Sales Agreement, Northern Minerals has issued 12 million Ordinary shares to JFMAG as a facilitation fee. Upon transfer of the \$10 million pre-payment, a representative of JFMAG will be invited to join the Northern Minerals' Board.

PROJECT FUNDING

During the March quarter, Northern Minerals executed an Underwriting Agreement with Hong Kong-based AMC Wanhai Securities Limited for a Placement to raise \$10 million at 13.5c. This placement will be completed in the June quarter with \$2m already received.

As noted above, the Sales Agreement with JFMAG includes a \$10 million pre-payment. This pre-payment is expected to be transferred in early 2018 prior to the first shipment of mixed rare earth carbonate.

Huatai Mining failed to complete the \$30 million subscription agreement by the agreed extension date, with \$19.5m paid up until this time. Northern Minerals has reserved all its rights under the Subscription Agreement.

APPROVALS

Northern Minerals received approval during the quarter for a Works Approval and Licence from the Western Australian Department of Environment Regulation (DER).

Post the conclusion of the reporting period, Northern Minerals also received approval from KRED and the Jaru People to amend the Co-existence Agreement for the pilot plant project.

BOARD APPROVAL FOR PILOT PLANT DEVELOPMENT

Post the end of the Quarter, on 18 April 2017, the Northern Minerals Board approved the \$56 million development of the three-year Browns Range Pilot Plant Project.



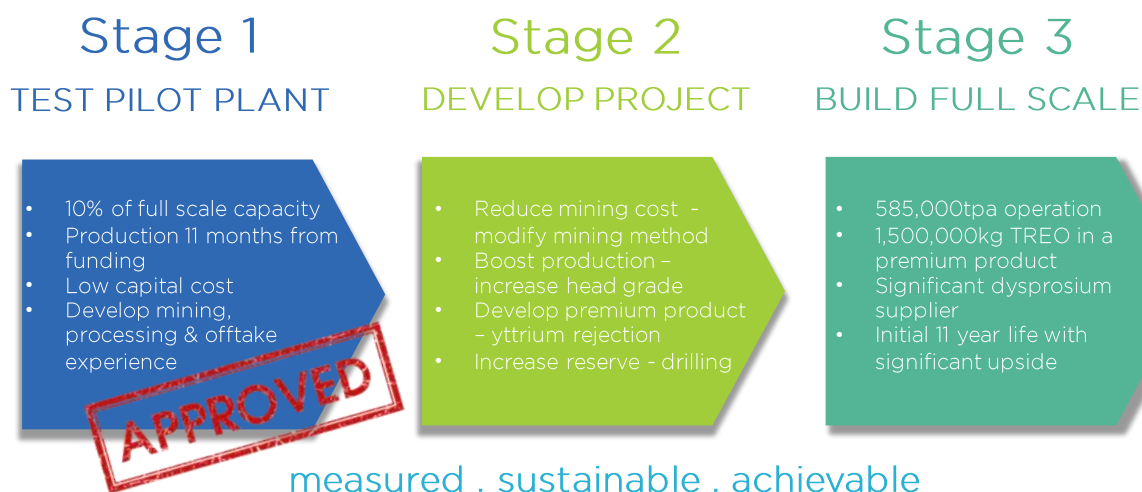
Board of Northern Minerals signs FID

The pilot plant project will be used to undertake research and development and assess the economic feasibility of a full-scale project and forms part of a broader ongoing feasibility underpinning the Browns Range Project.

Browns Range is one step closer to becoming Australia's first heavy rare earths project with a focus on the production of dysprosium. Browns Range is globally significant as it could provide an alternative source of supply outside of China. Dysprosium is a key component in the manufacture of permanent magnets, used extensively in electric motors, particularly those in high temperature applications like electric vehicles.

The Browns Range Pilot Plant Project has a capital cost of A\$56 million and is planned to operate for a period of three years.

The pilot plant processing plant is being constructed with a throughput of 60,000 tonnes per annum, approximately 10% of the size of the proposed full-scale development. This plant will enable the Company to assess, refine and confirm the optimal flowsheet as part of the overall research and development and to assess the economic feasibility of a full-scale project.



The construction period for the pilot project is 11 months, with first mixed rare earth carbonate production in mid-2018.

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Corporate

DIRECTOR CHANGES

During the quarter, the Board resolved to reduce the size of its Board of Directors from seven to five positions. While it was deemed appropriate to offer Board positions to strategic cornerstone investors, the size of the Board had grown to be larger than optimal for a Company of Northern Minerals' size.

Accordingly, former Chairman Mr Conglin Yue and former Deputy Chairman Mr Kevin Schultz both offered to step down from the Board to concentrate on their other business interests. Colin McCavana, existing non-executive director was appointed as non-executive Chairman.

As part of the Sales Agreement with JFMAG, a representative of JFMAG will be invited to join the Board following transfer of the \$10 million pre-payment, expected in early 2018.

NORTHERN STAR TRANSACTION

During the September quarter, Northern Minerals entered into a binding tenement sale agreement with Northern Star Resources to sell a package of non-core exploration licences in the Tanami region of the Northern Territory for consideration of \$1.25 million in cash.

In January 2017, the transaction was completed with Northern Minerals receiving A\$1.25 million. A further \$250,000 bond with the Central Land Council was returned during the March quarter.

PROMOTION AND MARKETING

In January, Mr Bauk attended a reception for the Japanese Prime Minister at Kiribilli House in Sydney.

Following approval of the Browns Range Pilot Plant Project, the Company intends to commence a major marketing campaign.

Mr Bauk will be presenting at the 9th International Rare Earth Summit by Asian Metals in Shanghai, China on 12 May 2017.

Mr Bauk will also be attending and a panellist at the 6th Annual Cleantech & Technology Metals Summit in Toronto on May 15-16th, 2017.

Before and after these conferences, Mr Bauk will be presenting to investors in Australia and the US.

CME VICE PRESIDENT

Post the end of the quarter, Northern Minerals' Managing Director, George Bauk, was elected as Vice-President of the Chamber of Minerals and Energy of Western Australia (CME), the leading industry group representing resources companies in WA

June Quarter Activities

Following the approval of the Browns Range Pilot Plant Project on 18 April 2017, the Company's focus has now shifted towards project execution and delivery.

In China, Sinosteel MECC together with Worley Parsons will undertake detailed engineering design and commence work on the procurement and fabrication of the processing plant modules. In Australia, the Company expects to appoint a Mining and Bulk Earthworks contractor shortly, with mobilisation to site during the quarter.

In the June quarter, it is expected that the underwritten \$10 million Placement will be completed.

Key news flow expected during the June quarter includes:

- Appointment of Mining Contractor
- Commencement of build in China
- Accommodation camp upgrade and water supply installation
- Mobilisation of mining contractor and commencement of mining

- ENDS -

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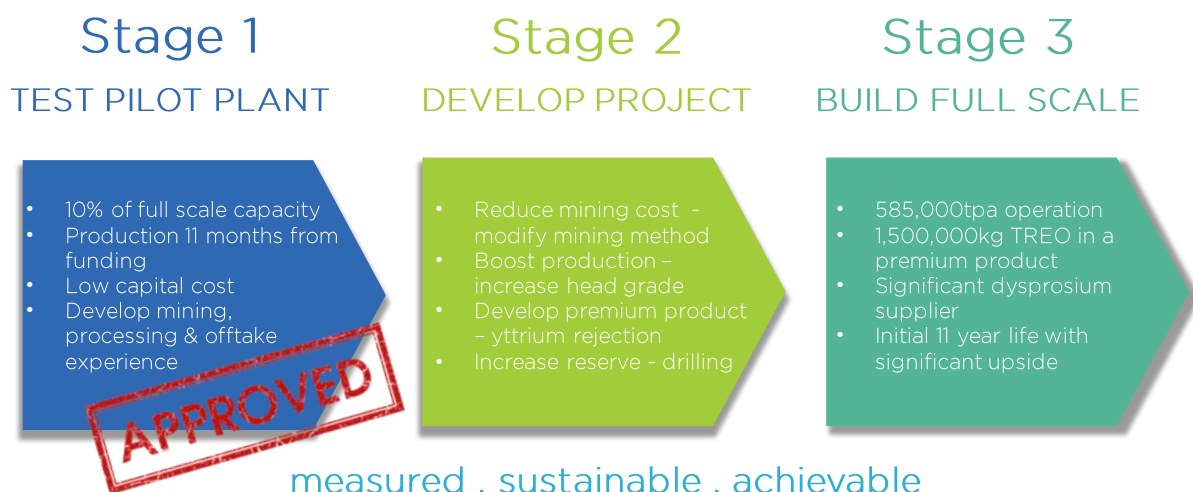
About Browns Range

The Browns Range Project is internationally considered a best in class, shovel ready deposit with well understood mineralogy. Northern Minerals plans to develop the Browns Range Project in three stages. Stage one will be the development of a Pilot Plant operation; Stage Two the development of the project to bankable feasibility study level; and Stage Three the building of the project to full scale production.

The pilot plant, at a scale of 10%, has a designed front end of 60,000 tonnes per annum beneficiation circuit and a 3,200 tonnes per annum hydrometallurgical plant aimed at producing 570 tonnes per annum of TREO in a mixed rare earths carbonate, including 49 tonnes per annum of dysprosium.

The pilot plant is scheduled to operate for three years, in which time a decision to commit to the full-scale operation will be taken based on economic feasibility, which if approved would take an additional two years to construct.

Three stage approach to full scale production



Project	Location	Tenement ID	State	Change of Status in Quarter	Status	Holder Application	Interest
	Browns Range	E80/4479	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4725	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4726	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4806	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4782	WA		Granted	Northern Minerals	100%
	Browns Range	E80/5040	WA	Granted	Granted	Northern Minerals	100%
	Browns Range	E80/5041	WA	Granted	Granted	Northern Minerals	100%
	Browns Range	M80/627	WA		Granted	Northern Minerals	100%
	Browns Range	L80/76	WA		Granted	Northern Minerals	100%
	Browns Range	L80/77	WA		Granted	Northern Minerals	100%
	Browns Range	L80/78	WA		Granted	Northern Minerals	100%
	Browns Range	L80/79	WA		Granted	Northern Minerals	100%
Browns Range NT	Browns Range	EL24193	NT		Granted	Northern Star Resources	REE rights only
	Browns Range	EL24174	NT		Granted	Northern Star Resources	REE rights only
	Browns Range	EL24941	NT		Application	Northern Star Resources	REE rights only
	Browns Range	EL26270	NT		Granted	Northern Star Resources	REE rights only
	Browns Range	EL26286	NT		Granted	Northern Star Resources	REE rights only
John Galt	John Galt	E80/4298	WA		Granted	Northern Minerals	100%
	John Galt	E80/4671	WA		Granted	Northern Minerals	100%
	John Galt	E80/4779	WA		Granted	Northern Minerals	100%
	John Galt	E80/4967	WA	Surrendered		Northern Minerals	100%
	John Galt	E80/5070	WA	Application	Application	Northern Minerals	100%
Boulder Ridge	Boulder Ridge	EL24177	NT		Granted	Northern Star Resources	REE rights only

	Boulder Ridge	EL25171	NT		Granted	Northern Star Resources	REE rights only
	Boulder Ridge	EL29594	NT		Granted	Northern Minerals	100% (excluding gold rights)
	Boulder Ridge	EL24849	NT		Application	Northern Minerals	100% (excluding gold rights)
	Boulder Ridge	EL24935	NT		Application	Northern Minerals	100% (excluding gold rights)
	Boulder Ridge	EL28868	NT		Application	Northern Star Resources	REE rights only
	Boulder Ridge	EL30132	NT		Application	Northern Star Resources	REE rights only
	Boulder Ridge	EL27590	NT		Granted	Northern Star Resources	REE rights only
Gardiner-Tanami NT	Tanami	EL23932	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL25009	NT		Granted	Northern Star Resources	REE rights only
	Ware Range	EL26498	NT		Granted	Northern Star Resources	REE rights only
	Ware Range	EL26541	NT		Granted	Northern Star Resources	REE rights only
	Pargee	EL27367	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL29592	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL29593	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL29595	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL23933	NT		Application	Northern Star Resources	REE rights only
	Ware Range	EL24179	NT		Application	Northern Star Resources	REE rights only
	Ware Range	EL24947	NT		Application	Northern Star Resources	REE rights only
	Ware Range	EL25003	NT		Application	Northern Star Resources	REE rights only
	Ware Range	EL25004	NT		Application	Northern Star Resources	REE rights only

QUARTERLY ACTIVITIES REPORT

March 2017



	Tanami	EL25172	NT		Application	Northern Star Resources	REE rights only
	Tanami	EL29619	NT		Application	Northern Star Resources	REE rights only
	Tanami	EL29621	NT		Application	Northern Star Resources	REE rights only
	Tanami	EL26635	NT		Granted	Northern Star Resources	REE rights only
Rabbit Flats	Rabbit Flats 1	EL25157	NT		Application	Northern Star Resources	REE rights only
	Rabbit Flats 2	EL25158	NT		Application	Northern Star Resources	REE rights only
	Rabbit Flats 3	EL25159	NT		Application	Northern Star Resources	REE rights only
	Rabbit Flats 4	EL25160	NT		Application	Northern Star Resources	REE rights only
	Rabbit Flats 5	EL23935	NT		Application	Northern Star Resources	REE rights only
Kurundi	Kurundi	EL29616	NT		Granted	Horn Resources	REE rights only



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Directors:

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Non-executive Chairman
George Bauk
Managing Director / CEO
Adrian Griffin
Non-executive Director
Yanchung Wang
Non-executive Director
Nan Yang
Non-executive Director
Bin Cai
Alternate Director

Management

Robin Jones
Chief Operating Officer
Robin Wilson
Exploration Manager
Mark Tory
Chief Financial Officer/
Company Secretary
Chris Lee
Resident Manager
Eben Van Rooyen
Project Manager

About Northern Minerals

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) is focussed on the development of the Browns Range Heavy Rare Earth Pilot Plant Project in northern Western Australia. The Browns Range Project has the potential to be the first significant world producer of dysprosium outside of China.

Work has commenced on a three-year pilot plant project with first production of heavy rare earth carbonate expected in H1 2018. The pilot plant development will continue with its R&D development and will provide the opportunity to gain production experience, surety of supply for our offtake partner and assess the economic and technical feasibility of the larger full scale development.

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