

Proposed Bonus Issue of New Listed Options Update

Australian heavy rare earths developer, Northern Minerals Limited (ASX: NTU) (**the Company**) provides the following update with respect to the proposed bonus issue of new listed options to eligible shareholders on a 1 for 5 basis, with an exercise price of \$0.12 and an expiry date of 31 December 2019 (**Bonus Issue**), as announced on 27 December 2017, subject to a prospectus being prepared and lodged with ASIC.

In the same announcement, the Company confirmed that it would seek quotation of the options that were issued to investors who participated in the Company's December 2017 placement alongside the options that will be issued under the Bonus Issue (as they will be on the same terms) (**December Options**).

In this regard, the Company proposed to use the prospectus for the Bonus Issue to 'cleanse' the issue of the December Options so that those options would be freely tradeable and sought relief from ASIC in relation to the secondary trading of the shares issued on exercise of the December Options. The reason for seeking relief was to avoid the Company needing to issue a 'cleansing notice' each time December Options were exercised.

Following consultation with ASIC, ASIC confirmed that the desired relief would not be granted and therefore, the Company withdrew its relief application.

The Company has determined that the most efficient way to address (and avoid) the secondary trading restrictions that would apply to the shares issued on exercise of the December Options is to seek shareholder approval to cancel the relevant options and issue new options (on the same terms) to the relevant investors under the same prospectus that is used for the Bonus Issue.

The Company will call a general meeting of shareholders to be held as soon as practicable in March/April 2018 seeking (among other things) the required resolutions from shareholders. The Company will then work towards formally launching the Bonus Issue as soon as practicable after the general meeting has been held.

If the required resolutions are approved by shareholders, the "Record Date" for the Bonus Issue will be a date shortly after the general meeting.

Further information will be provided as it becomes available.

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ASX ANNOUNCEMENT

About Northern Minerals:

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) has commenced development of 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 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 and high technology solutions.

The three-year R&D pilot plant project will commence first production of heavy rare earth carbonate in H1 2018. The pilot plant development provides 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.

For more information: northernminerals.com.au.



ASX Code:	NTU	Market Capitalisation:	A\$87m
Issued Shares:	1,079m	Cash (as at 31 Dec 2017):	A\$8.1m