

## ANNOUNCEMENT REGARDING ASX LISTING RULE 7.1 CAPACITY

Northern Minerals Limited (ASX: NTU) (**NTU**) refers to:

1. its announcement on 14 June 2017 of the \$14 million Funding Agreement entered into with an entity controlled by The Lind Partners (**Lind**); and
2. its Appendix 3B announced on 20 June 2017 that showed (among other things) that NTU issued 12,500,000 shares to Lind under the Funding Agreement (being the first issue of securities to Lind under the Funding Agreement) and which stated that its remaining capacity under Listing Rule 7.1 was 33,676,967.

NTU wishes to advise the market as follows:

- NTU has drawn down \$11 million under the Funding Agreement to date;
- given that the Funding Agreement contemplates the issue of 'convertible securities' each time NTU draws down on the facility, ASX takes the view that on 20 June 2017, NTU 'agreed to issue' Equity Securities to Lind in relation to the \$11 million drawn down to date;
- the Funding Agreement provides that Lind may require NTU to repay (at a frequency of no more than once a month) an amount equal to 1/24<sup>th</sup> of the face value of each convertible security advanced under the Funding Agreement which NTU may elect to settle in cash or by issuing shares. If NTU elects to settle the amount in shares, the issue price per share (as calculated under the Funding Agreement) will be equal to 92.5% of the average of three consecutive daily VWAPs per share as selected by Lind in its sole discretion during the 20 consecutive trading days immediately prior to the relevant repayment conversion notice being issued to NTU;
- ASX has calculated that NTU 'agreed to issue' 108,242,592 Equity Securities on 20 June 2017 (being the maximum number of shares that could be issued to Lind (for the \$11 million drawdown) based on an issue price of 92.5% of the VWAP of NTU shares on the 3 trading days prior to the announcement of the Funding Agreement). ASX is of the view that NTU exceeded its capacity to issue Equity Securities under Listing Rule 7.1 without shareholder approval as at that date. Accordingly, ASX deems that a technical breach of Listing Rule 7.1 occurred on 20 June 2017 (**Technical Breach**); and
- despite the technical breach, NTU notes that it refreshed its capacity at general meetings held on 27 June 2017, 3 October 2017 and 30 November 2017 and that at all times NTU had understood that it had sufficient placement capacity available to fulfil its obligations under the Funding Agreement.



### Powering Technology.

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As a result of the Technical Breach, and in consultation with ASX, the Company has undertaken to keep all Equity Securities issued on and from 29 December 2017 (being 134,553,126 Equity Securities) in variable “C” when calculating its placement capacity under Listing Rule 7.1 for 12 months from the date NTU ‘agreed to issue’ the Equity Securities (being 20 June 2017). This means that NTU has no placement capacity available until 20 June 2017 (and therefore cannot issue further Equity Securities unless shareholder approval is obtained for a particular issue or the issue is exempt under Listing Rule 7.2). However, its placement capacity will automatically refresh on 20 June 2018.

For the purposes of meeting NTU’s future repayment obligations to Lind under the Funding Agreement (to the extent NTU elects to repay the loans in shares rather than cash), NTU will continue to convene shareholder meetings and seek the prior approval of shareholders under Listing Rule 7.1 for the issue of any repayment shares to Lind as required.

Lind has waived any actual or potential events of default or other breaches of the Funding Agreement which may have arisen as a result of the Technical Breach. NTU and Lind have also agreed to amend the Funding Agreement so that for any future drawdowns under the Funding Agreement (of which \$3 million is remaining), the maximum number of shares that may be issued in relation to conversions is 75,000,000 shares, or such higher number as approved by shareholders in respect of those future drawdowns.