

Funding Agreement Executed

Australian heavy rare earths producer, Northern Minerals Limited (ASX: NTU) (the **Company**), is pleased to announce that it has entered into a \$2,625,000 Convertible Security Funding Agreement (**Funding Agreement**) with Lind Global Macro Fund, LP (**Lind**).

Under the Funding Agreement, the Company is to receive a net amount of \$2,500,000 (after deduction of commitment fees payable to Lind of \$125,000) from the issue of one unsecured convertible note with a face value of \$3,000,000. The Company expects to receive funds from Lind this week.

The key terms of the convertible security are summarised below.

Face Value	\$3,000,000
Funded Amount	\$2,500,000 (net of commitment fees)
Maturity Date	24 months
Conversion Price	The lesser of: (i) 90% of the average of the five lowest daily VWAPs during the 20 trading days prior to conversion; and (ii) \$0.045
Interest Rate	0%, other than in the event of default
Conversion	At Lind's election, the convertible security may be converted into fully paid ordinary shares at the Conversion Price at any time before the Maturity Date.
Maximum share cap	A maximum of 100,000,000 shares may be issued as a result of conversions. This cap does not include the issue of the collateral shares or shares issued on exercise of the options, and will not apply following the issue of the replacement convertible security (as discussed below).
Floor price protection	If a conversion would result in a conversion price of less than \$0.03, the Company may settle that conversion in cash. Lind may then elect to accept such cash payment or have the conversion settled at a conversion price of \$0.03.
Redemption	The Company has the right to redeem the outstanding face value of the convertible note at any time by giving Lind 10 days notice by paying the amount outstanding on the convertible security. Upon receiving such notice, Lind may convert up to (in aggregate) 33% of the face value of the convertible security.

Powering Technology.

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No quotation

The convertible security will not be quoted on ASX.

If the Company is unable to issue some or all of the shares required to be issued on conversion if the conversion would result in the maximum share cap being exceeded, Lind may cancel the relevant part of the conversion or require the Company to settle that part of the conversion in cash at a price of 105% of the aggregate face value of the convertible security the subject of the conversion notice which has not been converted.

The Funding Agreement also provides that if the Company has issued more than 50,000,000 shares as a result of conversions (meaning that there are less than 50,000,000 shares available to be issued without exceeding the maximum share cap) and within 120 days after execution in any event the Company must issue a replacement convertible security to Lind, subject to shareholder approval. The replacement convertible security will have a face value equal to the amount outstanding on the existing convertible security and be otherwise on the same terms as the existing convertible security except that no maximum share cap will apply. When a replacement convertible security needs to be issued, the Company will dispatch a Notice of Meeting to its shareholders seeking the required approval.

The Company will also issue to Lind (or its nominee) at closing: (i) 34,000,000 unlisted options as partial consideration for entering into the funding agreement (exercisable at \$0.045 per share and with an expiry date of four years after the options are issued); and (ii) 60,000,000 fully paid ordinary shares which will be used as collateral for the purposes of the Funding Agreement (and which may be applied towards satisfying the Company's conversion or repayment obligations in relation to the funding agreement). If after the Maturity Date there are still collateral shares that have not been applied towards conversion or repayment, then those shares will be transferred at the direction of the Company or Lind will pay for those shares based on a formula set out in the Funding Agreement.

The issue of the convertible security, options and collateral shares under the Funding Agreement will be made out of the Company's existing Listing Rule 7.1 capacity. The Company may seek shareholder ratification of the transaction in due course in order to retain flexibility for future fundraising requirements.

The funds received under the Funding Agreement will be applied towards continued development of the Company's projects and for general working capital purposes.

As is customary with these type of arrangements, the Funding Agreement contains typical lender protections such as negative covenants and representations and warranties.

The Funding Agreement also requires that amounts owing will become immediately repayable if certain events occur (including if the Company does not have a bid for its shares on ASX for 5 consecutive trading days, the price of the Company's shares on ASX falls below \$0.015 per share, AusIndustry reverses its finding that the Company's registered activities were eligible for R&D tax offset claims or a change in control of the Company occurs).

An Appendix 3B for each proposed issue of securities under the Funding Agreement will be released following this announcement.

ENDS

For and on behalf of Northern Minerals Limited
 Mark Tory
 Company Secretary

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About Northern Minerals:

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) has completed practical completion of the Browns Range Heavy Rare Earth Pilot Plant Project in northern Western Australia and commenced pilot plant production of heavy rare earth carbonate.

The Pilot Plant Project will continue to assist the company evaluate the economic and technical feasibility of mining at Browns Range, and will provide the opportunity to gain production experience and surety of supply for our offtake partner.

Through the development of its flagship project, the Browns Range Project (the Project), Northern Minerals aims to build the Western Australian operation into 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.

For more information: northernminerals.com.au.



ASX Code:	NTU	Market Capitalisation:	A\$93.6m
Issued Shares:	2,600m	Cash (as at 31 December 2019):	A\$5.8m