

## Northern Minerals Limited Share Purchase Plan

*Not for release to US wire services or distribution in the United States*

22 April 2020

Dear Shareholder

### OFFER TO PARTICIPATE IN SHARE PURCHASE PLAN

The Directors of Northern Minerals Limited (ASX: NTU) (**NTU** or the **Company**) are pleased to offer you the opportunity to participate in the NTU Share Purchase Plan (**SPP**).

Under the SPP, the Company offers eligible shareholders who were registered holders of fully paid ordinary shares (**Shares**) in the Company as at 5:00pm (Perth Time) on Friday, 17 April 2020 (**Record Date**), and whose registered address is in Australia or New Zealand, the opportunity to apply for parcels of new Shares (**New Shares**) in NTU of up to A\$30,000 without paying brokerage or other transaction costs.

The offer price for the New Shares is \$0.02 per share, being the same issue price for the Shares the subject of the private placement announced on 20 April 2020. The issue price represents a 17.4% discount to the volume weighted average market price of NTU shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the SPP was announced.

The SPP is not underwritten. NTU is targeting to raise approximately A\$5 million (before costs) under the SPP and, depending on demand, may scale back applications or (to the extent permitted by the ASX Listing Rules) raise a higher amount, at its absolute discretion.

Funds raised under the SPP will be used for the continued development of the Company's projects and operation of the Company's business; for expenditure relating to care and maintenance of the Browns Range Pilot Plant; and for general working capital purposes. If NTU does not raise the full amount targeted under the SPP, NTU intends to apply the gross proceeds received firstly towards meeting the costs of the SPP, and then towards the above items to the extent possible.

The SPP will open (and the SPP offer documents will be despatched to eligible shareholders) on 22 April 2020 and will remain open until 5:00pm (Perth Time) on 29 May 2020. As soon as practicable (and in any event no later than 3 business days) after the close of the SPP, NTU will make an ASX announcement as to the outcome of the SPP and the number of New Shares to be issued.

The offer of New Shares is made under an SPP Offer Booklet and an Application Form (both enclosed). To apply for a parcel of New Shares, please follow the instructions on pages 2 and 3 of the SPP Offer Booklet, and on the Application Form.

These documents are important and should be read thoroughly in conjunction with the publicly available information relating to NTU. If you are unsure about whether to participate, please contact your professional adviser. If you require further information, please contact the Company's Share Registry (contact details are in the enclosed instructions).

On behalf of the Board, I encourage you to consider this opportunity to increase your investment in NTU.

Yours sincerely



Colin McCavana  
Chairman  
**Northern Minerals Limited**

### Powering Technology.

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**Key Dates\***

<b>Date (and time if relevant)</b>	<b>Event</b>
5:00pm Perth time, 17 April 2020	<b>Record Date</b> The date and time at which NTU determines who is eligible to participate in the SPP.
22 April 2020	<b>Opening Date</b> Applications will be processed following this date.
5:00pm Perth time, 29 May 2020	<b>Closing Date</b> Application Forms together with payment by cheque must be received by this time and date.  <b>NOTE:</b> BPAY® payments must be received by 3:00pm (Perth time), 29 May 2020 (which is when the BPAY® system closes on the Closing Date).
3 June 2020	<b>Announcement of Results</b>
10 June 2020	<b>Issue Date</b> The date on which the New Shares are expected to be issued and any scale back of the New Shares is announced.
11 June 2020	<b>Quotation Date</b> New Shares are quoted on ASX.
11 June 2020	<b>Trading Date</b> The date on which the New Shares are expected to begin trading.
11 June 2020	<b>Despatch Date</b> Transaction confirmations / holding statements will be sent to shareholders on or around this date.

\* NTU may change any of the Key Dates at its discretion (even if the offer has opened or applications have been received).

**Instructions**

The SPP opens on 22 April 2020 and under the offer you may only apply for a parcel of New Shares as set out in the table below. Fractional entitlements to New Shares will be rounded up.

<b>Application options</b>
A\$1,000 of New Shares
A\$2,500 of New Shares
A\$5,000 of New Shares
A\$7,500 of New Shares
A\$10,000 of New Shares
A\$15,000 of New Shares
A\$20,000 of New Shares
A\$30,000 (maximum) of New Shares

To apply and pay for your New Shares, you have two options:

**Option 1: BPAY®<sup>1</sup>**

You can make a payment by BPAY® if you have an Australian bank account enabled for this purpose. BPAY® customers must follow the instructions on page 5 and in the Application Form and must use the customer reference number shown on the Application Form which is required to identify your holding. If paying by BPAY®, you do not need to return your Application Form. See page 5 for further information.

**Option 2: Application Form and cheque**

You can complete the Application Form and return it to Automic Group Pty Ltd (**Share Registry**), GPO Box 5193, Sydney NSW 2001 Australia together with a cheque in accordance with the instructions on the Application Form.

Cheques must be made payable to “Northern Minerals Limited” in Australian dollars and drawn on an Australian bank for the correct amount. NTU will not accept payment by cash.

**Timing**

All cheques and Application Forms must be received before 5:00pm (Perth Time), 29 May 2020. You cannot withdraw or cancel your application or BPAY® payment once you have sent it in. BPAY® payments must be received by 3:00pm (Perth Time), 29 May 2020 (which is when the BPAY® system closes on the Closing Date).

**Questions**

If you have any questions, please contact the Share Registry, Automic Group Pty Ltd, on 1300 288 664 (toll free within Australia) or on +61 2 9698 5414 (international), 9:00am to 5:00pm (Sydney Time) Monday to Friday.

**No offer outside Australia and New Zealand**

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<sup>1</sup> ® Registered to BPAY Pty Ltd ABN 69 079 137 518.

## Terms and Conditions

**IMPORTANT NOTICE:** The market price of NTU shares may rise or fall from now to when the New Shares are issued to you under the SPP. Therefore, if you apply for and we allot to you New Shares under the SPP, the offer price for those New Shares may be more than, or less than, the market price of NTU shares you could buy at that time. By completing and returning the Application Form or making a BPAY® payment, you acknowledge this risk. We encourage you to contact your professional adviser regarding whether to participate in the SPP and how much to contribute.

### Offer timetable

- (a) The offer timetable is set out in the Key Dates above and is included in these Terms and Conditions.
- (b) Payment by BPAY®, Application Forms and cheques may not be processed and may not be valid if they have not been received by or on behalf of NTU by the time and date specified for the Closing Date. You must allow adequate time for Application Forms and cheques forwarded by post to be received by the Share Registry. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.
- (c) NTU expects to send a transaction confirmation or holding statement to you on or around the Despatch Date.
- (d) NTU expects that the New Shares will be issued under the SPP on the Issue Date and will commence trading on ASX on the Trading Date. You must confirm your holding before trading in any New Shares you believe have been issued to you under the SPP.
- (e) At any time, NTU can change the Closing Date, the Issue Date, the Trading Date and the Despatch Date (even if the offer has opened, or BPAY® payments and Application Forms have been received) by lodging a revised timetable with ASX.

### Eligible Shareholders

You are an eligible shareholder and may participate in the SPP if you were a registered holder of NTU ordinary shares with a registered address in Australia or New Zealand as at 5:00pm (Perth Time) on 17 April 2020 (**Record Date**), unless you hold NTU shares on behalf of another person who resides outside Australia or New Zealand (in which case you will not be eligible to participate in respect of the shares of that person) (**Eligible Shareholder**).

NTU has determined that it is not practical for holders of NTU shares with registered addresses in other countries to participate.

- **Holders receiving more than one offer:** If you are the only registered holder of NTU shares, but you receive more than one offer under the SPP (due to multiple registered holdings), you may only contribute a maximum of A\$30,000 in applying for New Shares.
- **Joint Holders:** If 2 or more persons are recorded in the register of members of NTU as jointly holding NTU shares, they are considered to be a single registered holder for the purpose of the SPP and as joint holders they are entitled to participate in the SPP in respect of that single holding only. If as joint holders you receive more than one offer under the SPP due to multiple identical holdings, you may still only contribute a maximum of A\$30,000 in applying for New Shares.
- **Custodians, trustees and nominees:** If you are a custodian, trustee or nominee within the definition of "custodian" in *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (Custodian)*, and hold NTU shares on behalf of one or more Beneficiaries (as defined below) on whose behalf you are participating in the offer (each a **Participating Beneficiary**), or on behalf of a "downstream custodian" within the definition of *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* who holds the beneficial interest in NTU shares on behalf of a Participating Beneficiary, you may apply for up to a maximum of A\$30,000 worth of New Shares for each Participating Beneficiary, subject to providing NTU with a Custodian Certificate in accordance with paragraph (d) of "Significance of applying for New Shares" below. A Custodian has the discretion to extend the offer to the Beneficiaries. A **Beneficiary** is a person who resides in Australia or New Zealand for whom a Custodian (being an Eligible Shareholder) held NTU ordinary shares on the Record Date and who is not in the

United States and who is not acting for the benefit of or the account of a person in the United States. If you are not a Custodian, the rules for multiple single holdings (and joint holdings) apply and you may only contribute a maximum of A\$30,000 in applying for New Shares. You are not eligible to participate on behalf of a person who resides outside Australia and New Zealand.

### Participation is optional

Participation in the SPP is entirely optional. If you are an Eligible Shareholder, you can choose whether or not to participate.

### How much can you invest?

- (a) NTU is targeting to raise approximately \$5 million (before costs) under the SPP. Depending on demand, NTU may scale back applications or (to the extent permitted by the ASX Listing Rules) raise a higher amount, at its absolute discretion.
- (b) If you are an Eligible Shareholder, you may apply to buy a parcel of New Shares by contributing a set amount of either A\$1,000, A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$15,000, A\$20,000 or A\$30,000.
- (c) Your application may be subject to a scaleback and rounding. NTU reserves absolute discretion regarding the amount raised under the SPP and exercise of its right to accept additional funds or to scaleback applications. If there is a scaleback, NTU may in its absolute discretion determine to apply the scaleback to the extent and in the manner that it sees fit.
- (d) Unless you are applying as a Custodian, the maximum amount of A\$30,000 applies even if you receive more than one Application Form or if you hold shares in NTU in more than one capacity (for example, if you are both a sole and joint holder of shares in NTU - see "Eligible Shareholders" above) and irrespective of the number of NTU shares you hold on the Record Date. We can reject any application for New Shares if we believe you have not complied with this condition.

### How to apply for New Shares

If you would like to participate in the SPP, you have two options:

#### Option 1: BPAY®

Provided you are not a Custodian, you can make a payment by BPAY® if you have an Australian bank account enabled for this purpose. BPAY® customers must use the customer reference number shown on the Application Form which is required to identify your holding. If paying by BPAY®, you do not need to return your Application Form.

**IMPORTANT NOTE:** By using this BPAY® facility to apply for New Shares, you represent that the total of the application price for the following does not exceed A\$30,000 (even if you have received more than one offer under the SPP or have received offers in more than one capacity):

- (a) the New Shares the subject of this application;
- (b) any other shares applied for under this SPP, or shares or interests in the class issued under a similar arrangement in the 12 months before this application;
- (c) any other shares or interests in the class which you have instructed a Custodian to acquire on your behalf under this SPP; and
- (d) any other shares or interests in the class issued to a Custodian under an arrangement similar to this SPP in the 12 months before this application as a result of you instructing the Custodian or another Custodian, which resulted in you holding a beneficial interest in the shares or interests.

Payment by BPAY® may not be processed and may not be valid if it has not been received by NTU by the time and date specified for the Closing Date. You should be aware that the BPAY® system closes at 3:00pm (Perth Time) and your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

## Option 2: Application Form and cheque

You must complete an Application Form and return it with a cheque in accordance with the instructions on the Application Form.

Cheques must be payable to “Northern Minerals Limited”, in Australian dollars and drawn on an Australian bank for the correct amount. NTU will not accept payment by cash.

Application Forms and cheques may not be processed and may not be valid if they have not been received by or on behalf of NTU by the time and date specified for the Closing Date. You must allow adequate time for Application Forms and cheques forwarded by post to be received by the Share Registry.

### NTU’s discretion regarding applications

NTU may accept or reject applications for New Shares under the SPP, including if:

- (a) an Application Form is incorrectly completed, incomplete or otherwise determined by NTU to be invalid;
- (b) you are a Custodian, and we are not satisfied with your certification for any reason;
- (c) a cheque is dishonoured or has not been completed correctly;
- (d) the correct amount corresponding to your application is not provided with the Application Form or BPAY® payment;
- (e) a BPAY® payment is not received or is incomplete or invalid;
- (f) unless you are applying as a Custodian, an applicant appears to be contributing more than A\$30,000 under the SPP;
- (g) an application is received after the time and date specified as the Closing Date. NTU has a discretion whether or not to accept late BPAY® payments, Application Forms and cheques; or
- (h) NTU believes you are not an Eligible Shareholder,

and NTU must reject applications if required to do so under *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547*.

NTU reserves the right to return your cheque or refund your BPAY® payment and not allot you any New Shares.

### Offer price

The New Shares under the SPP will be issued at \$0.02 per share, which represents a 17.4% discount to the volume weighted average market price of NTU shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the SPP was announced.

The number of New Shares issued to an applicant will be determined by dividing the value of the New Shares applied for by the issue price. If this calculation produces a fractional number, the number of New Shares will be rounded up to the nearest whole share.

### Applications may be scaled back

- (a) NTU may, in its absolute discretion, issue to you less than the number of New Shares you have applied for depending on demand (**Scaleback**). If there is a Scaleback, NTU may in its absolute discretion determine to apply the Scaleback to the extent and in the manner that it sees fit, including by taking into account a number of factors (but without limiting NTU’s absolute discretion) that include the size of your shareholding as at the Record Date and total applications received from Eligible Shareholders.
- (b) If there is a Scaleback you may not receive all the New Shares for which you have applied. Each applicant will be treated equally and scaled back on a pro rata basis. If a Scaleback produces a fractional number when applied to your parcel, the number of New Shares you will be issued will be rounded down.
- (c) NTU will refund to you by direct credit deposit to your nominated bank account (where you have given your nomination to the Share Registry) or by cheque, the difference between your application money and the total offer price for the New Shares issued to you.

### No other participation costs

No brokerage, commission or other participation costs are payable by you to acquire New Shares under the SPP.

### No interest

No interest will be paid on any application money returned to you.

### You cannot transfer your rights under this SPP

Your rights under this offer are personal to you and non-renounceable. This means you cannot transfer your right to purchase New Shares under this SPP to anyone else.

### Equal ranking

New Shares issued under the SPP will, at the time of issue, rank equally with existing fully paid ordinary shares in NTU quoted on ASX, with the same voting rights, dividend rights and other entitlements.

### Significance of applying for New Shares

If you apply to participate in the SPP:

- (a) you agree that once you have sent in your application or made your BPAY® payment, you cannot withdraw or cancel your application and your application is unconditional;
- (b) you confirm that you are an Eligible Shareholder and that you are lawfully permitted to accept the offer under the SPP and participate in the SPP in accordance with these Terms and Conditions and any applicable laws;
- (c) you certify that, even if you have received more than one offer under the SPP or received offers in more than one capacity, the total of the application price for the following does not exceed A\$30,000:
  - the New Shares the subject of this application;
  - any other shares applied for under this SPP, or shares or interests in the class issued under a similar arrangement in the 12 months before this application;
  - any other shares or interests in the class which you have instructed a Custodian to acquire on your behalf under this SPP; and
- any other shares or interests in the class issued to a Custodian under an arrangement similar to this SPP in the 12 months before this application as a result of you instructing the Custodian or another Custodian, which resulted in you holding a beneficial interest in the shares or interests;
- (d) if you are a Custodian and are applying for New Shares with a total application price exceeding A\$30,000, you may only do so subject to you providing a notice in writing to NTU certifying the matters required by *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* at section 8(3) (**Custodian Certificate**). Custodians should request a pro forma Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate or if you would like further information on how to apply, you should contact the Share Registry;
- (e) you agree to these Terms and Conditions and you agree not to do anything which would be contrary to the spirit, intention or purpose of the SPP;
- (f) you agree to be bound by the Constitution of NTU;
- (g) you authorise NTU (and its officers or agents) to correct any error or omission in your Application Form and to complete the Application Form by inserting missing details if NTU elects to do so;
- (h) you agree that NTU may determine that your Application Form is valid and in accordance with these Terms and Conditions, even if it is incomplete, contains errors or is otherwise defective;
- (i) you agree that your application is only effective when received by, or on behalf of, NTU and not when posted;
- (j) you accept the risk associated with any refund that may be sent to you by direct credit to your account as nominated to the Share Registry or cheque to your address shown on NTU's register;

- (k) you agree that you are responsible for any dishonour fees or other costs which NTU may incur if your cheque for payment is dishonoured;
  - (l) you agree that NTU and the Share Registry have not provided you with investment or financial product advice, and that they have no obligation to provide advice to you about your decision to apply for and be issued New Shares;
  - (m) you agree that NTU is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
  - (n) you are not in the United States and are not acting for the benefit of or the account of a person in the United States.
- (b) you are not in the United States and are not acting on behalf of or for the account of a person in the United States;
  - (c) you must not send copies of these Terms and Conditions or any other material relating to the SPP to any person in the United States or elsewhere outside Australia and New Zealand;
  - (d) you must not submit an Application Form or make payment by BPAY® for any person resident outside Australia or New Zealand; and
  - (e) if you do not comply with these restrictions, it may result in violations of applicable securities laws.

#### **Withdrawal, waiver, suspension and termination**

NTU reserves the right to withdraw the offer at any time up to the Issue Date.

NTU reserves the right at any time to:

- (a) waive compliance with any provision of these Terms and Conditions;
- (b) amend or vary these Terms and Conditions; and
- (c) suspend or terminate the SPP.

Any amendment, variation, suspension or termination is binding on all Eligible Shareholders even if NTU does not notify you of the event.

#### **Settling disputes**

NTU may settle, in any manner it sees fit, any difficulties, anomalies or disputes which may arise in connection with the operation of the SPP whether generally or in relation to any participant or any application for New Shares. NTU's decision is conclusive and binding on all participants and other persons to whom the determination relates. These rights may be exercised by NTU's Board or any delegate of the Board.

#### **Governing Law**

These Terms and Conditions are governed by the laws in force in Western Australia. By accepting this offer, you submit to the non-

#### **Notice to shareholders in New Zealand**

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of NTU with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand)*.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (New Zealand)*. This document is not a product disclosure statement, an investment statement or prospectus or other disclosure document under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement, an investment statement or prospectus or other disclosure document under New Zealand law is required to contain.

#### **No US offer**

If you apply to participate in the SPP or instruct a custodian to do so on your behalf, you acknowledge and agree that:

- (a) the New Shares have not, and will not be, registered under the US Securities Act, or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and New Zealand;



exclusive jurisdiction of the courts in Western Australia.

### **Not underwritten**

The SPP is not underwritten.

### **Interpretation**

The term “these Terms and Conditions” includes terms and conditions in the Application Form, Instructions and Key Dates. The Application Form forms part of this offer document.

### **Risk factors**

You should be aware that being issued New Shares involves various risks. This section discusses some of the key risks associated with an investment in New Shares. A number of risks and uncertainties, which are both specific to and of a more general nature, may adversely affect the operating and financial performance or position of NTU, which in turn may affect the value of New Shares and the value of an investment in NTU.

The risks and uncertainties described below are not an exhaustive list of the risks facing NTU or associated with an investment in NTU. Additional risks and uncertainties may also become important factors that adversely affect NTU’s operating and financial performance or position.

This document is not financial product advice and has been prepared without taking into account your investment objectives or personal circumstances. Before investing in New Shares, you should consider whether an investment in New Shares is suitable for you. Potential investors should consider publicly available information on NTU (such as that available on the websites of NTU and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

### **Company specific risks**

#### **Communicable disease outbreaks**

The outbreak of communicable diseases around the world (such as the novel coronavirus COVID-19) may lead to interruptions in operations, exploration, development and production activities, inability to source supplies or consumables and higher volatility in the

global capital markets and price of rare earth elements or demand for NTU’s product, which may materially and adversely affect NTU’s business, financial condition and results of operations.

In addition, such outbreaks may result in restrictions on travel and public transport and prolonged closures of facilities or other workplaces which may have a material adverse effect on NTU and the global economy more generally. Any material change in NTU’s operating conditions, the financial markets or the economy as a result of these events or developments may materially and adversely affect NTU’s business, financial condition and results of operations.

NTU has been directly impacted by the outbreak of COVID-19. On 25 March 2020, NTU announced that it would immediately and temporarily suspend site operations at its Browns Range Pilot Plant Project. A demobilisation plan has been enacted and a small care and maintenance team will remain on site on an alternating 4 week on, 4 week off roster. The decision was as a result of recent and anticipated impacts of COVID-19 and the broad range of necessary measures being undertaken by the Commonwealth, State and Territory Governments in Australia. NTU anticipated that there will be growing difficulty in moving people to and from the Browns Range site in the East Kimberley region of WA. The recent directives by the WA Government to protect the vulnerable residents of Aboriginal communities, many of which are located within the Kimberley region, was an additional factor in the decision.

### **ATO debt and repayment of other debt**

The Company reached an in-principle agreement with the Australian Taxation Office (**ATO**) in relation to the repayment of amounts paid to the Company for its research and development (**R&D**) tax offset claims for the 2016/17 and 2017/18 income years (totalling A\$13,409,315.90 plus interest) as described in the Company’s ASX Announcement dated 5 June 2019 (**Payment Arrangement**). The ATO has also denied the Company’s refundable R&D tax offset claims for the 2016/17 and 2017/18 income years on the basis it disagreed with the calculation of depreciation included in the refundable R&D tax offset claims and the activities were considered ineligible by AusIndustry. As described in the Company’s ASX announcement on 25 February 2020, AusIndustry reversed its initial finding in relation to the Company’s R&D claims which means

most of the Company's registered activities are in fact eligible for the R&D incentive. The Company is now working with the ATO in relation to the claims for the 2016/17 and 2017/18 income years as well as discussing the return for the 2018/19 income year. At this stage, the Company is seeking to defer any payments under the Payment Arrangement on a month by month basis until the ATO has ruled on all of the relevant income years.

The Company has granted security over its assets to Sinosteel Equipment and Engineering Co Ltd. The Company also has a number of unsecured creditors. As noted under "Access to financial markets" below, the business of the Company (and its subsidiaries) (**Group**) relies on access to debt and equity funding and there can be no assurance that sufficient debt or equity funding will be available to meet all of the Company's (and the Group's) commitments on favourable terms or at all. Failure to obtain additional funding (through capital raisings or otherwise) may cause the Company to default in its payment obligations. Any failure by the Company to meet any of its payment obligations may result in any of the Company's secured creditors enforcing payment of all amounts outstanding or enforcing their security over the Company's assets. This would put the Company at risk of insolvency or result in the Company entering into voluntary administration.

### **Lind funding**

The Company's arrangement with Lind Global Macro Fund, LP (**Lind**) under the Convertible Security Funding Agreement as announced on 2 March 2020 requires that amounts owing to Lind 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, a change in control of the Company occurs, an event which has a material adverse effect on NTU (including one which affects the assets, liabilities, results of operations, business or condition (financial or otherwise) of NTU), or if NTU does not obtain shareholder approval for the issue of the replacement convertible security described in the Company's 2 March 2020 announcement.

If the Company is required to repay the amount outstanding to Lind (plus, if applicable, any default interest at a rate per annum of 6% more than the "Cash Target Rate" last published by the Reserve Bank of Australia at the time of the

relevant event of default), it will have 20 business days to do so and may be required to urgently raise additional funding (through capital raisings or otherwise) to meet such repayment obligations. If the Company is not able to raise additional funding to repay Lind (or, for completeness, any other creditors as and when such debts fall due), the Company would be at risk of insolvency or it may result in the Company entering into voluntary administration.

### **Exploration and production**

The future profitability of the Group and the value of the New Shares are directly related to the results of exploration, development and production activities as well as costs and prices. Rare earth exploration and production involves significant risk.

Exploration is a speculative endeavour with an associated risk of discovery of finding any rare earth elements in commercial quantities and risks associated with development of a project. No assurances can be given that funds spent on exploration will result in discoveries that will be commercially viable.

Development and production of rare earth projects may be exposed to low side reserve outcomes, cost overruns, production decrease or stoppage, which may be the result of facility shutdowns, mechanical or technical failure and other unforeseen events. A significant poor development outcome or failure to maintain production could result in the Group lowering reserve and production forecasts, loss of revenue and additional operating costs to restore production. In some instances, a loss of production may incur significant capital expenditure, which could require the Group to seek additional funding.

### **Volatility of the price of rare earth element**

Rare earth element prices will depend on available markets at acceptable prices and transmission, distribution and other costs. Any substantial decline in the price of rare earth elements or an increase in the transmission or distribution costs could have a material adverse impact on the Group.

### **Operating**

Industry operating risks include, but are not limited to, fire, explosions and environmental hazards. The occurrence of any of these risks could result in substantial losses to the Group due to injury or loss of life, damage to or

destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties; or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against the Group.

### **Reliance on key personnel and advisors**

The ability of the Group to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Group cannot secure external technical expertise (for example to carry out development activities) or if the services of the present management or technical team cease to be available to the Group, this may affect the Group's ability to achieve its objectives either fully or within the timeframes and the budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect the Group's performance.

### **Reliance on third party infrastructure**

The Group will rely on third party transportation infrastructure in order to deliver its production to the market. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the Group.

### **Reserves and resource estimates**

Mineral reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter or become uncertain when new information becomes available on the tenements through additional tests over the life of a project.

In addition, reserve and contingent resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual reserves or contingent resources may differ from those estimated which may result in the Group altering its plans which could have either a positive or negative effect on its operations.

Changes in reserve or resource estimates could also impact the Group's ability to maintain its borrowing capacity with its current or future lenders.

### **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by their nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through testwork to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

### **Native title**

The Group may from time to time, need to negotiate with any native title claimant for access rights to its tenements. In addition, agreement will need to be reached with native title claimants and/or holders in the event of mining. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties.

### **Environmental**

The Group's exploration, development and production activities are subject to legislation regarding environmental matters.

The legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making the Group's operations more expensive or cause delays. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible.

### **Title**

All mining tenements which the Group may acquire either by application, sale and purchase or farm-in are regulated by the applicable state or territory mining legislation.

There is no guarantee that applications will be granted as applied for (although the Group has no reason to believe that tenements will not be granted in due course). Various conditions may

also be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of a tenement to the Group.

Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

### **Legislative changes, government policy and approvals**

Changes in government, monetary policies, taxation and other laws in Australia or internationally may impact the Group's operations and the value of the New Shares.

The Group requires government regulatory approvals for its operations.

The impact of actions, including delays and inactions, by state, territory and federal governments may affect the Group's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to the Group by government bodies, or if they are, that they will be renewed, or that the Group will be in a position to comply with all conditions that are imposed.

### **Access to financial markets**

The Group's business relies on access to debt and equity funding. There can be no assurance that sufficient debt or equity funding will be available to the Group on favourable terms or at all. Failure to obtain additional funding may cause the Group to postpone any development plans, forfeit rights to some or all of its projects or reduce its operating structures, including staff and overhead levels, which may delay or suspend the Group's business strategy and could have a material adverse effect on the Group's activities or require the Group to sell down an interest in its projects or assets.

Any additional equity financing may dilute existing shareholdings.

### **Occupational health and safety**

Exploration and production activities may expose the Group's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Group's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Group's business and reputation.

### **Insurance**

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the cost can be high. The Group maintains insurance within a coverage range that it considers to be consistent with industry practice and appropriate for its needs. The occurrence of an event that is uninsurable, not covered, or only partially covered by insurance could have a material adverse effect on the Group's business and financial position.

### **Financial risks**

The Group's activities expose it to a variety of financial risks, including:

- *Market risk:* The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices interest rate risk, price risk, credit risk and liquidity risk (maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities). The Group's future activities will be subject to volatility and fluctuations in those particular areas.
- *Foreign exchange/currency risk:* The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in USD/AUD and CNY/AUD exchange rates. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.
- *Interest rate and credit risk:* This relates to the risk that interest rates applicable to the Group may fluctuate and have an impact

on the value of the Group's assets and liabilities.

- *Liquidity risk:* This relates to the ability of the Group to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities to support the Group's operations.

## General risks

### Potential for dilution

If shareholders do not take up their full entitlements under the SPP, then their percentage holding in the Company may be diluted by not participating to the full extent of the SPP.

It is not possible to predict what the value of the Company or Shares will be following the completion of the SPP and the Directors do not make any representation as to such matters.

The historical trading price of the Shares on ASX prior to this SPP is not a reliable indicator as to the potential trading price of Shares after completion of the SPP.

### General market and share price

There are general risks associated with investments in equity capital such as the New Shares. The trading price of the New Shares may fluctuate with movements in equity capital markets in Australia and internationally.

Generally applicable factors which may affect the market price of shares include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- commodity prices;
- changes in interest rates and the rate of inflation;
- changes in government legislation and policies, including taxation laws and foreign investment legislation;
- announcement of new technologies; and

- geo-political instability, including international hostilities and acts of terrorism.

Further, the effect of these conditions on the Group's ability to refinance its debt obligations, and the terms on which any such refinancing can be obtained, is uncertain. If these conditions result in the Group being unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse impact on its financial position, financial performance and/or share price. The Group's operational performance, financial performance and the position of the Company's share price may be adversely affected by a worsening of international economic and market conditions and related factors. It is also possible that new risks might emerge as a result of global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

### Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

### Taxation

The disposal of New Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All investors are urged to obtain independent financial advice about the consequences of disposing of New Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of acquiring or disposing of New Shares under the SPP.

### Speculative investment

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under

the SPP. An investment in the Company is speculative and investors should consult their professional adviser before applying for or disposing of New Shares.

### **Directory**

#### **Registered Office**

Northern Minerals Limited  
Level 1  
675 Murray Street  
West Perth, WA 6005, Australia  
Telephone: +61 9481 2344

#### **Share Registry**

Automic Group Pty Ltd  
GPO Box 5193  
Sydney NSW 2001

#### **Legal Advisers**

Johnson Winter & Slattery  
Level 4  
167 St Georges Terrace  
Perth, WA 6000, Australia  
Telephone: +61 8 6216 7222  
Facsimile: +61 8 6216 7200

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SRN/HIN: [HolderNumberMasked]

ASX Code: NTU

Record Date: 5.00 p.m. (Perth Time) on 17 April 2020

Minimum value available to purchase: \$1,000

Maximum value available to purchase: \$30,000

## SHARE PURCHASE PLAN APPLICATION FORM

**IMPORTANT: CLOSING DATE 5.00 P.M. (PERTH TIME) ON FRIDAY 29 MAY 2020 (UNLESS VARIED)**

### 1: SELECT THE VALUE OF SHARES APPLIED FOR

I/We being registered as the holder of Shares in Northern Minerals Limited as at the above noted record date, do hereby apply for the dollar amount of New Shares as indicated below at the Issue Price of **\$0.02 per New Share** in accordance with the Terms and Conditions of the Share Purchase Plan that accompanies this Application Form.

		\$ APPLIED FOR	NO OF SHARES			\$ APPLIED FOR	NO OF SHARES
Offer A	<input type="checkbox"/>	A\$1,000	50,000	Offer E	<input type="checkbox"/>	A\$10,000	500,000
Offer B	<input type="checkbox"/>	A\$2,500	125,000	Offer F	<input type="checkbox"/>	A\$15,000	750,000
Offer C	<input type="checkbox"/>	A\$5,000	250,000	Offer G	<input type="checkbox"/>	A\$20,000	1,000,000
Offer D	<input type="checkbox"/>	A\$7,500	375,000	Offer H	<input type="checkbox"/>	A\$30,000	1,500,000

### 2: MAKE YOUR PAYMENT

#### Payment by BPAY



Biller Code: 285882  
 Ref No: [BPayCRN]

Contact your financial institution to make your payment from your cheque or savings account.

#### Payment by Cheque

Cheques must be drawn on an Australian branch of a financial institution in AUD, made payable to "Northern Minerals Limited" and crossed "Not Negotiable". Return your cheque and this form to: Automic Group, GPO Box 5193 Sydney NSW 2001 by the Closing Date.

Cheque Number				BSB			Account Number													
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

### 3: PROVIDE YOUR CONTACT DETAILS

Telephone Number ( )	Contact Name (PLEASE PRINT)
Email Address	
<p><b>SUPPORT YOUR COMPANY:</b> By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).</p>	

# INSTRUCTIONS FOR COMPLETION OF THIS FORM

The right to participate in the Share Purchase Plan is optional and is available exclusively to Eligible Shareholders (as defined on the Share Purchase Plan). If the Company rejects or scales-back an application or purported application, the Company will return to that applicant the relevant application monies, without interest.

## HOW TO APPLY FOR SHARES UNDER THE SPP

### 1 Select the Value of Shares Applied For

Select the value of new fully paid Shares you wish to apply for by placing an "X" alongside the dollar value of your choice. You can only indicate one choice. Should you indicate more than one choice then it will be at the discretion of the company as to which dollar value you will be deemed to have selected.

### 2 Payment Options

**Payment by BPAY:** You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on the front of this form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight).

**It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.**

**You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such New Shares for which you have paid.**

**Payment by Cheque:** Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Northern Minerals Limited" and crossed "Not Negotiable". Please ensure sufficient funds are held in your account. If you provide a cheque for an incorrect amount the Company may treat you as applying for as many New Shares as your cheque will pay for.

**Return your cheque and this application form to Automic Group by 5.00 p.m. (Perth Time) on 29 May 2020**

<b>BY MAIL</b> Northern Minerals Limited C/- Automic Group GPO Box 5193 Sydney NSW 2001	<b>BY HAND DELIVERY (Sydney office hours 9:00am – 5:00pm Sydney Time)</b> Northern Minerals Limited C/- Automic Group Level 5/126 Phillip Street Sydney NSW 2000
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### 3 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm Sydney Time. We may use this email or number to contact you regarding your acceptance of the New Shares, if necessary.

#### IMPORTANT INFORMATION

1. This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this Application Form, please consult a professional adviser.
2. If you do not wish to purchase shares under the Share Purchase Plan, there is no need to take action.
3. Please ensure you have read and understood the terms and conditions of the Share Purchase Plan accompanying this Application Form and this section entitled "Important Information" before making payment by BPAY®.
4. The offer for New Shares under the Share Purchase Plan is non-renounceable. Applications can only be accepted in the name printed on the Application Form.
5. If you are a custodian, trustee or nominee within the meaning of "custodian" as defined in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**Custodian**), you must complete and submit an additional schedule that contains further certifications and details that must be provided (**Schedule**) before your application will be received. The Schedule can be obtained by contacting the Share Registry on the telephone number set out below. Applications received by Custodians that are not accompanied by the Schedule will be rejected.
6. For applicants that are not required to complete the Schedule, by making a payment by BPAY® or by submitting an Application Form (with a cheque for payment), you certify that, even if you have received more than one offer under the Share Purchase Plan or received offers in more than one capacity, the total of the application price for the following does not exceed A\$30,000:
  - the New Shares the subject of this application;
  - any other shares applied for under the Share Purchase Plan, or shares or interests in the class issued under a similar arrangement in the 12 months before this application;
  - any other shares or interests in the class which you have instructed a Custodian to acquire on your behalf under this Share Purchase Plan; and
  - any other shares or interests in the class issued to a Custodian under an arrangement similar to the Share Purchase Plan in the 12 months before this application as a result of you instructing the Custodian or another Custodian, which resulted in you holding a beneficial interest in the shares or interests.
7. The maximum subscription limitation of \$30,000 will apply even if an Eligible Shareholder has received more than one Application Form (whether in respect of a joint holding or because the applicant has more than one holding under separate security accounts).
8. The Company reserves the right to make amendments to this Application Form where appropriate.
9. Applicants are not assured of receiving the New Shares for which they have applied as the Company may scale back applications in its discretion.
10. By making payment of application monies, you certify that:
  - you wish to apply for New Shares under the Share Purchase Plan as indicated on this Application Form;
  - you have read and understood the terms and conditions of the Share Purchase Plan;
  - you agree to be bound by the Constitution of the Company and the terms and conditions of the Share Purchase Plan;
  - you agree to accept any lesser number of New Shares than the number of New Shares applied for;
  - you are not in the United States and are not acting for the account or benefit of a person in the United States and have not sent any offering materials relating to the SPP offer to any person in the United States; and
  - all other warranties, representations and acknowledgements made by you in the Share Purchase Plan are true and correct.

**If you require further information about the Offer, please contact Automic on 1300 288 664 between 9:00am and 5:00pm (Sydney Time).**