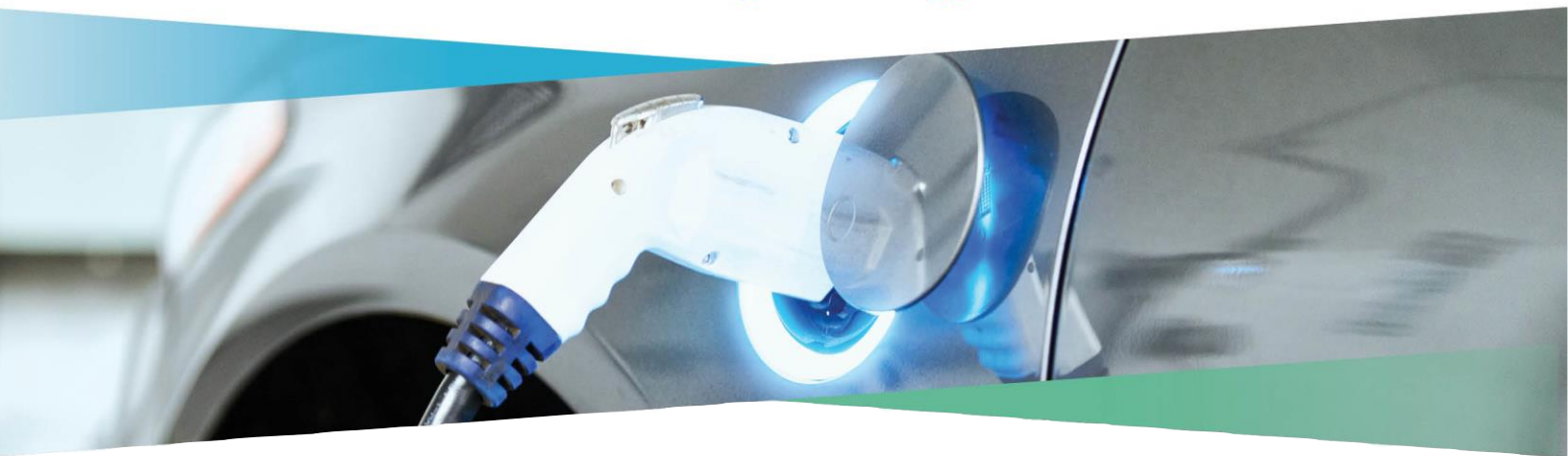




NORTHERN MINERALS

Powering Technology.



Quarterly Activities Report

JUNE 2020

Northern Minerals is one of a few heavy rare earth producers outside China. The Company's Board announced on July 1 that R&D testwork at the Browns Range Heavy Rare Earth Pilot Plant Project would partially restart, after being placed on care and maintenance for most of the quarter due to restrictions imposed as a result of the COVID-19 pandemic.



Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) is focused on production from 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 is one of a few heavy rare earth producers outside China.

The Pilot Plant is designed to assess the technical and economic feasibility of a full-scale commercial operation. Northern Minerals is in the process of re-starting operations following a period of temporary care & maintenance at Browns Range during the June quarter, as a result of travel restrictions associated with the COVID-19 pandemic.

Corporate Overview



Highlights:

- Board decision to partially restart operations at the Company's Browns Range Heavy Rare Earths Pilot Plant Project
- Budget approved to recommence and ramp-up exploration activities across the Company's tenements in the East Kimberley region of Western Australia
- Share Purchase Plan offer closed with total funds of A\$9.98 million raised (before costs), almost double the target amount
- Tranche 1 of the Company's A\$22 million placement to various sophisticated investors raised A\$6 million (before costs)
- Repayment of A\$3 million of the amounts owing on the Company's A\$7.5 million convertible notes
- Assessment of suitable internal and external candidates to fill CEO vacancy progressed, following the resignation of George Bauk in the quarter
- All resolutions passed at General Meeting held 18 June 2020





Corporate actions

Browns Range Pilot Plant restart

Immediately post quarter-close, on 1 July 2020, Northern Minerals advised shareholders that the Board had taken the decision to partially restart operations at the Company's Browns Range Heavy Rare Earths Pilot Plant Project as well as recommence exploration activities across its tenements in the East Kimberley region of Western Australia.

The Board's decision followed the lifting of Commonwealth biosecurity restrictions applied to the Kimberley region as part of COVID-19 control measures, which was the catalyst for the Company placing the Pilot Plant on care-and-maintenance at the start of the June quarter.

The health and safety of our people is our number one priority, and our commitment to playing our part in protecting the Kimberley remains central to our planning to remobilise personnel to site.

Leadership change

Long-standing Managing Director and CEO George Bauk announced his resignation on 5 June 2020, with existing Non-Executive Chairman Colin McCavana temporarily assuming the role of Executive Chairman, while Northern Minerals commences an evaluation of potential internal and external executive candidates to fill the vacancy.

Mr McCavana thanked Mr Bauk for his long-term leadership of Northern Minerals that spanned more than a decade.

"George has been an exceptional and resilient leader for the Company, having steered it through some low points in the market with an unwavering focus on realising the potential of the Browns Range Project in northern Western Australia," Mr McCavana said.

"The culmination of the work spearheaded by George was the development of the Pilot Plant Project at Browns Range, which transitioned Northern Minerals from an explorer to a producer of heavy rare earth elements, including our focus commodity of dysprosium."

Mr Bauk remains in a strategic advisory role for the Northern Minerals Board and executive management team as the Company transitions to new leadership.

Operations

Northern Minerals is progressing planning and logistics to partially restart operations at the Pilot Plant by the end of July, which will initially focus on testwork in the beneficiation circuit followed by tests in the hydrometallurgical circuit.

The Company will also proceed with the mechanical construction and installation of ore-sorting equipment at the front-end of the Pilot Plant, which was suspended in line with the decision to place the Pilot Plant on care and maintenance.



The partial return of Pilot Plant operations at Browns Range will result in approximately three-quarters of the previous Project workforce being re-mobilised and some positions have unfortunately become redundant.

The information gathered from the Pilot Plant operation to date, as well as the upcoming testwork programs, will provide data for the potential Bankable Feasibility Study of a full-scale commercial facility.

Sales

Prior to Browns Range being placed on care and maintenance, Northern Minerals announced on 16 March 2020 that 114 tonnes of heavy rare earth carbonate had been exported and sold, with a further shipment of 27 tonnes of heavy rare earth carbonate sold in June.

These shipments of heavy rare earth carbonate to thyssenkrupp Materials Trading GmbH (thyssenkrupp) follows an earlier shipment of 22 tonnes in January 2020.

Northern Minerals will seek to reinstate export and sale of future shipments of rare earth carbonate to thyssenkrupp as it becomes available from the operation of the Pilot Plant.

Exploration

Exploration ramp-up

Post quarter-close, on 1 July 2020, Northern Minerals announced exploration activity across the Browns Range tenement package would be ramped-up, with a budget of \$4.5-\$5.0 million being allocated for greenfields exploration, further evaluation of identified mineralisation and to boost confidence in existing Mineral Resources, with the overall objective of increasing the life-of-mine potential of the Project.

This significant commitment to exploration in the next 12 months will underpin the Company's ongoing ambition to develop a full-scale heavy rare earths mining and processing operation at Browns Range in the future, which if successful would create significantly greater opportunities for Northern Minerals, the State and Australia in the global context of these critical minerals.

Dazzler Resource growth

At the beginning of the period, Northern Minerals announced a significant upgrade to the Mineral Resource estimate for the Dazzler deposit at Browns Range.

The Inferred Mineral Resource for the Dazzler deposit has been estimated at **214,000 tonnes at 2.33% TREO comprising 4,893,000 kg TREO** using a cut-off grade of 0.15% TREO. This represents a 53% increase in contained TREO from the maiden Mineral Resource estimate reported on 6 March 2019 (see ASX announcement "Dazzler shines with High-Grade Maiden Mineral Resource"). The Dazzler deposit is located less than 15km from the Browns Range Pilot Plant on the edge of a small scarp slope.

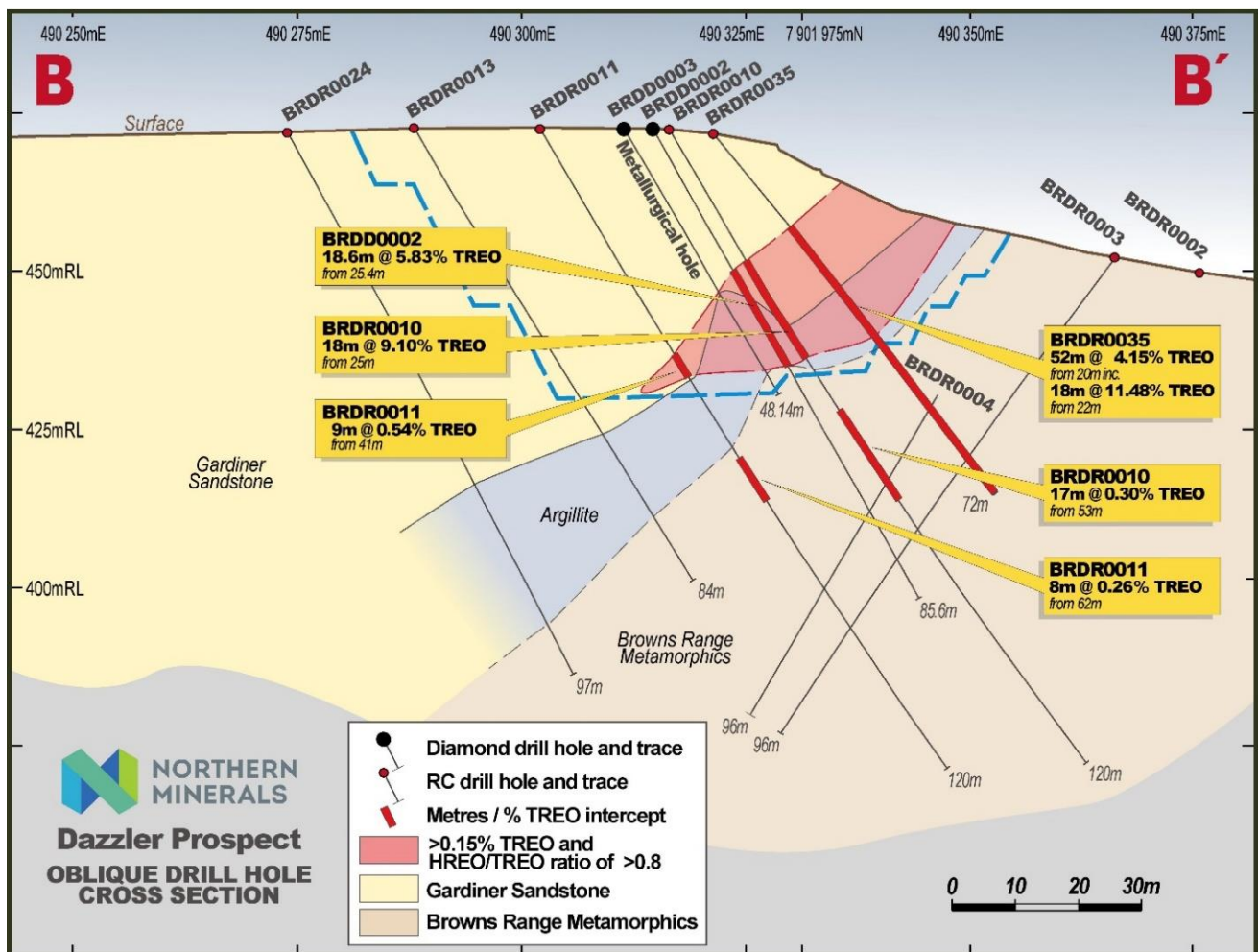


Figure 1: Oblique drill hole cross section – Dazzler Prospect

Anomalous gold at Dazzler

In addition to the high-grade heavy rare earth mineralisation at Dazzler, analysis during the quarter indicated there is anomalous gold associated with the mineralised RE zones.

At this point, further work needs to be undertaken to understand the relationship between the gold and rare earth mineralisation. Metallurgical testwork is planned to understand where the gold reports to when Dazzler ore is treated in the Browns Range plant.



Financial and Equity

A\$22 Million Placement

Northern Minerals announced on 20 April 2020 it had entered into subscription agreements with various sophisticated investors (Investors) to raise A\$22 million (before costs) under a private placement (Placement).

The issue of 259,525,770 Subscription Shares under Tranche 1 was made using all of the Company's existing placement capacity under Listing Rule 7.1A. The issue of the remaining 190,474,230 Subscription Shares under Tranche 1 was made out of the Company's existing placement capacity under Listing Rule 7.1.

Northern Minerals announced it had issued 450,000,000 fully paid ordinary shares under Tranche 1 of the Placement on 28 April 2020, confirming it had received a total of A\$6 million in cash from the issue of 300,000,000 of these shares, while funds of A\$3 million in respect of the remaining 150,000,000 of these issued shares were paid directly to Yuzhen Ma on behalf of the Company by one of the investors in partial repayment of the amounts owing on the convertible notes issued on 26 June 2019.

These convertible notes had an aggregate face value of A\$7,500,000 pursuant to the subscription agreement announced on 23 April 2019 (A\$7.5 million Convertible Notes).

The issue of the Subscription Shares under each of Tranches 2, 3 and 4 were subject to the approval of the Company's shareholders, which was obtained at the General Meeting held in Perth on 18 June 2020. All Subscription Shares issued under the Placement will be fully paid ordinary shares and will rank equally with the Company's existing quoted shares on issue.

On 30 June 2020, the Company issued a further 321,500,000 fully paid ordinary shares under the Placement to the subscribers (or their nominees). Out of the 321,500,000 shares issued, 225,000,000 additional shares were issued to Yuzhen Ma in full repayment of the remaining amounts owing on the convertible notes issued on 26 June 2019. Accordingly, all of the Convertible Notes have now been fully repaid and redeemed.

The remaining 96,500,000 shares issued relate to subscription funds received by the Company totalling A\$1.93 million in respect of parts of Tranches 2 and 3 of the Placement. The Company has agreed with the remaining subscribers that the balance of A\$6.57 million in subscription funds (comprising the remainder of the Placement) will be due and payable on or before 25 July 2020.

The balance of the Subscription Shares not allocated to debt repayment will be used to raise funds in cash for the continued development of the Company's projects and operation of the Company's business, including for expenditure relating to the restart of the Browns Range Pilot Plant following a period of care and maintenance as a result of COVID-19 movement and access restrictions imposed by the Commonwealth and State governments.

Share Purchase Plan

The Company also announced on 20 April 2020, an offer to all eligible existing shareholders – on the Company's share register at 5.00pm (Perth time) on 17 April 2020, with registered addresses in Australia or New Zealand – the opportunity to apply for new shares in the Company by participating in a Share Purchase Plan (SPP).



The SPP was not underwritten and the Company was targeting to raise approximately A\$5 million (before costs) through the SPP. The offer price per new share under the SPP was the same as the issue price for the Subscription Shares under the Placement outlined above, being A\$0.02 per new share (which represented a 17.4% discount to the volume weighted average market price of the Company's shares calculated over the 5 days on which sales in the shares were recorded before 20 April 2020). The SPP provided eligible shareholders with the opportunity to increase their holding without paying brokerage or transaction costs and the issue of shares under the SPP is not subject to shareholder approval.

The SPP closed on 2 June 2020 with total funds raised of A\$9.98 million (before costs). Northern Minerals was very pleased with the strong response to the SPP and received applications well in excess of the Company's targeted amount of A\$5 million (before costs). As allowed by the SPP terms, the Board decided to accept applications beyond the A\$5 million target rather than scale back applications under the SPP.

Following receipt and clearance of the subscription funds on 10 June 2020, Northern Minerals issued 499,020,000 fully paid ordinary shares in the Company (Shares), which will rank equally with existing quoted Shares from their date of issue.

The funds raised under the SPP are also being used for the continued development of the Company's projects as well as for general working capital purposes.

Issue of Replacement Convertible Security

Northern Minerals issued a replacement convertible security to Lind Global Macro Fund, LP (Replacement Convertible Security) on 22 June 2020 in accordance with the Convertible Security Funding Agreement announced on 2 March 2020, following shareholder approval being obtained at the Company's general meeting held on 18 June 2020.

The Replacement Convertible Security replaces the initial convertible security issued to Lind on 6 March 2020 (which was redeemed upon issue of the Replacement Convertible Security). The Replacement Convertible Security has a face value of \$2,000,000. Please refer to the Company's announcements released to ASX on 2 March 2020 and 7 May 2020, and to the Company's notice of general meeting released to ASX on 18 May 2020, for further information.

Debt pay-down

On 16 June 2020, Northern Minerals completed the repayment of half of the debt (A\$4.2 million) owing to EPC contractor Sinosteel. The Company's updated indicative debt position as at 30 June 2020 (excluding any accrued but unpaid interest and including the full repayment and redemption of the A\$7.5 million Convertible Notes issued on 26 June 2019), comprised of the liabilities set out in the table below:



Creditor	Amount Owing	Repayment Date
Sinosteel (EPC contract)	A\$2.2 million	23 October 2020
	A\$2.2 million	23 July 2020
Australian Taxation office (R&D matters)	A\$9 million	Under review by ATO
JHY Investments Pty Ltd (convertible notes)	A\$4 million	31 December 2020
Lind Global Macro Fund, LP (convertible security)	A\$2 million	6 March 2022
Total	A\$19.4 million	–

Performance Rights

Exercise of performance rights

A total of 4,000,000 fully paid ordinary shares were issued to Company executives and directors on 1 July 2020 as a result of the exercise of performance rights which had already vested. These shares were issued under exceptions contained in Listing Rule 7.2 and the issue was not conditional on receipt of shareholder approval.

Earlier in the period, a total of 500,000 fully paid ordinary shares were issued as a result of the exercise of performance rights which vested on 6 April 2020 following the Company selling the first accumulated 100 tonnes of mixed rare earth carbonate that was produced from the Browns Range Pilot Plant (see the Company's ASX announcement dated 7 April 2020). These shares were issued under Listing Rule 7.2, Exception 9 and the issue was not conditional on receipt of shareholder approval.

Issue of performance rights

The Company issued a total of 1,194,000 performance rights to employees of the Company (or their nominees) under the Company's Performance Rights Plan on 7 May 2020 (a summary of which is included at Annexure B of the Company's notice of annual general meeting for 2017 which was released to ASX on 30 October 2017).

These performance rights were issued under Listing Rule 7.2, Exception 13 and the issue was not conditional on receipt of shareholder approval.

In relation to the performance rights issued, 50% of them are subject to vesting conditions that relate to occupational health and safety positive performance indicators. The other 50% are subject to vesting conditions that relate to key performance indicators for production and quality of product produced and shipped from the Browns Range Pilot Plant. These performance rights expire on 1 July 2021.

Additionally, a total of 1,121,000 performance rights (NTUAQ) that were issued under the Company's Performance Rights Plan have lapsed due to resignations from employment.



ATO Matters

The Company continues to have constructive discussions with the Australian Taxation Office to resolve its Research and Development (R&D) tax offset claims. The Company will inform the market accordingly as material developments arise.

General Meeting

Northern Minerals held a General Meeting of Shareholders on 18 June 2020 at its corporate office in Murray Street, West Perth. All resolutions tabled at the General Meeting were passed and decided by way of a poll. For more details please refer to announcement “Meeting Results” announced on the ASX on 18 June 2020.

Shareholder approval was gained to:

- The issue of 2,000,000 Shares to JHY Investments Pty Ltd;
- The issue of 60,000,000 Shares to Lind Global Macro Fund, LP;
- The issue of 34,000,000 Options to Lind Global Macro Fund, LP;
- The issue of the Initial Convertible Security (convertible into a maximum of 100,000,000 Shares) to Lind Global Macro Fund, LP;
- The issue of the Replacement Convertible Security to Lind Global Macro Fund, LP, and the issue of Shares on conversion of the Replacement Convertible Security;
- The issue of 190,474,230 Shares to the Tranche 1 Investors in the A\$22 million Placement;
- The issue of 259,525,770 Shares to the Tranche 1 Investors in the A\$22 million Placement; and
- The issue of up to 650,000,000 Shares to the Tranche 2 Investors for the A\$22 million Placement.

Baogang Placement prohibited by Treasurer

Northern Minerals announced on 20 April 2020 that the Company had just received from Baogang a copy of an order made by the Treasurer of the Commonwealth of Australia prohibiting the \$20 million Baogang Placement, which was initially announced on 15 August 2019. Accordingly, the issue of shares to Baogang as described in the August Announcement did not proceed.

For further information:

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About Northern Minerals

Northern Minerals Limited (ASX: NTU) (Northern Minerals or the Company) is one of a few producers of heavy rare earth element dysprosium outside of China via production from the Browns Range Heavy Rare Earth Project (the Project) in northern Western Australia.

The Company commenced the production of heavy rare earth carbonate in late 2018 as part of a three-year pilot assessment of economic and temporarily technical feasibility of a larger scale development at Browns Range. In March 2020, the operation was placed into care & maintenance as a result of COVID-19.

The work program provides the opportunity to gain production experience and surety of supply for our offtake partner, thyssenkrupp, as well as allowing the assessment of various project enhancement initiatives including ore sorting and the separation of the product into individual rare earth oxides.

Through the development of its flagship project, the Browns Range Project, Northern Minerals aims to build the Western Australian operation into a 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, military and high technology solutions.

For more information: northernminerals.com.au

Compliance Statement

The information in this report that relates to the Mineral Resource Estimate for the Dazzler deposit is extracted from the report entitled “Over 50% Increase in Dazzler High-Grade Mineral Resource” dated 7 April 2020 and is available to view on the company’s website (www.northernminerals.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.



Tenement Report

Project	Location	Tenement ID	State	Status	Holder Application	Interest
Browns Range WA	Browns Range	E80/4479	WA	Granted	Northern Minerals	100%
	Browns Range	E80/4782	WA	Granted	Northern Minerals	100%
	Browns Range	E80/5040	WA	Granted	Northern Minerals	100%
	Browns Range	E80/5041	WA	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	E80/5260	WA	Application	Northern Minerals	100%
	Browns Range	E80/5261	WA	Application	Northern Minerals	100%
	Browns Range	E80/5367	WA	Application	Northern Minerals	100%
	Browns Range	E80/5368	WA	Application	Northern Minerals	100%
	Browns Range	E80/5369	WA	Application	Northern Minerals	100%
	Browns Range	E80/5370	WA	Application	Northern Minerals	100%
	Browns Range	E80/5418	WA	Application	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	EL26270	NT	Granted	Northern Star Resources	REE rights only



Project	Location	Tenement ID	State	Status	Holder Application	Interest
Browns Range NT	Browns Range	EL26286	NT	Granted	Northern Star Resources	REE rights only
	Browns Range	EL32161	NT	Application	Northern Minerals	100%
	Browns Range	EL32162	NT	Application	Northern Minerals	100%
John Galt	John Galt	E80/4298	WA	Granted	Northern Minerals	100%
	John Galt	E80/4967	WA	Granted	Northern Minerals	100%
	John Galt	E80/5070	WA	Granted	Northern Minerals	100%
	John Galt	E80/5230	WA	Granted	Northern Minerals	100%
Boulder Ridge	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)
Gardiner-Tanami NT	Boulder Ridge	EL24177	NT	Granted	Northern Star Resources	REE rights only
	Boulder Ridge	EL25171	NT	Granted	Northern Star Resources	REE rights only
	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
	Parguee	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



Project	Location	Tenement ID	State	Status	Holder Application	Interest
Gardiner-Tanami NT	Tanami	EL29595	NT	Granted	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
	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
	Tanami	EL32163	NT	Application	Northern Star Resources	REE rights only
	Tanami	EL32164	NT	Application	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



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Alternate Director

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CEO
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Chief Operating Officer
Robin Wilson
Geology and Exploration Manager
Eben Van Rooyen
Acting General Manager

About Northern Minerals

Northern Minerals Limited (ASX:NTU; Northern Minerals or the Company) is focused on production from the Browns Range Heavy Rare Earth Pilot Plant Project in northern Western Australia. Northern Minerals is one of a few heavy rare earth producers outside China.

R&D testing is continuing on the three-year pilot plant project with first production of heavy rare earth carbonate in October 2018. The pilot plant development will continue with its R&D studies 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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