

Cost reduction and resizing measures introduced

Key points:

- Board completes initial review and resizing of Company structure to optimise business
- Cost saving measures implemented including resetting of executive contracts and reduction in remuneration for all executive positions
- Directors' fees have been reduced
- Reduction in staff numbers, with redundancy for some positions in head office and at Browns Range
- Next phase of Jien Mining finance agreement (\$17 million) due to be completed by November 30

The Board of Northern Minerals (ASX:NTU) advises it has implemented a number of measures to manage costs as it moves toward development of its Browns Range rare earth project in northern Western Australia (WA).

Northern Minerals Chairman Conglin Yue said the measures have been introduced following a Board review of resourcing and project requirements in the short term.

"We are in a position where we have a good funding pipeline in place, but the Board believes it is prudent in the current environment to review our operating structure, and where possible, introduce mechanisms to optimise it," Mr Yue said.

"Last week we announced some further funding developments, with the conversion of debt to equity by Jien Mining, and a new finance facility with The Lind Partners LLC." (See ASX announcements November 2)

Jien Mining also intends to complete its previously announced \$17 million investment in Northern Minerals by 30 November, which is awaiting confirmation of Chinese regulatory approval."

Mr Yue said "We are now running into the northern wet season which will impact our planned exploration and work programs on site. We believe it is appropriate to introduce these measures now, to ensure the business is in the best possible position to deliver our objectives at Browns Range over the next twelve months and beyond."

The Company has completed an internal review and restructure of the organisation. The main points of the review and restructure are summarized below with details included on the following page.

- Reset of Managing Director / CEO employment contract including reduction in salary of 50% effective 1 November 2015
- Reduction of Directors fees of 50% effective 1 November 2015
- Reset of Executives employment contracts including reduction in salary of 50% effective 1 November 2015
- Introduction of a stand down period for majority of employees until completion of Jien transaction
- Immediate reduction in staff numbers, with redundancy of a number of positions at Browns Range and head office

Powering Technology.

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Reset of Managing Director / CEO employment contract

- 1) A reduction of 50% to salary including superannuation (Reduced Salary) to \$202,575 effective from 1 November 2015.
- 2) Upon completion of the Jien transaction or the Company obtains New Capital of at least A\$10 million within 6 months, the salary including superannuation will be increased to \$324,120 (New Salary) (representing 80% of his current salary package). In addition, Mr Bauk will be paid the difference between the New Salary and the Reduced Salary from the period 1 November 2015 to the date of completion of the Jien transaction or receipt of New Capital.
- 3) Mr Bauk will retain all existing employment entitlements at current salary for a six month period (commencing Nov 1 2015) if Mr Bauk is made redundant or is terminated without cause; or the Company has a change of control; or the Company is placed into administration.
- 4) If the Jien transaction is not completed and no New Capital is received by the Company within 6 months, the entitlements will then be determined by reference to the New Salary.

Reduction of Directors fees

- 1) A reduction of 50% of fees (Reduced Fee) effective from 1 November 2015.
- 2) Upon completion of the Jien transaction or if the Company obtains New Capital of at least A\$10 million within 6 months, the fee will be increased to 80% of the current fee structure (New Fee). In addition, Director's will be paid the difference between the New Fee and the Reduced Fee for the period 1 November 2015 to the date of completion of the Jien transaction or receipt of New Capital.

Reset of Executives employment contracts

All executives employment contracts have been aligned to the Managing Directors / CEO's contract as outlined above.

Remaining staff contracts will be reset with a 20% reduction in remuneration for all positions.

Managing Director George Bauk said the measures introduced would ultimately support the development of the Browns Range project as one of the world's leading suppliers of dysprosium.

"These measures have included some difficult decisions, but they reflect the current environment and strike the best balance for the future of the Company," Mr Bauk said.

"Our focus remains on the end game, and about ensuring we are in the best position possible to capitalise on Browns Range, to the benefit of all our stakeholders."

"I would like to acknowledge the contributions and dedication of those people that have regrettably been made redundant today due to circumstances beyond their control. I wish them all the best for their future endeavours."

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About Northern Minerals:

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) is focused on the delivery of the heavy rare earth (HRE) element, dysprosium. The Company has a large landholding in Western Australia and the Northern Territory that is highly prospective for this element. 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 a number of deposits and prospects containing high value dysprosium and other HREs, hosted in xenotime mineralisation. Dysprosium is an essential ingredient in the production of NdFeB (neodymium iron-boron) magnets used in clean energy and high technology solutions. As a result of increasing global demand for these applications dysprosium supply is critical. The Project's xenotime mineralisation facilitates the use of a relatively simple and cost effective processing flowsheet to produce a high value, high purity dysprosium rich product.

For more information northernminerals.com.au.

