

Northern Minerals enters into \$30 million equity funding agreement

Highlights

- Subscription Agreement signed with Huatai Mining Pty Ltd to raise \$30 million at an average price of over 13 cents per share.
- \$200,000 already received with the remaining funds due over the course of 2016.
- Extensive due diligence process undertaken by Huatai Mining Pty Ltd and successfully completed.
- Funding will assist in continuing to deliver on the business plan to take Browns Range into full production.

Northern Minerals Limited (ASX: NTU; Northern Minerals) is pleased to announce it has entered into an equity funding agreement for \$30 million to continue on its path to becoming the first significant dysprosium producer outside of China.

Through a Subscription Agreement with Huatai Mining Pty Ltd (Huatai Mining), Northern Minerals will raise \$30 million by issuing 230,000,000 shares at an average price of over 13 cents per share. The investment, which has already undergone and successfully completed an extensive due diligence process by Huatai Mining, is a significant achievement for Northern Minerals as it continues to deliver on its business plan to take Browns Range into full production.

Huatai Mining, an Australian entity, is a related body corporate of Taizhong Energy Australia Pty Limited (Taizhong Energy), the Australian investment arm of Chinese coal producer Shandong Taizhong Energy Co. Ltd (Shandong).

Shandong is a private company that acts as an intermediary agent between suppliers and end users of coal. Shandong's business model has been designed to effectively integrate upstream and downstream resources to provide comprehensive coal chain supply management services involving coal purchase, warehousing, processing, logistics and distribution. It is currently active in the Shandong province and looking to expand. It has been operating for 13 years and the company is located in the south west of the Shandong province. Its major customer is China Huaneng Group which is one of the 5 largest state owned electric utility companies in China.

One of Northern Minerals executive team has met with the Chairman of Shandong, Zhai Huihui and visited their Australian corporate office. Financial statements have been reviewed by Northern Minerals to assess their financial capability.

Taizhong Energy was established to secure coal assets in Australia and develop its trading business internationally. This investment in Northern Minerals is a key part of Taizhong Energy's strategy to diversify its investment into strategic metals.

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On signing of the Subscription Agreement, Northern Minerals received \$200,000 (issuing 2 million shares at 10 cents per share) from Huatai Mining, with the remaining funding to be received through two stages:

- By 12 August 2016, \$2.8 million for 28 million shares at 10 cents per share.
- Following all necessary shareholder and Australian Government approvals the final \$27 million for 200 million shares at 13.5 cents per share (to be received in three equal tranches within 30, 60 and 90 days of the General Meeting).

Northern Minerals will use its best endeavours to call and hold a General Meeting by no later than 30 September 2016 for shareholders to approve the final three tranches of the investment and will commission an independent expert's report to assist shareholders in determining how to vote in respect of the relevant resolutions. The independent expert has been appointed.

Once the transaction is complete, Huatai Mining will become Northern Minerals' largest shareholder, holding approximately 31% and the Australian Conglin International Investment Group holding approximately 27%.

Huatai Mining will be entitled to nominate two directors to the board of Northern Minerals, one non-executive position following receipt of \$12 million of funding, and on completion of the full transaction, the Non-Executive Chairman. Northern Minerals has agreed to procure the appointment of the nominees to the board.

Over the last couple of months, Northern Minerals has been working through an extensive due diligence process with Huatai Mining. This process has involved a full review of Northern Minerals legal, tax and technical information, and a site visit to the Browns Range Project.

Northern Minerals' Managing Director, Mr George Bauk said the investment was an outstanding result for the Company in what is a challenging financial market.

"We continue to attract global interest in the Company and the Project which is a clear demonstration of the strength and value of the Browns Range Project.

As best in class, shovel ready and with well understood mineralogy, the Browns Range Project is an outstanding asset and its potential to become a future leading supplier of global dysprosium is internationally recognised."

The transaction contains a mutual \$300,000 break fee equal to 1% of the value of the transaction which shall be payable in certain circumstances. The transaction has the full support of Northern Minerals' existing major shareholder, and Executive Chairman, Mr Conglin Yue.

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Name	Company	Contact
George Bauk	Managing Director / CEO Northern Minerals	+ 61 8 9481 2344
Mark Tory	Chief Financial Officer Northern Minerals	+61 488 188 638

About Northern Minerals:

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) is focussed 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 has facilitated the development of a two stage process flowsheet, consisting of a beneficiation and hydrometallurgical plant, to produce a high value, high purity dysprosium rich product.

Exploration continues at Browns Range (WA and NT), and is also underway at the geologically similar John Galt and Boulder Ridge projects. For more information northernminerals.com.au.

