



NORTHERN MINERALS

Powering Technology.



Quarterly Activities Report

JUNE 2016

A key focus of the quarter has been progressing the process plant costing, mine planning and offtake for the Browns Range Project Pilot Plant to deliver stage one of the new business plan.



Northern Minerals (ASX: NTU) is focussed on the delivery of the heavy rare earth element, dysprosium. NTU has a large landholding in WA and the NT that is highly prospective for this element.

Through the development of the Browns Range Project, NTU aims to be the first significant world producer of dysprosium outside of China. Dysprosium is an essential ingredient in powering clean energy technology applications such as hybrid cars and wind turbines. A key feature of the Project is its xenotime mineralisation which facilitates a relatively simple and cost effective processing flowsheet to produce a dysprosium rich mixed RE carbonate.

Corporate Overview

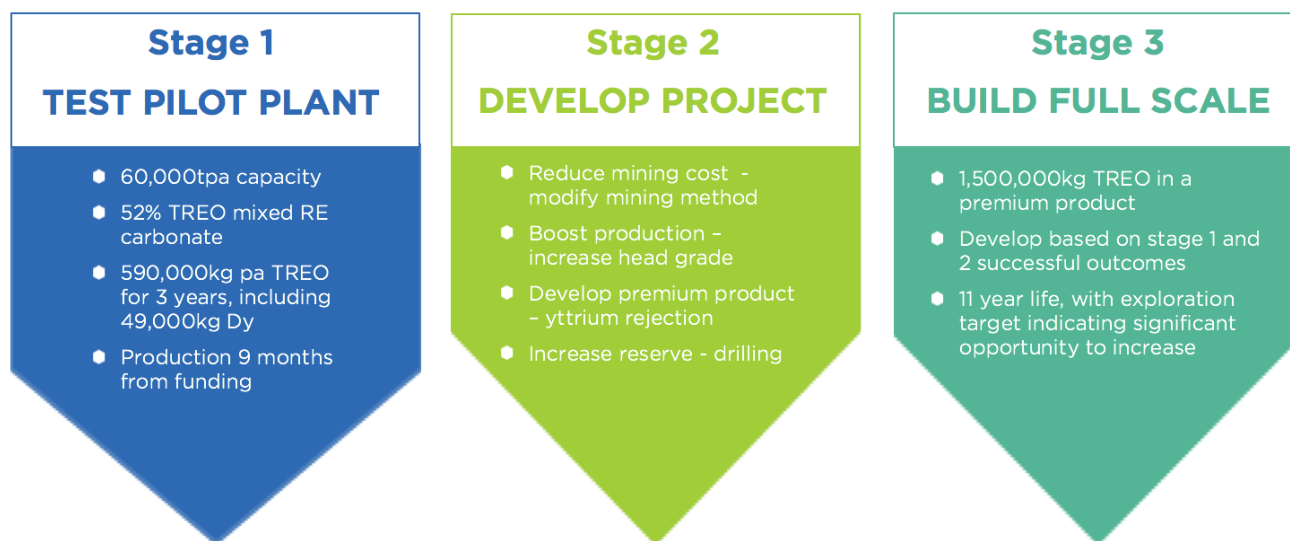
Highlights:

- ◆ Funding discussions progressing with potential financiers for the 60,000tpa Pilot Plant at Browns Range.
- ◆ DRA design and lump sum turnkey pricing for the Pilot Plant well advanced.
- ◆ Entech has completed the detailed mine planning and engineering to design and schedule the proposed open pit mines for the Pilot Plant.
- ◆ Shareholder briefings held and meetings with key government representatives.
- ◆ Memorandum of Understanding signed with Shin-Etsu for offtake of rare earth carbonate.

Browns Range Project

The Browns Range Project is best in class, shovel ready and has well understood mineralogy. Northern Minerals will develop the Browns Range Project in three stages, with stage one being the 60,000tpa pilot plant, stage two developing to bankable feasibility study level and stage three building to full scale production.

Three stage approach to full scale production



STAGE ONE PILOT PLANT

During the quarter, Northern Minerals advanced the detailed engineering, and mine design and planning for stage one of the new business plan to take Browns Range into full production (announced on 4 February 2016). Stage one incorporates the construction of a Pilot Plant at Browns Range with a 60,000tpa capacity to produce 49,000kg dysprosium, in 590,000kg TREO per annum.

The design and planning work is a key component to developing the financial modelling to support funding efforts to progress stage one to construction.

DRA Global (DRA) was engaged to undertake sufficient detailed engineering design of the 60,000tpa Browns Range Pilot Plant (Pilot Plant) to deliver a lump sum turnkey contract price for the supply and construction of the beneficiation and hydrometallurgical process pilot plants, and associated services.

Northern Minerals also engaged Entech Pty Ltd (Entech) to undertake the detailed mine planning and engineering to design, and schedule the proposed open pit mines for the Pilot Plant. This work included pit optimisations, detailed pit designs and mine schedules, which together with surface infrastructure design, will be used to determine the mining costs for the Pilot Plant. Entech delivered this work during the quarter, with the mining and earthworks scope currently being reviewed and priced by a mining and earthworks contractor.

To assist these contractors in their understanding of the Browns Range Project's design and operations, and the environment in which it will operated in, key representatives from DRA and the mining contractor participated in a site tour in July. The tour included reviewing locations and settings of key infrastructure and operational activities, as well as logistics and access requirements.

Stakeholder engagement

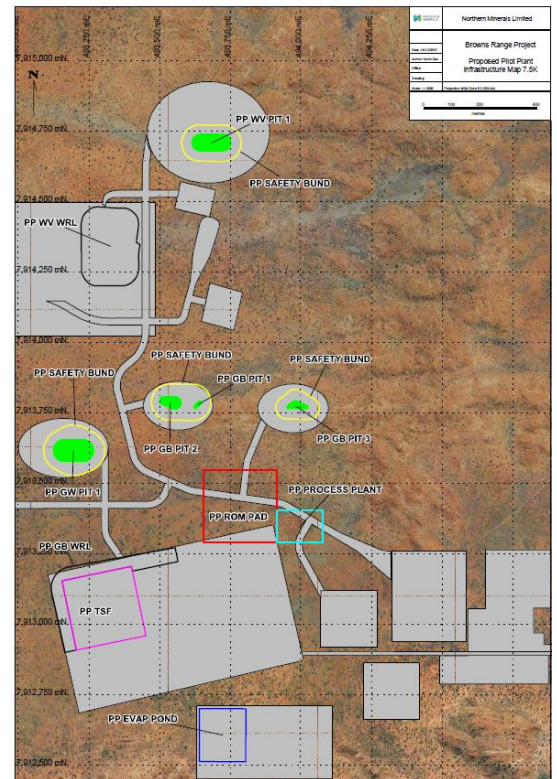
It has been a busy quarter for Northern Minerals with the hosting of shareholder briefings and a number of opportunities to engage with both local and state governments. Shareholder briefings were held in Melbourne, Sydney and Perth in early May which provided shareholders an update on company and project activities, including the release of the new business plan to progress the Browns Range Project to full production.

For the third consecutive year in a row, Managing Director, George Bauk was elected to the Management Committee of the Chamber of Minerals and Energy, including Chair of the Kimberley Regional Council.

The Kimberley Regional Council met with Bill Johnston MLA, Shadow Minister for Mines and Petroleum and Josie Farrer MLA, Member for the Kimberley in regards to project development in the Kimberley, in addition to hosting State Opposition Leader, the Hon Mark McGowan MLA, Josie Farrer MLA, Member for the Kimberley and Paul Papalia MLA, Shadow Minister for Tourism; Corrective Services; Defence Issues at a regional council meeting in Broome. While in the Kimberley George participated in a workshop with corporate and community leaders, and Broome Futures about the future development of the Kimberley.

The Shire of Halls Creek, President and Chief Executive Officer visited the Browns Range Project during the site tour with DRA and the mining contractor. The visit allowed Northern Minerals to provide an update on company and project activities to the Shire since the release of the new business plan.

Full scale operations with pilot plant overlay



LICENCING

During the quarter Northern Minerals continued to progress the licences and approvals for the Pilot Plant. This included the submission of the Mining Proposal for assessment and an amendment to the approved Project Management Plan to the Department of Mines and Petroleum.

OFFTAKE

A Memorandum of Understanding (MOU) was signed with Shin-Etsu Chemical Co., Ltd (Shin-Etsu). The pricing mechanism is based on three-month average weekly pricing following the timing of the monthly shipments, referenced from a bureau established by professionals within the metals industry with the goal of providing comprehensive metals market pricing and coverage. It offers users access to metals market pricing, data and statistics, and news across all regions. Prices are based on fully separated rare earth prices adjusted for downstream separation costs and recovery.

The pricing mechanism will be reflected in the final sales agreement currently under negotiation, as will payment terms which enable Northern Minerals to model the Pilot Plant's revenue and cash flow in more detail.

Permanent magnets a key driver for the rare earth market



Corporate

LIND FUNDING FACILITY

During the quarter Northern Minerals continued to draw down monthly working capital from the financing agreement with the Lind Partners LLC (announced on 2 November 2015). This facility continues to work well for Northern Minerals as it works towards securing the funding to move forward with the Pilot Plant.

ARGONAUT

Since engaging Argonaut in December 2015 as its corporate adviser, Northern Minerals has worked closely with the Argonaut team in regards to company and project financing. In

particular, working towards developing detailed financial modelling for the Pilot Plant to enable discussions to progress with potential financiers of the Browns Range Project.

R&D UPDATE

On Friday 29 July 2016, Northern Minerals lodged its company tax return including the R&D return, and anticipates payment of the R&D incentive will be received within four to eight weeks.

PILOT PLANT FUNDING

Northern Minerals continued high level discussions with potential debt and equity providers in relation to funding of stage one, Pilot Plant. The modelling completed with Argonaut has been used in these discussions to determine the level of funding required, including the right split between debt versus equity.

INFORMATION REQUIRED BY LISTING RULE 5.3.3

Project	Location	Tenement ID	State	Change of Status in Quarter	Status	Holder Application	Interest
Browns Range WA	Browns Range	E80/3548	WA	Surrendered		Northern Minerals	100%
	Browns Range	E 80/3547	WA	Surrendered		Northern Minerals	100%
	Browns Range	E80/4393	WA	Surrendered		Northern Minerals	100%
	Browns Range	E80/4479	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4725	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4726	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4806	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4883	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4782	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 NT	Browns Range	EL24193	NT		Granted	Northern Minerals	100%
	Browns Range	EL24174	NT		Granted	Northern Minerals	100%
	Browns Range	EL24941	NT		Application	Northern Minerals	100%
	Browns Range	EL26270	NT		Granted	Toro Energy Limited	Purchasing 100%
	Browns Range	EL26286	NT		Granted	Toro Energy Limited	Purchasing 100%
John Galt	John Galt	E80/4298	WA		Granted	Arnhem Resources Ltd	100%
	John Galt	E80/4671	WA		Granted	Northern Minerals	100%
	John Galt	E80/4779	WA		Granted	Northern Minerals	100%
	John Galt	E80/4967	WA		Application	Northern Minerals	100%
	Boulder Ridge	EL24177	NT		Granted	Northern Minerals	100%

QUARTERLY ACTIVITIES REPORT

June 2016



Boulder Ridge	Boulder Ridge	EL25171	NT		Granted	Northern Minerals	100%
	Boulder Ridge	EL29594	NT		Granted	Northern Minerals	100%
	Boulder Ridge	EL24849	NT		Application	Northern Minerals	100%
	Boulder Ridge	EL24935	NT		Application	Northern Minerals	100%
	Boulder Ridge	EL28868	NT		Application	Northern Minerals	100%
	Boulder Ridge	EL30132	NT		Application	Northern Minerals	100%
	Boulder Ridge	EL27590	NT		Granted	Toro Energy Limited	Purchasing 100%
Gardiner-Tanami NT	Tanami	EL23932	NT		Granted	Northern Minerals	100%
	Tanami	EL25009	NT		Granted	Northern Minerals	100%
	Ware Range	EL26498	NT		Granted	Northern Minerals	100%
	Ware Range	EL26541	NT		Granted	Northern Minerals	100%
	Pargee	EL27367	NT		Granted	Northern Minerals	100%
	Tanami	EL29592	NT		Granted	Northern Minerals	100%
	Tanami	EL29593	NT		Granted	Northern Minerals	100%
	Tanami	EL29595	NT		Granted	Northern Minerals	100%
	Tanami	EL23933	NT		Application	Northern Minerals	100%
	Ware Range	EL24179	NT		Application	Northern Minerals	100%
	Ware Range	EL24947	NT		Application	Northern Minerals	100%
	Ware Range	EL25003	NT		Application	Northern Minerals	100%
	Ware Range	EL25004	NT		Application	Northern Minerals	100%
	Tanami	EL25172	NT		Application	Northern Minerals	100%
	Tanami	EL29619	NT		Application	Northern Minerals	100%
	Tanami	EL29621	NT		Application	Northern Minerals	100%
	Tanami	EL26635	NT		Granted	Toro Energy Limited	Purchasing 100%
Rabbit Flats	Rabbit Flats 1	EL25157	NT		Application	Northern Minerals	100%
	Rabbit Flats 2	EL25158	NT		Application	Northern Minerals	100%
	Rabbit Flats 3	EL25159	NT		Application	Northern Minerals	100%
	Rabbit Flats 4	EL25160	NT		Application	Northern Minerals	100%
	Rabbit Flats 5	EL23935	NT		Application	Northern Minerals	100%
Kurundi	Kurundi	EL29616	NT		Granted	Horn Resources	100% REE rights only



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Kevin Schultz
Deputy Chairman

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Colin McCavana
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Adrian Griffin
Non-executive Director

Yanchung Wang
Non-executive Director

Bin Cai
Alternate Director

Management

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Exploration Manager

Robin Jones
Project Manager

Mark Tory
Chief Financial Officer/
Company Secretary

About Northern Minerals

Northern Minerals Limited (ASX: NTU) is a heavy rare earth (HRE) company focussed on the production of dysprosium and yttrium, elements which are in short supply globally.

With a relatively simple and low cost processing flowsheet, Northern Minerals can produce a high grade mixed rare earth oxide product which is highly sought after in international markets to power clean energy and high end technology applications.

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