

NORTHERN MINERALS LIMITED
ABN 61 119 966 353

**NOTICE OF GENERAL MEETING
OF SHAREHOLDERS**

AND

EXPLANATORY MEMORANDUM

AND

PROXY FORM

10.00am (PERTH TIME), 29 September 2016

AT

**LEVEL 1
675 MURRAY STREET
WEST PERTH
WESTERN AUSTRALIA 6005**

**Please read the Notice and Explanatory Memorandum carefully.
If you are unable to attend the meeting please complete and return the
enclosed Proxy Form in accordance with the specified instructions.**

Notice is hereby given that a general meeting of shareholders of Northern Minerals Limited ABN 61 119 966 353 ("**Northern Minerals**" or "**Company**") will be held at Level 1, 675 Murray Street, West Perth, Western Australia 6005 at 10.00am (Perth time) on 29 September 2016.

AGENDA

RESOLUTION 1 – RATIFICATION OF PREVIOUS ISSUE OF SHARES TO HUATAI

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 30,000,000 Shares to Huatai, for the purpose and on the terms set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Huatai, being the person who participated in the issue of Shares and any of its associates (as defined in the Listing Rules).

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 2 – APPROVAL UNDER ITEM 7 OF SECTION 611 OF THE CORPORATIONS ACT FOR THE ISSUE OF SHARES TO HUATAI

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Item 7 of section 611 of the Corporations Act and Listing Rule 7.1, and for all other purposes, Shareholders approve the issue by the Company and the acquisition by the Huatai Entities of a Relevant Interest in up to 200,000,000 Shares and an increase in their Voting Power from 5.64% to a maximum of 31.43%, pursuant to a placement of Shares on the terms described in the Explanatory Memorandum.”

Voting Exclusion: Huatai and its associates (as defined in the Listing Rules and sections 12 and 16 of the Corporations Act) will not be entitled to cast votes in favour of this Resolution.

OTHER BUSINESS

To transact any other business that may be legally brought before the Meeting.

RESOLUTIONS ARE NOT INTERDEPENDENT

The Resolutions in this Notice of Meeting are not inter-dependent. This means that a Resolution may be passed by Shareholders notwithstanding that one or more of the other Resolutions are not passed by Shareholders.

CHAIRMAN AND CHAIRMAN’S VOTING INTENTIONS FOR UNDIRECTED PROXIES

It is proposed that the Chairman of the Meeting be the deputy Chairman of the Board, Mr Kevin Schultz. It is the Chairman’s intention as Chairman of the Meeting to vote undirected proxies (i.e. open proxies) which he holds as proxy in favour of all Resolutions.

SNAPSHOT DATE

It has been determined that in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the date to determine who are the Shareholders in the Company for the purposes of the Meeting is at **10:00am WST on 27 September 2016**. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Holders of options issued by the Company who are not Shareholders but who wish to vote as Shareholders at the Meeting are required to lodge valid exercise notices with the Company no later than 1 week before the Meeting to allow sufficient time for the Shares to be issued by the Company.

PROXIES

In accordance with Section 249L(d) of the Corporations Act, Shareholders are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified then in accordance with section 249X(3) of the Corporations Act each proxy may exercise one half of the votes.

In accordance with Section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Share Registry (Security Transfer Registrars Pty Ltd):	PO BOX 535, APPLECROSS WA 6953 OR 770 Canning Highway, APPLECROSS WA 6153
Facsimile Number:	+61 8 9315 2233
Company's Registered Office:	LEVEL 1 675 MURRAY STREET WEST PERTH WA 6005
Facsimile Number:	+61 8 9481 5929

The instrument appointing the proxy must be received by the Company as provided in its constitution no later than 48 hours prior to the time of the commencement of the Meeting. This Proxy Form may be sent by facsimile transmission to the number identified on the Proxy Form.

CORPORATE REPRESENTATIVE

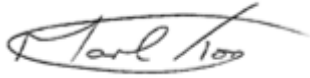
Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with section 250D of the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. An appointment of corporate representative form is enclosed if required.

OTHER

Words which are defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting unless the context requires otherwise. For assistance in considering the Notice of Meeting and the Explanatory Memorandum, please refer to the Glossary on page 5.

Dated 12 August 2016

By order of the Board

A handwritten signature in dark ink, appearing to read "Mark Tory", enclosed within a horizontal oval shape.

Mark Tory
Company Secretary

GLOSSARY

Associate has the meaning given to the term “associate” in sections 12 and 16 (only) of the Corporations Act.

ASX is ASX Limited ACN 008 624 691 or the securities exchange operated by it, as the context requires.

Board is the Board of Directors of the Company.

Company or Northern Minerals is Northern Minerals Limited ABN 61 119 966 353.

Corporations Act is the Corporations Act 2001 (Cth).

Director is a director of the Company.

Equity Security is as defined in the Listing Rules, being a share, unit, right to a share or unit or option, a convertible security, any security that ASX decides is an equity security but not a security ASX decides to classify as a debt security.

Explanatory Memorandum is the Explanatory Memorandum accompanying the Notice of Meeting.

Final Placement means the issue of Shares to Huatai under the Subscription Agreement on the dates and at the issue prices as set out under the heading ‘Final Placement’ in the table on page 6.

Final Placement Shares means 200,000,000 Shares to be issued to Huatai under the Final Placement.

Huatai means Huatai Mining Pty Ltd ACN 163 062 164.

Huatai Entities means Huatai, and its controlling entities and other related bodies corporate which are Associates of Huatai, being (as at the date of this Notice):

- (a) Shandong; and
- (b) Taizhong Energy; and
- (c) Lake Macquarie Coal.

Initial Placement means the issue of Shares to Huatai under the Subscription Agreement on the dates and at the issue prices as set out under the heading ‘Initial Placement’ in the table on page 6.

Lake Macquarie Coal means Lake Macquarie Coal Pty Ltd ACN 603 756 485.

Listing Rules is the Listing Rules of the ASX.

Meeting is the meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice.

Notice of Meeting or Notice is this Notice of Meeting.

Proxy Form is the form of proxy accompanying this Notice of Meeting.

Relevant Interest has the meaning given to the term “relevant interest” in sections 608 and 609 of the Corporations Act.

Resolution is a resolution proposed to be passed at the Meeting and contained in the Notice of Meeting.

Shandong means Shandong Taizhong Energy Co. Ltd.

Share is a fully paid ordinary share in the capital of the Company.

Shareholder is a person entered in the Company’s register of members as a holder of a Share.

Subscription Agreement means a Subscription Agreement dated 28 July 2016 between the Company, Huatai and Taizhong Energy in relation to the issue of the Initial Placement Shares and the Final Placement Shares.

Taizhong Energy means Taizhong Energy Australia Pty Limited ACN 603 756 332.

Transaction means the issue of the Final Placement Shares to Huatai on the terms and conditions of the Subscription Agreement.

Voting Power has the meaning given to the term “voting power” in section 610 of the Corporations Act.

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

NORTHERN MINERALS LIMITED

ABN 61 119 966 353

This Explanatory Memorandum sets out information about the business to be considered by the Shareholders at the Meeting. A short explanation of the business to be considered by the Shareholders is set out below.

BACKGROUND TO TRANSACTION

As announced on 2 August 2016, the Company entered into the Subscription Agreement under which it was agreed that Huatai would invest \$30 million in the Company for the purpose of supporting the financing and development of the Company's rare earth projects.

The Subscription Agreement provides that a total of 230,000,000 Shares will be issued to Huatai in 2 stages under the Initial Placement and the Final Placement (with each stage comprising a number of tranches) as set out in the table below.

Issue date	Shares issued	Issue price per Share
Initial Placement		
29 July 2016	2,000,000	\$0.10
12 August 2016	28,000,000	\$0.10
Issue date	Shares to be issued	Issue price per Share
Final Placement		
Within 30 days of this Meeting	66,666,667	\$0.135
Within 60 days of this Meeting	66,666,667	\$0.135
Within 90 days of this Meeting	66,666,666	\$0.135
Total	230,000,000	

The Shares under the Initial Placement have already been issued to Huatai and were subject to Huatai obtaining all regulatory approvals required to give effect to the Initial Placement, including any approvals required of the relevant State Provincial Level Commerce Department and State Administration of Foreign Exchange in the People's Republic of China.

The issue of the Final Placement Shares are subject to conditions including, the passing of Resolution 2 by Shareholders and Huatai obtaining all regulatory approvals required to give effect to the Final Placement, including the Chinese regulatory approvals referred to above. If those conditions are satisfied, Huatai will subscribe for the Final Placement Shares in accordance with the table set out above (with the exact dates to be agreed between Huatai and the Company).

Huatai's obligations under the Subscription Agreement are guaranteed by Taizhong Energy.

The funding received from the issue of Shares to Huatai will assist to preserve the Company's 100% ownership of its Browns Range heavy rare earths project, facilitate the completion of detailed engineering design, commence construction of a pilot plant at Browns Range and support the Company's business plan to bring the Browns Range project into full production.

Shareholders should note that the Company has entered into exclusivity arrangements with Huatai, which include a \$300,000 break fee payable by the Company if Resolution 2 is not passed.

After the issue of the first 66,666,667 Shares under the Final Placement, Huatai will be entitled to nominate 1 non-executive Director to the Board. Following completion of the Final Placement, Huatai will be entitled to nominate a non-executive Chairman to the Board. The Company has agreed to procure the appointment of Huatai's nominees to the Board.

RESOLUTION 1 – RATIFICATION OF PREVIOUS ISSUE OF SHARES TO HUATAI

On 29 July 2016 and 12 August 2016, the Company issued a total of 30,000,000 Shares to Huatai without disclosure under the exceptions provided in section 708 of the Corporations Act, in satisfaction of the Initial Placement under the Subscription Agreement.

A summary of the Subscription Agreement is set out under the heading '*Background*' above.

The 30,000,000 Shares issued to Huatai were issued under the Company's existing placement capacity under Listing Rule 7.1.

The Shares were issued to Huatai for the purpose of supporting the financing and development of the Company's rare earth projects and were issued at \$0.10 per Share (as described under the heading '*Background*' above).

Listing Rule 7.1 restricts the number of Equity Securities a company may issue (or agree to issue) in any 12 month period without shareholder approval to 15% of the number of ordinary securities on issue at the commencement of that 12 month period (subject to specified exceptions).

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issue of the 30,000,000 Shares to Huatai under the Company's placement capacity under Listing Rule 7.1 so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5 requires the following specific information to be provided to Shareholders in relation to this Resolution:

- (a) 30,000,000 Shares were issued.
- (b) The issue price was \$0.10 per Share.
- (c) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares.
- (d) The Shares were issued to Huatai.
- (e) The Company raised \$3,000,000 through the issue of Shares (before costs). The funds raised from the issue will be used to support the financing and development of the Company's rare earth projects.

The securities issued comprise approximately 5.64% of the Company's share capital (as at the date of this document).

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting.

RESOLUTION 2 – APPROVAL UNDER ITEM 7 OF SECTION 611 OF THE CORPORATIONS ACT FOR THE ISSUE OF SHARES TO HUATAI

The Company is seeking Shareholder approval under this Resolution for the purposes of:

- (1) item 7 of section 611 of the Corporations Act in relation to the acquisition of a Relevant Interest in a total of 200,000,000 Shares by the Huatai Entities, which would increase their Voting Power in the Company from 5.64% to a maximum of 31.43% pursuant to the issue of the Final Placement Shares to Huatai; and

- (2) Listing Rule 7.1 in respect of the issue of the Final Placement Shares to Huatai.

The funding received from the issue of the Final Placement Shares will assist to preserve the Company's 100% ownership of its Browns Range heavy rare earths project, facilitate the completion of detailed engineering design, commence construction of a pilot plant at Browns Range and support the Company's business plan to bring the Browns Range project into full production.

1 Regulatory Requirements

(a) Item 7 of section 611 of the Corporations Act

Section 606(1) of the Corporations Act provides that a person must not acquire a Relevant Interest in issued voting shares of a listed company, such as Northern Minerals, if the person acquiring the interest does so through a transaction in relation to the securities entered into by or on behalf of the person and, because of the transaction, that person's or someone else's Voting Power in the listed company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Under section 608(1) of the Corporations Act, a person will have a Relevant Interest in securities if they are the holder of those securities. Under section 608(3) of the Corporations Act, a person will have a Relevant Interest in securities held by a body corporate if that person's Voting Power in the body corporate is above 20% or if that person controls the body corporate.

Section 606(1A) of the Corporations Act provides that a person may acquire a Relevant Interest under one of the exceptions set out in section 611 of the Corporations Act without contravening section 606(1) of the Corporations Act.

Under Item 7 of section 611 of the Corporations Act, an acquisition that was approved by a resolution passed at a general meeting of shareholders of the listed company in which the acquisition is made is exempt from section 606(1) of the Corporations Act.

(b) Relevant Interest and Voting Power of Huatai and the Huatai Entities

Huatai is a wholly-owned subsidiary of Chinese coal producer Shandong and a related body corporate of each of Taizhong Energy and Lake Macquarie Coal.

For the purposes of section 608(3) of the Corporations Act, Shandong is deemed to have a Relevant Interest in any Shares held by Huatai, as Shandong holds over 20% of the Voting Power in, and otherwise controls, Huatai. Neither Taizhong Energy nor Lake Macquarie Coal have a Relevant Interest in any Shares.

Except for the Huatai Entities, Huatai does not have any other Associates.

After the issue of the Final Placement Shares by the Company to Huatai, Huatai (and Shandong) will hold a Relevant Interest in 230,000,000 Shares and the Voting Power of the Huatai Entities in the Company:

- (a) will increase from 5.64% to a maximum of 31.43%; and
- (b) will be 31.43%.*

If Resolution 2 is not passed by Shareholders, Huatai (and Shandong) will only have a Relevant Interest in the 30,000,000 Shares that Huatai received under the Initial Placement, and the Voting Power of the Huatai Entities in the Company:

- (a) will not increase as the Final Placement Shares will not be issued to Huatai; and
- (b) will be 5.64%.*

* Based on the share capital as at the date of this document and assuming that the Company does not issue any Shares other than the Final Placement Shares.

Information about Huatai and Shandong

Huatai is an Australian based related body corporate of Taizhong Energy, the Australian investment arm of Chinese coal producer, 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 electricity companies in China.

(c) Listing Rule 7.1

Listing Rule 7.1 restricts the number of Equity Securities a company may issue (or agree to issue) in any 12 month period without shareholder approval to 15% of the number of ordinary securities on issue at the commencement of that 12 month period (subject to specified exceptions).

Under this Resolution, the Company seeks from Shareholders approval for the issue of the Final Placement Shares so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

2 The reasons for the issue of the Final Placement Shares

The Final Placement Shares are proposed to be issued, for the reasons set out under the headings '*Background*' at the beginning of this Explanatory Memorandum and '*Advantages and Disadvantages of Resolution 2 being passed, as well as Resolution 2 not being passed*' below.

3 When proposed issue of the Final Placement Shares will occur

Under the terms of the Subscription Agreement, the Company will issue the Final Placement Shares at completion of each tranche as set out under the heading '*Background*' at the beginning of this Explanatory Memorandum.

4 The material terms of proposed issue of the Final Placement Shares

The material terms of the proposed issue of the Final Placement Shares are set out under the heading '*Background*' at the beginning of this Explanatory Memorandum. The Final Placement Shares will be fully paid ordinary shares on the same terms and conditions as the Company's existing shares.

5 Statement of the intentions of Huatai and the Huatai Entities regarding the future of Company if Shareholders pass Resolution 2

The Company requested Huatai and the Huatai Entities to provide to the Company the following information regarding their current intentions in relation to the Company and issues relating to control of the Company.

Any intention to change the business of the Company

It is the current intention of Huatai to be a strategic shareholder of the Company and to continue the development of the Company's rare earth projects and to provide strategic and managerial support to the Company in relation to its objectives.

Any intention to inject further capital into the Company

Huatai or one of the Huatai Entities may acquire additional Shares in the Company in the future, in accordance with the ASX Listing Rules and the Corporations Act. Neither Huatai nor any of the Huatai Entities has decided whether it will acquire further Shares in the Company, as that will be dependent upon the market conditions at the time, but it reserves its right to do so.

Intentions regarding future employment of present employees

Neither Huatai nor any of the Huatai Entities intends to change the overall operational structure or future employment of any present employees of the Company.

Any proposal where assets will be transferred between the Company and Huatai, a Huatai Entity or their Associates

There is no proposal in place at this time to transfer any assets between the Company and Huatai, a Huatai Entity or one of their Associates.

Any intention to otherwise significantly change the fixed assets of the Company

Huatai nor any of the Huatai Entities intends to change the overall operational structure of the Company at this time, which includes the fixed assets of the Company. However Huatai and the Huatai Entities may seek to encourage the management of the Company to make those changes which are necessary to develop the Company's current projects.

Any intention of Huatai, the Huatai Entities or their Associates to significantly change the financial or dividend distribution policies of the Company

Neither Huatai or any of the Huatai Entities or their Associates has an intention to significantly change the financial or dividend distribution policies of the Company.

6 Interests of Directors

No Director has any interest in the outcome of Resolution 2 other than in their capacity as a Shareholder and securities holder.

7 Details of any person who is intended to become a Director if Shareholders approve Resolution 2

Huatai will have the right under the terms of the Subscription Agreement to nominate 2 Directors to the Board after completion of the issue of all Shares under the Final Placement.

After those Directors are appointed, Huatai does not have a right, other than as a Shareholder, to appoint a Director to the Board.

Huatai has informed the Company that it intends to nominate capable and suitably qualified persons to be appointed to the Board to represent Huatai's interests. Huatai has informed the Company that it intends to nominate Huihui Zhai and Nan Yang to become Directors upon all Final Placement Shares being issued.

Huihui Zhai

Ms Zhai graduated from the Ocean University of China with a major in Business Administration. She held the position of Executive Director and General Manager from 2012 to 2013, with responsibility for day to day business operations, market exploration and strategy execution.

Ms Zhai has a flexible and internationalised operational management style and has extensive experience in the coal market and coal supply chain management. Because of this, she has contributed to Taizhong Energy's rapid growth in recent years. She has significantly developed, expanded and strengthened Taizhong Energy's business relationships with major customers within and outside China.

Nan Yang

Mr Yang has been involved in the Australian mining industry as an engineer (qualified by the Australasian Institute of Mining and Metallurgy (AusIMM)) for the last 10 years. He completed his Masters' Degree in Mining Engineering at the Curtin University of Technology in Western Australia. During this time, he worked as a part time labourer in various mines.

In 2007, Mr Yang joined Peabody Energy Australia as a mining engineer. Between 2007 and 2012, he worked on the Millennium, Wambo underground, Chain Valley, and Metropolitan coal mine projects to complete his underground time. He is experienced in mine design, economic evaluation of mining projects, long-term mine planning and project management. He has also been extensively involved in production scheduling, mine operations, blasting and ground control, equipment specification and procurement.

In 2012, Mr Yang joined AMC Consultants for a year before he joined Taizhong Energy and became a director of Huatai. Mr Yan has extensive on-site mining experience in Australia and familiarity with raising capital.

8 Recommendation of each Director and reasons for recommendation

The current Directors are Mr George Bauk (Managing Director, CEO), Mr Conglin Yue (Executive Chairman), Mr Kevin Schultz (Deputy Chairman), Mr Adrian Griffin (Non-Executive Director), Mr Colin McCavana (Non-Executive Director), Ms Yanchun Wang (Non-Executive Director).

Each Director recommends that Shareholders vote in favour of Resolution 2 for the reasons set out under the heading '*Advantages of Resolution 2 being passed*' below.

9 Independent Expert's Report

The Company obtained a report from an independent expert in relation to the Transaction, which reports whether the Transaction is fair and reasonable to Shareholders.

In a report dated 12 August 2016, Stantons International Securities reported that the Transaction is not fair but reasonable.

The Independent Expert's Report accompanies the Notice and this Explanatory Memorandum in Annexure 1.

10 Impact on Company if Resolution 2 is passed

Set out below is the impact on the Company if Resolution 2 is passed.

(a) Impact on Company's Financial Position

If Shareholders approve Resolution 2 and all conditions under the Subscription Agreement are satisfied, then the impact of the issue of the Final Placement Shares will be as set out below.

STATEMENT OF FINANCIAL POSITION	Unaudited Jun-16 \$	Pro-forma Adjustments	Full Funding
CURRENT ASSETS			
Cash and cash equivalents	373,307	30,000,000	30,373,307
Trade and other receivables	2,434,552		2,434,552
Inventory	33,025		33,025
Other financial assets	76,464		76,464
Total Current Assets	2,917,349	30,000,000	32,917,349
NON CURRENT ASSETS			
Other financial assets	471,898		471,898
Plant & equipment	164,130		164,130
Total Non-Current Assets	636,028	-	636,028
TOTAL ASSETS	3,553,376	30,000,000	33,553,376
CURRENT LIABILITIES			
Trade and other payables	1,216,225		1,216,225
Interest bearing liabilities	2,604,401		2,604,401
Provisions	126,692		126,692
Total Current Liabilities	3,947,318	-	3,947,318
NON-CURRENT LIABILITIES			
Interest bearing liabilities	14,715		14,715
Provisions	195,326		195,326
Total Non-Current Liabilities	210,041	-	210,041
TOTAL LIABILITIES	4,157,359	-	4,157,359
NET ASSETS	(603,983)	30,000,000	29,396,017
EQUITY			
Issued Capital	86,234,621	30,000,000	116,234,621
Reserves	7,254,993		7,254,993
Accumulated losses	(94,093,597)		(94,093,597)
TOTAL EQUITY	(603,983)	30,000,000	29,396,017

(b) Impact on Company's Capital Structure

If Shareholders approve the issue of the Final Placement Shares by passing Resolution 2 and all conditions are satisfied, then the impact on the Company's capital structure would be as follows:

Securities	Current capital structure	Capital structure after issue of the Final Placement Shares	% Change
Shares	531,686,214	731,686,214	37.62%
Unlisted options	15,312,470	15,312,470	0%
Performance rights with an exercise price	650,000	650,000	0%
Performance rights subject to hurdles	12,400,000	12,400,000	0%

(c) Impact on Company's Prospects

If Resolution 2 is passed and Huatai is issued the Final Placement Shares, the Company will receive a total of \$27,000,000 in subscription money from Huatai from the issue of the Final Placement Shares.

The Company intends to use the \$30,000,000 (\$3,000,000 of which it has already received and \$27,000,000 it will receive if Resolution 2 is passed and the Final Placement Shares are issued) in the following manner:

Item	Amount (\$)
Administrative and Corporate Costs	4,000,000
Exploration	2,000,000
Working capital and Cash Reserve	24,000,000
TOTAL	30,000,000

Note: Cash Reserve to be used in assisting to finance Browns Range Pilot Plant Project to construction.

The funding received from Huatai will assist to preserve the Company's 100% ownership of its Browns Range heavy rare earths project, facilitate the completion of detailed engineering design, commence construction of a pilot plant at Browns Range and support the Company's business plan to bring the Browns Range project into full production.

If less than the total amount is received, the Company will use the funds received to pay its administrative, corporate and working capital costs and direct the remainder of funds towards those items listed above to the extent possible.

11 Advantages and Disadvantages of Resolution 2 being passed, as well as Resolution 2 not being passed

Set out below are the key advantages and disadvantages of Resolution 2 being passed, for consideration by Shareholders.

(a) Advantages of Resolution 2 being passed

The key advantages to Shareholders of Resolution 2 being passed are:

- (1) subject to the all conditions of the Subscription Agreement being satisfied, the Company will receive \$27,000,000 if the Final Placement Shares are issued to Huatai; and
- (2) the Company will not be required to pay the break fee of \$300,000 to Huatai.

(b) Disadvantages of Resolution 2 being passed

The key disadvantage to Shareholders of Resolution 2 being passed is that Shareholders' shareholding in the Company will be diluted as a result of the issue of the Final Placement Shares.

Set out below are the key advantages and disadvantages of Resolution 2 not being passed, for consideration by Shareholders.

(c) Advantages of Resolution 2 not being passed

The key advantage to Shareholders of Resolution 2 not being passed is that Shareholders' shareholding in the Company will not be diluted as a result of the issue of the Final Placement Shares.

The above advantage needs to be considered in light of the disadvantages below under heading (b).

(d) Disadvantages of Resolution 2 not being passed

The key disadvantages to Shareholders of Resolution 2 not being passed are:

- (1) the Company will not issue the Final Placement Shares and will not receive \$27,000,000;
- (2) foregoing the opportunity to receive subscription money for the issue of the Final Placement Shares may hinder the Company in preserving its 100% ownership of its Browns Range heavy rare earths project, completing the detailed engineering design and commencing construction of a pilot plant at Browns Range; and
- (3) the Company will be required to pay a break fee of \$300,000 to Huatai.

12 Summary of Material Agreements

The material terms of the Subscription Agreement are set out under the heading '*Background*' at the beginning of this Explanatory Memorandum.

ANNEXURE 1 – Independent Expert’s Report (Resolution 2)

Corporate Representative Form

Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),
Insert name of shareholder company

the Company has appointed:

.....,
Insert name of corporate representative

in accordance with the provisions of section 250D of the *Corporations Act 2001* (Cth), to act as the body corporate representative of that company at the meeting of the members of Northern Minerals Limited to be held on 29 September 2016 commencing at 10.00am (Perth Time) and at any adjournments of that meeting/all meetings of the members of Northern Minerals Limited.

DATED 2016

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (e.g. "John Smith" or "each director of the Company").
2. Execute the certificate following the procedure required by your constitution or other constituent documents.
3. Print the name and position (e.g. director) of each company officer who signs this certificate on behalf of the company.
4. Insert the date of execution where indicated.
5. Send or deliver the certificate to Northern Minerals Limited registered office at Level 1, 675 Murray Street, West Perth, Western Australia 6005 or fax to the registered office on (08) 9481 5929.

12 August 2016

The Directors
Northern Minerals Limited
Level 1, 675 Murray Street
WEST PERTH WA 6005

Summary of Opinion

In our opinion, taking into account the factors noted in this report, the proposals noted in Resolution 2 to allow the issue to Taizhong of 200,000,000 Placement Shares, are not fair but reasonable to the non-associated shareholders of Northern Minerals Limited at the date of this report (refer paragraph 2.2 below).

Dear Sirs,

RE: NORTHERN MINERALS LIMITED (ABN 61 119 966 353) ("NTU", "NORTHERN MINERALS" OR "THE COMPANY") - MEETING OF SHAREHOLDERS TO CONSIDER A RESOLUTION (RESOLUTION 2) UNDER SECTION 611 OF THE CORPORATIONS ACT 2001 ("TCA") RELATING TO THE PROPOSAL TO ALLOW THE ISSUE OF UP TO 200,000,000 SHARES ("TRANCHE 3 PLACEMENT SHARES") TO HUATAI MINING PTY LTD ("HM"), A SUBSIDIARY OF TAIZHONG ENERGY AUSTRALIA PTY LIMITED ("TAIZHONG") THAT ALLOWS THE INTERESTS OF TAIZHONG (VIA HM) TO OBTAIN UP TO AN APPROXIMATE 31.43% SHAREHOLDING INTEREST IN NTU AS NOTED BELOW.

1. INTRODUCTION

- 1.1 We have been requested by the Directors of NTU to prepare an Independent Expert's Report to determine the fairness and reasonableness of the transactions as referred to in Resolution 2 as detailed in the Notice of Meeting to NTU shareholders ("the Notice") and the Explanatory Memorandum attached to the Notice ("EM") to be issued to shareholders in August 2016 for a shareholders meeting to be held in September 2016.
- 1.2 On 2 August 2016, the Company announced a proposed capital raising of up to \$30,000,000 from Taizhong (as guarantor) and HM (a wholly owned subsidiary of Taizhong) to assist in funding of the Browns Range Project as referred to below.
- A The issue of 2,000,000 shares at 10 cents each to raise a gross \$200,000 (Tranche 1 Placement Shares") to HM. Resolution 1 in the Notice refers to the ratification of the issue of the Tranche 1 Placement Shares (see below). The issue of the Tranche 1 Placement Shares was made in July 2016 and has resulted in the interests of Taizhong (via HM) shareholding in NTU increasing from nil% to approximately 0.397%;
- B The issue of 28,000,000 shares at 10 cents each to raise a gross \$2,800,000 (Tranche 2 Placement Shares"). Resolution 1 in the Notice also refers to the ratification of the issue of the Tranche 2 Placement Shares. The issue of the Tranche 2 Placement Shares was made on 12 August 2016 and this resulted in the interests of Taizhong (via HM) shareholding in NTU increasing from 0.397% (after the issue of the Tranche 1 Placement Shares) to approximately 5.64%.

- C The issue of up to 200,000,000 shares at 13.5 cents each to raise up to \$27,000,000 (Tranche 3 Placement Shares”). The Tranche 3 Placement Shares will be undertaken in three tranches;
- 66,666,667 shares at 13.5 cents each to be issued within 30 days after shareholder approval (“Tranche 3A Placement Shares”) that would take the shareholding interest of Taizhong (via HM) to approximately 16.16%;
 - 66,666,667 shares at 13.5 cents each to be issued within 60 days after shareholder approval (“Tranche 3B Placement Shares”) that would take the shareholding interest of Taizhong (via HM) to approximately 24.56%; and
 - 66,666,666 shares at 13.5 cents each to be issued within 90 days after shareholder approval (“Tranche 3C Placement Shares”) that would take the shareholding interest of Taizhong (via HM) to approximately 31.43%.

Shareholders’ approval is being obtained for the issue of the 200,000,000 Tranche 3 Placement Shares (Resolution 2).

The Subscription Agreement signed between NTU and HM and Taizhong refers to the Tranche 1 and Tranche 2 Placements as the Initial Placement (to raise \$3,000,000) and the issue of the Tranche 3 A, B and C Placements as the Final Placement (to raise a further \$27,000,000).

- 1.3 In addition, Taizhong will have the right to appoint one Board Member to the NTU Board at completion of the Tranche 3A Placement and a further Board Member (to act as a non-executive Chairman of NTU) on completion of all of the Tranche 3 Placements.

In the event that certain conditions are not met (including, inter-alia shareholder approvals and termination of the Subscription Agreement by HM due to breach by NTU), a break fee of up to \$300,000 is payable to Taizhong. In the event that certain conditions are not met (including termination of the Subscription Agreement by NTU due to breach by HM), a break fee of up to \$300,000 is payable to NTU.

- 1.4 The interests of Taizhong (via HM) will have an approximate 16.16% shareholding interest in NTU on completion of the issue of the Tranche 3A Placement Shares, approximately 24.56% on completion of the Tranche 3B Placement Shares and approximately 31.43% on completion of the Tranche 3C Placement Shares (assuming no other share issues in addition to the Tranche 1 and Tranche 2 Placement Shares- the Initial Placement).

As noted above, HM’s shareholding in NTU increases in stages from nil% prior to signing the Subscription Agreement to approximately 0.397% (completion of the issue of the Tranche 1 Placement Shares) and then approximately 5.64% (completion of issue of the Tranche 2 Placement Shares); and approximately 16.16% on completion of the Tranche 3A Placement Shares, approximately 24.56% on completion of the Tranche 3B Placement Shares and then approximately 31.43% on completion of the Tranche 3C Placement Shares (the issue of the Tranche 3A,B and C Placement Shares- the Final Placement Shares are the subject of Resolution 2 and the subject of our report).

Further details are outlined in the EM attached to the Notice.

- 1.5 Under Paragraph 606 of the Corporations Act 2001 (“TCA”), a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons’ or someone else’s voting power in the company increases:
- (a) from 20% or below to more than 20%; or
 - (b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transactions noted pursuant to a Section 611 (Item 7) meeting.

- 1.6 Under ASIC Regulatory Guide 111 “Contents of Expert Reports” an Independent Expert’s Report is required to report on the fairness and reasonableness of allowing the issue of up to 200,000,000 Tranche 3 Placement Shares (Final Placement Shares) to the interests of Taizhong (via HM) that would take HM’s shareholding in NTU to approximately 31.43% (from approximately 5.64% as noted above) pursuant to Resolution 2.
- 1.7 The NTU directors have requested Stantons International Securities Pty Ltd to prepare an Independent Expert’s Report to determine whether the potential issue of up to 200,000,000 Tranche 3 Placement Shares (Final Placement Shares) as noted in Resolution 2 are fair and reasonable to the shareholders of NTU not associated with Taizhong and HM.

Technically, we are not required to report on the fairness and reasonableness of the issue of the 2,000,000 Tranche 1 Placement Shares and 28,000,000 Tranche 2 Placement Shares (collectively the Initial Placement Shares) and also the issue of the 66,666,667 Tranche 3A Placement Shares as the shareholding of HM would not exceed 20% but we have considered these in arriving at our conclusion on the fairness and reasonableness of the proposal as outlined in Resolution 2 (issue of up to 200,000,000 Tranche 3 Placement Shares- all of the Final placement Shares). As noted above, the interests of Taizhong (via HM) may control approximately 31.43% of the expanded issued capital of NTU. The issue of the Initial and Final Placement Shares are known as the Proposed Transactions.

- 1.8 Apart from this introduction, the report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of NTU
- Future direction of NTU
- Basis of valuation of NTU shares
- Fairness of the Proposed Transactions
- Conclusion as to fairness
- Reasonableness of the Proposed Transactions
- Conclusion as to reasonableness
- Shareholder decisions
- Sources of information
- Appendices A and B and our Financial Services Guide

2. SUMMARY OF OPINION

- 2.1 In determining the fairness and reasonableness of the Proposed Transactions and in particular the fairness and reasonableness of the issue of up to 200,000,000 Tranche 3 Placement Shares) (the Final Placement Shares) pursuant to Resolution 2, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111.

Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair. An offer may also be reasonable, despite not being “fair”, where there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

- 2.2 Regulatory Guide 111 also states that in all cases, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, a report by an independent expert stating whether or not the proposals pursuant to Resolution 2 are fair and reasonable, having regard to the interests of shareholders other than the proposed allottees (in this case, HM, and whether a premium for potential control is being paid by the allottees (in this case, HM), will be required.

Regulatory Guide 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non-associated shareholders if the transaction proceeds compared with if it does not. Although in this case the Proposed Transactions with Taizhong and HM do not relate to a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness of the potential issue of up to 200,000,000 Tranche 3 Placement Shares (the Final Placement Shares) to HM to take HM’s shareholding interest in NTU to approximately 31.43%.

- 2.3 Accordingly, our report relating to Resolution 2 is concerned firstly with the fairness and reasonableness of the proposals under Resolution 2 from the point of view of the existing non associated shareholders of NTU (not associated with Taizhong and HM), and secondly whether the price payable for the potential to obtain a significant shareholding interest (by the interests of Taizhong via HM if HM subscribed for all 200,000,000 Tranche 3 Placement Shares) includes a premium for control. Technically approval is required to approve the issue of the Tranche 3B and C Placement Shares as HM’s shareholding interest in NTU does not exceed 20% until such shares are issued to HM.

2.4 In our opinion:

The proposals as outlined in Resolution 2 to allow the issue of up to 200,000,000 Tranche 3 Placement Shares are, based on valuing a share in NTU on the asset backing methodology, considered to be not fair but reasonable to the non-associated shareholders of NTU at the date of this report.

The opinion expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the valuation report on the Mineral Assets of the NTU Group as prepared by Cadre Geology and Mining Pty Ltd (“Cadre”) (refer below).

3. IMPLICATIONS OF THE PROPOSALS WITH TAAIZHONG AND HM

- 3.1 As at 8 August 2016, there were 503,686,214 fully paid ordinary shares on issue in NTU of which HM and Taizhong owns 2,000,000 shares. The significant fully paid shareholders as at 29 July 2016 are disclosed in the Australian Share Register as:

Name of Shareholder	No. of Shares	% Interest
Australia Conglin International Investment Group and Conglin Yue (combined holding – refer below)	198,610,998	39.43
Jien Mining Pty Ltd	26,759,572	5.31
HSBC Custody Nominees Australia Limited	23,392,431	4.64
Kong Dejing	19,446,333	3.86
	<u>268,209,334</u>	<u>53.24</u>

3.2 The top 40 fully paid shareholders as at 29 July 2016 owned approximately 76.76% of the current issued capital. The shareholding of Conglin Yue is in the share register several times and the interests of Conglin Yue, including Australian Conglin International Investment Group aggregate to 198,610,998 shares that represents an approximate 39.43% shareholding interest in NTU as at 8 August 2016. 2,000,000 Tranche 1 Placement Shares are owned by HM as at 8 August 2016.

3.3 The following share options are on issue as at 8 August 2016:

- 12,812,470 unlisted share options exercisable at 25 cents each, on or before 12 June 2020; and
- 2,500,000 unlisted share options exercisable at 25 cents each, on or before 6 November 2018;

In addition there are 650,000 Performance Rights on issue that are exercisable at between 27.9 cents and 35.8 cents between 31 August 2016 and 30 September 2016.

There are also 12,400,000 performance rights (with no exercise prices) expiring 31 December 2017 with various performance hurdles.

The 12,400,000 performance rights with no exercise prices convert to 12,400,000 shares in NTU if the first commercial shipment of heavy rare earth concentrate (at least 250 tonnes of rare earth oxide) from any of the Company's rare earth projects to a buyer or buyer's occurs on normal commercial terms prior to 30 June 2017 (reduced to 6,200,000 shares if such event occurs after 30 June 2017 but before 31 December 2017).

3.4 In the event that all of the Proposed Transactions are consummated and the Placement Shares are issued, the potential issued capital and shareholdings of HM could be as outlined below:

	<u>Shares on issue</u>	<u>Percentage by HM</u>
Shares on issue 27 July 2016	501,686,214	nil
Issue of Tranche 1 Placement Shares to HM	<u>2,000,000</u>	
Sub total - on hand as at 8 August 2016	503,686,214	0.397
Issue of Tranche 2 Placement Shares to HM made on 12 August 2016	<u>28,000,000</u>	
Shares on issue 12 August 2016	531,686,214	5.64
Issue of Tranche 3A Placement Shares to HM	<u>66,666,667</u>	
Sub total	598,352,881	16.16
Issue of Tranche 3B Placement Shares to HM	<u>66,666,667</u>	
Sub total	665,019,548	24.56
Issue of Tranche 3C Placement Shares to HM	<u>66,666,666</u>	
Shares on issue before issue of any other shares	<u>731,686,214</u>	<u>31.43</u>

3.5 As noted above, further shares may be issued on exercise of share options and performance rights on issue. The percentages noted above (except where stated) and in this report ignore any further potential issue of shares in NTU.

The Company, if all Proposed Transactions are consummated, will receive the following cash:

Issue of Tranche 1 Placement Shares	200,000 (received 29 July 2016)
Issue of Tranche 2 Placement shares	<u>2,800,000</u> (received 12 August 2016)
Monies received before the issue of the Tranche 3 Placement Shares	3,000,000

Issue of the Tranche 3A Placement Shares 30 days after shareholder approval	9,000,000
Issue of the Tranche 3B Placement Shares 60 days after shareholder approval	9,000,000
Issue of the Tranche 3C Placement Shares 90 days after shareholder Approval	<u>9,000,000</u>
Total potential funds raised from HM	<u>\$30,000,000</u>

- 3.6 In determining whether the issue of the Tranche 3 Placement Shares (the Final Placement Shares) pursuant to Resolution 2 are fair and reasonable to the non associated shareholders (not associated with Taizhong and HM), we have compared the fair value of an ordinary share in NTU prior to the issue of the Placement Shares to HM with the fair value of a NTU share post the completion of all Placement Shares to HM.

We also compare:

- (a) the fair assessed value of a NTU share pre-Proposed Transactions on a control basis; versus
- (b) the fair assessed value of a NTU share post-Proposed Transactions on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of Placement Shares under the Proposed Transactions.

- 3.7 In relation to the Board of Directors, the current directors are Conglin Yue, Kevin Schultz, George Bauk, Adrian Griffin, Colin McCavana and Yanchun Wang. Taizhong will have the right to appoint two non-executive Board Members to the NTU Board, one at completion of the Initial Placement (issue of the Tranche 1 and 2 Placement Shares) and the other as the non-executive chairman of NTU upon the completion of all Tranche 3 Placement Shares (the Final Placement Shares) noted above and as such the composition of the Board of NTU may change in the near future. The Company Secretary and CFO is Mark Tory.

4. FUTURE DIRECTION OF NTU

- 4.1 NTU is an ASX listed mineral exploration and evaluation company having achieved an ASX listing on 15 November 2006. Its most significant mineral interests are as follows:

- The Browns Range Project in the WA/NT area of Australia comprising heavy rare earth elements ("HREE's) where a high number of prospects with high value heavy HREE's in xenotime mineralisation. In particular, the mineralisation includes high levels of dysprosium and terbium, which are in short supply globally. Following results from its drilling and metallurgical programmes, the Company has delivered a maiden JORC resource at the end of 2012, advancing Browns Range towards production, using a relatively simple and low cost processing flow sheet to produce high grade concentrate. On 2 March 2015, the Company announced completion of a definitive feasibility study ("DFS") that noted a pre-production capital cost estimate of \$329,000,000, a net present value (at 10%) of \$552 million, a 3.2 year pay-back period and a mine life of 11 years.

Notes required under ASX Listing Rule 5.16 (as advised by NTU):

- The results of the DFS was first announced by NTU on 2 March 2015 following the completion of the DFS in late February 2015 and is wholly underpinned by 2,294,000 Kg Dysprosium Oxide and 26,375,000 Kg Total Rare Earth Oxide ("TREO") of JORC Ore Reserves all classified as Probable;

- All the material assumptions on which that production target is based (as set out in NTU's announcements referred to above on 2 March 2015) remain applicable and have not materially changed; and
- The estimated Probable Ore Reserves underpinning the production target have been prepared by a Competent Person in accordance with the requirements in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code).

The Company now plans to construct a 60,000 tpa Pilot Plant subject to financing at a cost estimated between \$50 million and \$60 million dollars. DRA Global is undertaking the detailed engineering design and this is near completion.

NTU has signed a Memorandum of Understanding ("MOU") with an international partner. The MOU includes pricing mechanisms that will be reflected in the final sales agreements currently under negotiation. The MOU also includes payment terms that will be reflected in the final sales agreements.

- The John Galt Project that is in Western Australia and is also a heavy rare earth project but not as advanced as the Browns Range Project. NTU owns 100% of the project which is subject to a 1% net smelter return royalty on all minerals on the tenements.
- The Gardiner-Tanami Project in the Northern Territory. NTU holds a 100% interest in the Gardiner- Tanami Project.
- Boulder Ridge Project. This comprises certain tenements near the Brown Range Project that are prospective for HREE's.

Shareholders should also read announcements made to the ASX by the Company in 2015 and in 2016 to the date of this report and any announcements post the date of this report to the date of the meeting of shareholders to consider the resolutions as outlined in the Notice.

Further information on the Mineral Assets of the NTU Group are outlined in the Valuation Report of Cadre as noted below and attached as Appendix B to this report.

4.2 We have been advised by the directors of NTU that:

- There are no proposals currently contemplated either whereby NTU will dispose any properties or assets to the interests of Taizhong or where NTU will acquire any property or assets from the interests of Taizhong (other than issuing Placement Shares to HM);
- The composition of the Board is expected to change in the short term as noted above;
- The Company may raise further capital and/or loan funds in 2016 to 2018 as the needs arise and subject to market conditions (over and above the proceeds from the \$30,000,000 Placement (in tranches) to HM);
- No dividend policy has been set; and
- The Company will endeavour to evaluate and commercialise its current mineral interests that includes the Browns Range Project.

5. BASIS OF TECHNICAL VALUATION OF NTU SHARES

5.1 Shares

5.1.1 In considering the proposals as outlined in Resolution 2 we have sought to determine if the considerations payable by HM to subscribe for up to 200,000,000 Tranche 3 Placement Shares at 13.5 cents each are fair and reasonable to the existing non-associated shareholders of NTU (not associated with the interests of Taizhong). All Tranche 1 and 2 Placement Shares have been issued in July/August 2016.

5.1.2 The proposals would be fair to the existing non associated shareholders if the value of the consideration being offered by HM is greater than or equal to the value of the potential shares being issued as consideration to subscribe for up to 200,000,000 Tranche 3 Placement Shares (the Final Placement Shares). Accordingly, we have sought to determine a theoretical value that could reasonably be placed on a NTU share for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining the current technical value of a NTU share are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market value price of NTU shares.

5.2 Capitalised Maintainable Earnings / Discounted Cash Flows

5.2.1 NTU currently does not have a reliable cash flow or profit history from a business undertaking and therefore this methodology is not appropriate at this point of time to value all of the Company on Capitalised Maintainable Earnings or Discounted Cash Flows. The Browns Range Project cannot proceed to commercialisation without development finance and the Company will need to raise funds over \$329,000,000 (refer paragraph 4.1 above).

Currently, NTU does not have sufficient funds and thus any perceived technical value of the Browns Range Project on a discounted cash flow methodology is theoretical as without funds it will not be developed. Further details of the NTU's Mineral Assets are included in the Valuation Report of 10 August 2016 ("Cadre Valuation Report") prepared by Cadre which is attached as Appendix B to this report.

5.3 Takeover Bid

We have been advised by the directors of NTU that there are no previous bids for the Company. The directors do not believe that there would be any person with an interest in taking over the Company by way of a formal takeover bid at the current time. To our knowledge, there are no current bids in the market place and the directors of NTU and ourselves have formed the view that there is unlikely to be any takeover bids made for NTU in the immediate future. We have no reason to consider that the NTU directors' views are not currently accurate.

It is noted that potentially HM may end up having a voting interest in NTU of approximately 31.43%. It is noted that the interests of Conglin Yue prior to the Placements with HM has an approximate 39.43% shareholding interest in NTU and after the issue of all Placement Shares to HM, the Conglin Yue shareholding interests reduces to approximately 27.14% if all Placement Shares are issued to HM.

5.4 Net Asset Backing and Wind-Up Value

5.4.1 As there is no intention to wind up the Company, we have not considered wind up values for the purposes of this report. We set out below the unaudited consolidated Statements of Financial Position of NTU as at 30 June 2016:

- Balance Sheet “A”- Summary of the unaudited consolidated statement of financial position as at 30 June 2016 (before the issue of any Placement Shares to HM) but adjusted for the issue of 2,955,877 shares with a value of \$201,000 to reduce a loan due to Lind Partners and the issue of 571,043 shares with a total deemed value of \$41,973 to acquit corporate and marketing fees due as at 30 June 2016.
- Pro-forma Balance Sheet “B”- Summary of the unaudited adjusted consolidated statement of financial position as at 30 June 2016 adjusted for the substitution of the book values of the capitalised exploration expenditure (Mineral Assets) of \$nil with the preferred value of the Mineral Assets as ascribed by Cadre of \$204 million and as detailed below in paragraph 5.4.3.

	Unaudited 30 June 2016 “A” \$000’s	Pro-forma Adjusted 30 June 2016 “B” \$000’s
Current assets		
Cash and cash equivalents	373	373
Receivables	2,434	2,434
Other current assets	77	77
Inventory	33	33
	<u>2,917</u>	<u>2,917</u>
Non-current assets		
Plant and equipment	164	164
Exploration expenditure	-	204,000
Other financial assets (deposits and bonds)	472	472
	<u>636</u>	<u>204,636</u>
Total assets	<u>3,553</u>	<u>207,553</u>
Current liabilities		
Trade and other payables	1,174	1,174
Interest bearing liabilities	2,403	2,403
Provisions	127	127
	<u>3,704</u>	<u>3,704</u>
Non-Current Liabilities		
Provisions	195	195
Interest bearing liabilities	15	15
	<u>210</u>	<u>210</u>
Total Liabilities	<u>3,914</u>	<u>3,914</u>
Net Assets (Liabilities)	<u>(361)</u>	<u>203,639</u>
Number of shares on issue (Ignores performance rights)	501,686,214	501,686,214
Net asset value per share (cents)	nil	40.59

The above financial information excludes the issue of 30,000,000 Tranche 1 and 2 Placement Shares to HM. Even though we are reporting on the issue of the Tranche 3 Placement Shares, we have acknowledged that the total capital raising from HM is to be \$30,000,000. It is noted that the book value of capitalised exploration expenditure is \$nil million (all costs are expensed as incurred) whilst the independent preferred valuation of the Mineral Assets of NTU as prepared by Cadre as noted below are approximately \$204 million.

5.4.2 In determining the net tangible asset value on a going concern basis it is necessary to adjust the book values of the Mineral Assets to reflect the technical (market) fair value of those Mineral Assets. We, in conjunction with NTU instructed Cadre to undertake a valuation of the Mineral Assets of the NTU Group. In August 2016 Cadre prepared a Valuation Report in relation to the Mineral Assets. Cadre has valued NTU's Mineral Assets on preferred, low and high values. We have used and relied on the Cadre Valuation Report and have satisfied ourselves that:

- Cadre is a suitably qualified consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the principal author of the reports is suitably qualified and experienced);
- Cadre is independent from NTU and the Taizhong group;
- Cadre has to the best of our knowledge employed sound and recognised methodologies in the preparation of the valuation reports on the NTU Group's Mineral Assets.

5.4.3. Cadre has ascribed a range of market values for the Mineral Assets as follows:

	Low \$MIL	Preferred \$MIL	High \$MIL
Brown Range Project (M80/627)	138.0	201.0	391.0
Other Browns Range Tenure	0.44	0.86	1.14
Other Exploration Tenure	1.52	2.61	4.85
<u>Rounded</u>	<u>140.0</u>	<u>204.0</u>	<u>397.0</u>

5.4.4 Using the fair values in Australian Dollars of the Mineral Assets as ascribed in the Cadre Valuation Report and based on the assumptions/values provided to us of the other assets and liabilities of NTU as at 30 June 2016 as per Balance Sheet A above (as adjusted), the net fair value of the NTU Group is expected to lie in the range as follows:

	Paragraph	Low \$000's	Preferred \$000's	High \$000's
Mineral Assets	5.4.3	140,000	204,000	397,000
Remaining non-current assets		636	636	636
Current assets		2,917	2,917	2,917
Total liabilities		<u>(3,914)</u>	<u>(3,914)</u>	<u>(3,914)</u>
Total Net Assets at fair values (range)		<u>139,639</u>	<u>203,639</u>	<u>396,639</u>
Number of shares on issue		501,686,214	501,686,214	501,686,214
Net asset per share (cents)		27.83	40.59	79.06

5.4.5 Based on the preferred values, the adjusted net book values at 30 June 2016 (“Balance Sheet B”) equates to a value per share (501,686,214 shares) of approximately 40.59 cents (ignoring the value, if any, of non-booked tax benefits). See comments below on ASX share prices.

5.4.6 If we took into account the issue of the Tranche 1 and 2 Placements (\$3,000,000) to HM, the net assets at fair values would approximate between \$142,639,000 and \$399,639,000 with a preferred fair value of \$206,639,000 (ignores losses post 30 June 2016).

The adjusted net asset backing per share (531,686,214 shares after the issue of the 30,000,000 Initial Placement Shares to raise a gross \$3,000,000 but before the issue of all of the Tranche 3 Placement Shares would lie in the range of approximately 26.82 cents to 75.16 cents with a preferred fair value of 38.86 cents.

5.5 Market Price of NTU Shares

5.5.1 We set out below a summary of the fully paid share prices of NTU traded on ASX since 1 January 2016 to 1 August 2016 (the last trading day before the announcement of the Proposed Transactions with HM and Taizhong to raise up to a gross \$30,000,000 on 2 August 2016).

2016	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
January	9.0	6.0	7.0	2,691
February	7.0	5.7	5.9	2,224
March	6.4	5.9	6.3	3,236
April	8.1	6.2	7.8	7,105
May	8.2	7.2	7.7	6,636
June	7.7	7.3	7.4	12,993
July	7.4	6.8	6.8	3,736
1 August	n/a	n/a	n/a	nil

5.5.2 The Company has made various positive announcements on the Browns Range Project over the past seven months.

5.5.3 As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for a NTU share, particularly in light of the moderate trading volumes. Due to the moderate volumes, varying share prices and the Company’s cash position (not enough to allow the Browns Range Project to enter into the development stage) that may be affecting the share price, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance. However, it has been used as a secondary methodology in assessing the fairness and reasonableness of the proposals as outlined in Resolution 2.

5.5.4 The capital markets over recent years have been in turmoil and the ability to raise capital has been restricted. Even arranging share placements has been difficult and where they have occurred they have been undertaken in the main at significant discounts to market values and technical values. As at 30 June 2016 the unadjusted current cash/receivable position of the Company was approximately \$2.807 million and current liabilities totalled approximately \$3.704 million (before allowing for estimated losses post 30 June 2016 that are estimated at approximately \$300,000 per month). Further funds are required for 2016/17 and thereafter (most of which will come from completion of the Placements of Shares to HM in relation to funding for the balance of calendar 2016).

5.5.5 It is noted that subsequent to the announcement on 2 August 2016 on the Proposed Transactions with HM and Taizhong, the shares have traded on ASX at between 8.2 cents and 9.0 cents (to 10 August 2016). The last sale on 10 August 2016 was 9.0 cents.

6. PREFERRED VALUATION METHOD FOR VALUING A NTU SHARE

6.1 In assessing the fair value of NTU and a NTU share pre the Proposed Transactions with HM and Taizhong, we have selected the net assets on a going concern methodology as the preferred methodology as:

- NTU does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2013, 2014 2015 and 2016. Therefore the capitalisation of future maintainable earnings is not appropriate;
- NTU, if finance can be arranged, may have a foreseeable future net cash inflow from development of the Browns Range Project. Thus the discounted cash flow methodology per-se has not been used (but refer to the Cadre Valuation Report for further details on assessing value of the Browns Range Project); and
- Although the shares of NTU are listed, as there is only moderate trading volumes on ASX and the share prices in recent times may be affected by the lack of significant cash resources it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposals with HM and Taizhong (particularly as it relates to the issue of the Tranche 3 Placement Shares to raise a gross \$27,000,000 over a 3 month period).

6.2 As stated at paragraph 5.4.5 we have assessed the value of NTU prior to the Proposed Transactions with HM and Taizhong (but not taking into account the issue or proposed issue of any Placement Shares as noted above) on a net asset basis on a going concern basis as follows:

	Low	Preferred	High
Net asset per share (cents)	<u>27.83</u>	<u>40.59</u>	<u>79.06</u>

6.3 As stated at paragraph 5.4.6 we have assessed the value of NTU prior to the Proposed Transactions with HM and Taizhong (but taking into account the issue or proposed issue of all of the Tranche 1 and 2 Placement Shares as noted above) on a net asset basis on a going concern basis as follows:

	Low	Preferred	High
Net asset per share (cents)	<u>26.82</u>	<u>38.86</u>	<u>75.16</u>

6.4 In accordance with Regulatory Guide 111, we have relied upon Cadre to assess the preferred value of the Mineral Assets and have incorporated them in the table above in determining the net asset value on a technical basis. We note that, the technical net asset value may not necessarily reflect fair values in the current economic circumstances of the Company and the general state of the junior mineral exploration company market.

If funds can be raised and the Browns Range Project proceeds to development then arguably the fair value of a NTU share may be in excess of the current technical fair value (and in excess of the market values as noted on ASX).

Notwithstanding the prospectivity of the Browns Range Project and other mineral projects in which NTU has an interest in, without cash the Company cannot complete exploration and evaluation and in a worst case scenario may be forced to shelve the Browns Range Project (less likely now that the likelihood that \$30,000,000 will be raised from the issue of Placement Shares to HM). The net book asset backing per share is nil cents at 30 June 2016 (refer

adjusted Balance Sheet “A”) based on the book values compared with the proposed Placements that have been issued at 10 cents each for the Tranche 1 and 2 Placement Shares and 13.5 cents for all of the Tranche 3 Placement Shares.

6.5 As noted above the estimated net asset price per share after adjusting for the valuation of the Mineral Assets varies from 27.83 cents to 79.06 cents with a preferred value of approximately 40.59 cents per share (all before any Placements to HM) which is more than the last ASX share price of 6.8 cents on 28 July 2016 (the last date of share trading on ASX before the announcement of the Proposed Transactions with HM and Taizhong on 2 August 2016). It was noted that the 10 day VWAP to 28 July 2016 (last trading day before the announcement of the Proposed Transactions) was approximately 7.0 cents.

6.6 We note that the future ultimate value of a NTU share will depend upon, inter alia:

- the ability to continue to raise capital and/or loan funds to assist in commercialising the Browns Range Project;
- the future prospects of its Mineral Assets and in particular as to whether the Browns Range Project proceeds to development and commercialisation;
- the state of the rare earth minerals and other metal markets (and prices) in Australia and overseas;
- the state of Australian stock exchange and overseas stock markets;
- the strength of the Board and management and/or who makes up the Board and management;
- foreign exchange rates;
- general economic conditions;
- the liquidity of shares in NTU; and
- possible joint ventures, acquisitions and divestments entered into by NTU.

7. PREMIUM FOR CONTROL

7.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.

7.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, HM's voting shareholding in NTU could increase from nil% as at 25 July 2016 to approximately 5.642% after the issue of all of the Tranche 1 and 2 Placement Shares (this has occurred), approximately 16.16% if all Tranche 3A Placement Shares are issued, approximately 24.56% if all Tranche 3B Placement Shares are issued and Approximately 31.43% if all Tranche 3C Placement Shares are issued (in the absence of any other share issues). Accordingly, we have addressed whether a premium for control will be paid by HM on the issue of the Tranches 3B and C Placement Shares.

7.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company and shareholding percentages. To take the Browns Range Project into a development phase will require substantial debt and equity raisings in 2016/17 and thereafter and there would be an expectation that the shareholding interest of HM would fall if this occurred. It is also noted the shareholding interest of the Conglin Yue Group in determining a fair premium for control. In this case we would expect the premium for control to be paid by HM to be approximately 20%.

- 7.4 Our preferred methodology is to value NTU and a NTU share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.4 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Transactions control basis.
- 7.5 We set out below the comparison of the low, preferred and high values of a NTU share compared to the issue price for all of the Placement Shares to HM.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a NTU Share	6.2	<u>27.83</u>	<u>40.59</u>	<u>79.06</u>
Issue price of the Tranche 1 and 2 Placement Shares		10.0	10.0	10.0
Issue of the Tranche 3 Placement Shares		<u>13.5</u>	<u>13.5</u>	<u>13.5</u>
Average issue price of all Placement Shares to HM		<u>13.04</u>	<u>13.04</u>	<u>13.04</u>
Excess/(shortfall) between Average Issue Price and fair value		<u>(14.79)</u>	<u>(27.55)</u>	<u>(66.02)</u>

- 7.6 On a pre Proposed Transactions control basis the technical value (not market value based on ASX share trades) of a NTU share ranges from approximately 27.83 cents to 79.06 cents with a preferred value of approximately 40.59 cents per share.
- 7.7 We set out below the comparison of the low, preferred and high values of a NTU share assuming the prior issue of the Tranche 1 and 2 Placement Shares to HM compared to the issue price of the Tranche 3 Placement Shares.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a NTU Share (after issue of the Tranche 1 and 2 Placement Shares)	6.3	26.82	38.86	75.16
Issue price of the Tranche 3 Placement Shares		<u>13.5</u>	<u>13.5</u>	<u>13.5</u>
Excess/(shortfall) between Issue Price and fair value		<u>(13.32)</u>	<u>(25.36)</u>	<u>(61.66)</u>

- 7.8 On a pre Proposed Transactions control basis the technical value (not market value based on ASX share trades) but taking into account the issue of the Tranche 1 and 2 Placement Shares ranges from approximately 26.82 cents to 75.16 cents with a preferred value of approximately 38.86 cents per share.

The issue price of all Tranche 3 Placement Shares to HM is 13.5 cents per share. Based on the preferred values of a NTU share as noted above, HM would be receiving a discount to fair value of a NTU share (no premium for control issue comes into play until the issue of the Tranche 3B and C Placement Shares are issued).

- 7.9 We note that HM does not have Board control of NTU before the Proposed Transactions but may have up to 2 nominees to be Directors of NTU as noted above (one nominee appointed after the completion of the issue of the Tranche 3A Placement Shares and one nominee after the issue of all of the Tranche 3 Placement Shares).

8. FAIRNESS OF THE PROPOSALS WITH HM AND TAIZHONG

8.1 In arriving at our conclusion on fairness, we considered whether the transaction is “fair” by comparing:

- (a) the fair market value of a NTU share pre-transaction on a control basis (taking into account the proposed issue of the Tranche 1 and 2 Placement Shares but before the issue of the Tranche 3 Placement Shares; versus
- (b) the fair market value of a NTU share post-transaction on a minority basis, taking into account the additional cash raised from the issue of new shares (the 3 tranches of the Tranche 3 Placement Shares to HM).

8.2 The low, preferred and high values of a NTU share **pre the issue of all Tranche 3 Placement Shares on a control basis** as noted in paragraph 5.4.5 are:

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a NTU Share	6.3	26.82	38.86	75.16

We set out below the range of estimated technical net asset values of NTU based on Pro-forma Balance Sheet B as detailed in paragraph 5.4.1 and after adjusting for the following transactions:

- issue of 200,000,000 Tranche 3 Placement Shares at 13.5 cents each to raise a gross \$27,000,000 over a 90 day period from shareholder approval; and
- the incurring of costs to produce the Notice and EM estimated at \$50,000.

Net fair value (preferred) as noted in paragraph 5.4.6 above	206,639,000
Costs of the Notice	(50,000)
Issue of all of the Tranche 3 Placement Shares at 13.5 cents each over a 90 day period	<u>27,000,000</u>
Assessed fair value after issue of all Placement Shares	<u>233,589,000</u>

Number of shares on issue of all Placement Shares	731,686,214
---	-------------

Net value per share (cents)	31.92
Minority interest discount	16.67%
Minority value per share (cents)	26.60

8.3 The preferred fair value of a NTU share has been estimated at 38.86 cents on a pre issue of Tranche 3 Placement Shares control basis (but assumes the issue of the Tranche 1 and 2 Placement Shares).

As the preferred fair technical (not share market) value of a NTU share is greater than the proposed issue price of 200,000,000 Tranche 3 Shares at 13.5 cents each, on this basis, the potential issue of 200,000,000 Tranche 3 Placement Shares is considered to be not fair to the non associated shareholders (not associated with the interests of Taizhong).

8.4 The issue price of the Tranche 3 Placement Shares of 13.5 cents is greater the last traded price of a NTU share of around 6.8 cent as at 28 July 2016 (last sale price before the announcement of the Proposed Transactions with HM and Taizhong). A 20% premium for control would make such share prices equate to 8.16 cents and on this basis the potential issue of 200,000,000

Tranche 3 Placement Shares would be also considered to be fair to the non associated shareholders.

It is noted that the last sale price of a NTU share trading on ASX on 10 August 2016 was 9.0cents and thus a 20% premium would equate to a share price of 11.88 cents compared with the issue price of 13.5 cents for the Tranche 3 Placement Shares, thus making the issue of all of the Tranche 3 Placement Shares fair. However, it is our view that using the asset backing methodology is the most appropriate methodology to use in valuing a NTU share and therefore as noted above, the potential issue of up to 200,000,000 Tranche 3 Placement Shares at 13.5 cents each is considered not fair to the non associated NTU shareholders. This (not fair opinion) would also apply to the issue of the Tranche 1 and 2 Placement Shares at 10 cents each.

- 8.5 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 7.3.
- 8.6 Using the preferred net asset fair values, the estimated fair value of a NTU share pre the issue of the 200,000,000 Tranche 3 Placement Shares to HM on a control basis (but taking into account the issue of Tranche 1 and 2 Placement Shares at 10 cents each) is greater than the estimated fair value of a NTU share post the proposals (after the issue of all Tranche 3 Placement Shares) on a minority basis and on the preferred methodology basis, the issue of 200,000,000 Tranche 3 Placement Shares to HM at 13.5 cents each would not be fair.
- 8.7 Using the preferred net asset fair values, the estimated fair value of a NTU share pre the Proposed Transactions with HM and Taizhong on a control basis (but also not taking into account the issue of the Tranche 1 and 2 Placement Shares at 10 cents each) is greater than the estimated fair value of a NTU share post the proposals (after the issue of all Placement Shares) on a minority basis and on the preferred methodology basis, the issue of 230,000,000 Placement Shares to HM at an average issue price of approximately 13.04 cents each would not be fair.
- 8.8 There are currently existing 12,812,470 Options with an exercise price of 25 cents, 2,500,000 share options exercisable at 25 cents on or before 6 November 2018 and performance rights that are exercisable at 27.9 cents (expire 31 August 2016 before the general meeting of shareholders) and 30.1 cents and 35.8 cents on 30 September 2016.

There are also 12,400,000 performance rights (with no exercise prices) expiring 31 December 2017 with various performance hurdles.

As the share options and performance rights are well out of the money or the non payment performance rights conditions are not expected to be met before 31 December 2017, we have not taken into account any dilution from the exercise of share options and performance rights.

- 8.9 As noted above, the ASX market value (to 1 August 2016) of a NTU share lies in the range of approximately 6 to 8 cents, with a last sale (28 July 2016 before the announcement of the Proposed Transactions with HM and Taizhong) value of 6.8 cents per NTU share (on a non controlling interest basis). The volume weighted average share price ("VWAP") for a 10 day trading period to 1 August 2016 using prices as traded on ASX approximated 7.0 cents.

Using the VWAP as a basis for valuing the Company and taking into account a premium for control of say 20%, the value of a NTU share to the non controlling interest would be as follows:

ASX VWAP market value on a non controlling interest basis	7.0 cents
Premium for control (20%)	<u>1.4 cents</u>
Value on a controlling interest basis	<u>8.4 cents</u>
Number of shares on issue	501,686,214
Total control value pre- issue of Shares (pre all of the Proposed Transactions)	\$42,141,642
Costs of the Notice	\$(50,000)
Planned Placement cash proceeds	<u>\$30,000,000</u>
Total Value	\$72,091,642
Minority Discount applied (16.67%)	<u>\$(12,017,676)</u>
Minority valuation post issue of all Placement Shares to HE	<u>\$60,073,966</u>
Number of shares post issue of all Placement Shares to HE	731,686,214
Minority valuation post issue of all Placement Shares to HE	8.21 cents
(Shortfall) in value per share to the minorities post the issue of all Placement Shares	<u>(0.19) cents</u>

- 8.10 Using the share price as the methodology for valuing NTU would suggest that the issue of 230,000,000 Placement Shares would not be fair, as on a post transaction Minority Basis, the shares are worth less than the value of the shares on a pre Transaction Control Basis. However the use of share prices as listed on the ASX due to the relatively low volumes in trades and lack of sufficient funds as at 30 June 2016 (before issues of any Placement Shares to HM) is not the preferred methodology in valuing a share in NTU for the purposes of this report.

8.11 Fairness Conclusion:

In our opinion, taking into account the factors noted above and in section 8 of this report, the proposals with HM and Taizhong as noted in Resolution 2 to allow the issue of up to 200,000,000 Tranche 3 Placement Shares in NTU are, not fair to the non-associated shareholders of NTU at the date of this report.

9. REASONABLENESS OF THE PROPOSALS WITH HM AND TAIZHONG

We set out below, some of the advantages, disadvantages and other factors pertaining to the proposed issue of Tranche 3 Placement Shares to HM (and generally the Proposed Transactions with HM and Taizhong) (and in particular the proposals pursuant to Resolution 2).

Advantages

- 9.1 If shareholders do not approve Resolution 2 (and the Tranche 3 Placement Shares are not issued over a 90 day period), then there is the strong possibility that the Company cannot continue in its present form and the Company may in the worst case scenario be forced to divest itself of some or all of the Mineral Assets. NTU urgently requires funds to allow the Company to continue its exploration and evaluation activities on its Mining Assets in Australia and to obtain finance to assist in the possible development of its Browns Range Project in Western Australia. Additionally funds are also required to fund corporate overheads.

It is noted that the receipt of \$3,000,000 from HM will relieve some financial pressure. If the approval to issue the Tranche 3 Placement Shares is not given and the Company fails to raise the \$27,000,000 from the issue of 200,000,000 Tranche 3 Placement Shares (shareholder approval as noted in Resolution 2 but will not be issued until after shareholders approve the proposal under Resolution 2), the Company may not get the necessary funding to continue operating, to meet its commitments and to seek further financial support.

It may need to temporarily cease spending funds on the Browns Range Project, dispose of its assets at distressed levels or in a worst case scenario, fall into Administration if shareholders do not approve the Proposed Transactions with the Taizhong Group. Obtaining access to a reasonable amount of cash funds in the current environment is difficult and thus the Company and its shareholders should benefit. This (raising of an initial \$3,000,000 and then a further \$27,000,000 in three tranches over a 90 day period from shareholder approval) should alleviate cash flow concerns in the immediate future, and position the Company to fund its operations. In the current market it is still difficult for exploration companies such as NTU to raise equity.

- 9.2 The Taizhong Group is placing faith in NTU and its Mineral Assets and as noted above, the Placement issues should assist the NTU Group in continuing in business. Having HM as a significant shareholder may be an incentive to it to financially support NTU in future capital raisings although there is no assurance that this will occur. After the issue of all of the Tranche 1, 2 and 3 Placement Shares, HM's shareholding interest would be significant and it would be determined to ensure its investment in NTU is successful. Control of NTU does not occur until the issue of the Tranche 3B and C Placement Shares and HM's shareholding interest could lie in the range of approximately 5.64% and 31.43% (depends on whether all Tranche 3 Placement Shares are issued).

The \$27,000,000 placement proceeds will be received as to \$9,000,000 30 days after shareholder approval, \$9,000,000 60 days after shareholder approval and \$9,000,000 90 days after shareholder approval.

- 9.3 As noted, the ability of small exploration companies to raise funds in the current market environment is extremely difficult and often large discounts (to share prices) need to be offered to investors to subscribe for shares in such companies. Discounts can vary but it is common to see discounts fall between 20% and 50% (but can be outside such range). It is noted that at the time of negotiating with Taizhong, the listed share price of an NTU share was between 6 cents and 8 cents. The share prices of NTU as traded on ASX for the two months to 1 August were between 6 cents and 8 cents with a 10 day VWAP to 1 August 2016 of around 7 cents resulting in a premium to the VWAP price of around 6.5 cents (for the issue of 200,000,000 Tranche 3 Placement Shares at 13.5 cents each. The average issue price of all Placement Shares to HM is approximately 13.04 cents and thus the premium to the VWAP approximates 6.04 cents.
- 9.4 The Placement issues in total raise a gross \$30,000,000 (\$3,000,000 of such funds has been raised before the end of August 2016) which will strengthen the balance sheet of the Company and may facilitate future capital raisings. The proceeds of the Tranche 3 Placement Shares are received over a 90 day period from shareholder approval that is expected to occur before the end of September 2016. Thus if HM pays all three tranches of the Tranche 3 Placement Shares, NTU would receive \$9,000,000 at the end of October 2016, \$9,000,000 at the end of November 2016 and \$9,000,000 at the end of December 2016.
- 9.5 The cash capital raising costs for the raising of \$30,000,000 is estimated at \$50,000 (estimated cost of the Notice and shareholders meeting) that represents a capital raising fee of approximately 0.167%. The capital raising cost is at a reasonable rate when compared to similar capital raisings where the rates can be approximately 5% to 7% of the capital raising.

- 9.6 HM (owned by Taizhong) will represent a cornerstone shareholder in NTU as HM would after all shares issued under the Placement issues have a shareholding interest around 31.43%. Taizhong itself is a subsidiary of the Chinese coal producer, Shandong Taizhong Co. Ltd.

It is noted that the interests of Conglin Yue immediately prior to the Placements with HM had an approximate 39.43% shareholding interest in NTU and after the issue of all Placement Shares to HM, the Conglin Yue shareholding interests reduces to approximately 27.14% These percentages are before the issue of any other shares.

Having cornerstone investors (shareholders) such as the Taizhong Group (via HM) (and Conglin Yue's interests) has advantages but it may also limit the opportunity for other parties to bid for all or part of the shares in NTU in the future. However, a takeover bid for the Company cannot be completely ruled out.

- 9.7 The issue price (13.5 cents) of the Tranche 3 Placement Shares is at a significant premium to the share price of an NTU shares trading on ASX over the past 3 months to the date of announcement of the Transaction Proposals with the Taizhong Group (traded between 6.8 cents and 8.2 cents, albeit at low volumes).

Disadvantages

- 9.8 The number of shares on issue rises as at 27 July 2016 from 501,686,214 shares to 531,686,214 after the issue of the Tranche 1 and 2 Placement Shares and 731,686,214 after the issue of all of the Tranche 3 Placement Shares. This could represent up to approximately 45.85% increase in the shares of the Company as compared to the current shares on issue and represents a significant shareholding of an additional up to 31.43% in the Company being issued to HM. Potentially this may make the Company a less attractive investment for potential future investors. Effective control may be granted to HM over NTU however it is noted that the Conglin Yue Group would have an approximate 27.14% shareholding interest.
- 9.9 NTU shareholders could effectively dilute their interest in a company that has the potential to develop its Mineral Assets, and in particular the Browns Range Project, which have been independently valued by Cadre at \$204 million (preferred value).

Other Factors

- 9.10 The Taizhong Group is taking a risk in obtaining a substantial shareholding in NTU by the issue of all of the Placement Shares. NTU's future share price may be substantially determined by the exploitation and/or commercial success (or otherwise) of the Browns Range Project (and the other Mineral Assets) owned by the NTU Group. As noted, there is a huge incentive for the Taizhong Group (and the Conglin Yue Group) to make NTU a successful company and have the share price rise considerably. All other shareholders would benefit from a rise in the share price.
- 9.11 Having potential cornerstone investors such as the Taizhong Group (via HM) (and the Conglin Yue Group) has advantages but it may also limit the opportunity for other parties to bid for all or part of the shares in NTU in the future.
- 9.12 It would be expected that the proposed new board members (refer paragraph 3.7 above) will bring further technical and business experience to the Board of NTU.

10. CONCLUSION OF REASONABLENESS OF THE PROPOSED TRANSACTIONS WITH THE TAIZHONG GROUP

10.1 In our opinion:

After taking into account the advantages, disadvantages and other factors, the proposed issue of up to 200,000,000 Tranche 3 Placement Shares to HM as noted in Resolution 2, are reasonable to the non-associated shareholders (not associated with the Taizhong Group) of NTU at the date of this report.

11. SHAREHOLDER DECISION

11.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether, inter-alia in its opinion the issue of 200,000,000 Tranche 3 Placement Shares to HM is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolution 2 (and any other Resolution as outlined in the Notice (but we have been requested to determine whether the proposals pursuant to Resolution 2 are fair and/or reasonable to those shareholders not associated with the Taizhong Group). The responsibility for such a voting recommendation lies with the directors of NTU.

11.2 In any event, the decision whether to accept or reject Resolution 2 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 2 (and Resolution 1), shareholders should consult their own professional adviser.

11.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in NTU. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposal under Resolution 2 (and Resolution 1). Shareholders should consult their own professional adviser in this regard.

12. SOURCES OF INFORMATION

12.1 In making our assessment as to whether the proposals pursuant to Resolution 2 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussions with the management of NTU about the present and future operations of the NTU Group. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of NTU.

12.2 Information we have received, includes but is not limited to:

- Drafts of the Notice of General Meeting of Shareholders and EM of NTU to 12 August 2016;
- Discussions with management of NTU;
- Shareholding details of NTU as at 29 July 2016;
- Share issue prices relating to NTU shares in 2015 and to 10 August 2016 as traded on ASX;
- Annual report of NTU for the year ended 30 June 2014 and 2015 and the unaudited financial statements of the NTU Group for the year ended 30 June 2016;
- Announcements by NTU to its shareholders from 1 January 2015 to 12 August 2016;

- The cash flow forecasts for the NTU Group for 2016/17;
- The Independent Valuation of the Mineral Assets in which the NTU Group has an interest by Cadre dated 10 August 2016;
- The Subscription Agreement with HM and Taizhong; and
- The Net Present Value calculations on the Browns Range Project.

12.3 Our report includes Appendices A and B (the Cadre Valuation Report) and our Financial Services Guide.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

A handwritten signature in dark ink, appearing to read 'Jvan', followed by a long horizontal flourish.

John Van Dieren - FCA
Director

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 12 August 2016, relating to the proposals as referred to in Resolution 2 in the Notice.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with NTU other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed \$22,000. The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John Van Dieren or Martin Michalik have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report.

Stantons International Securities does not hold any securities in NTU. There are no pecuniary or other assets of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd, Mr John Van Dieren and Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd who owns 100% of the shares in Stantons International Securities Pty Ltd are the directors and authorised representatives of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

John Van Dieren (FCA) and Martin Michalik (ACA), the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the independent Directors of NTU in order to assist the shareholders of NTU to assess the merits of the proposals (Resolution 2 only) to which this report relates. This report has been prepared for the benefit of NTU and those persons only who are entitled to receive a copy for the purposes of Section 611 of the Corporations Act 2001 and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term values of NTU and its subsidiaries and assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of NTU or its subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any

document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in Resolution 2 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 2 (and the other Resolution 1).

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by NTU and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd's experience and qualifications), NTU has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting) to recover any loss or damage which NTU may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by NTU; and
- (b) to indemnify Stantons International Securities Pty Ltd (and its parent entity) against any claim arising (wholly or in part) from NTU or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of NTU or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to NTU directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 12 August 2016**

1. Stantons International Securities Pty Ltd (Trading as Stantons International Securities) ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. **Associations and relationships**

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints resolution**

9.1 **Internal complaints resolution process**

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188
Fax 08 9321 1204
Email jvdieren@stantons.com.au

APPENDIX B

**THE VALUATION REPORT OF CADRE GEOLOGY AND MINING PTY LTD ON THE
MINERAL ASSETS OF THE NTU GROUP**

10th August 2016

John Van Dieren
Director
Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

By Email: jvandieren@stantons.com.au

Dear Sir

RE: INDEPENDENT VALUATION OF THE MINERAL ASSETS OF NORTHERN MINERALS LTD

Cadre Geology and Mining Pty Ltd (Cadre) has prepared this Independent Valuation of the mineral assets held by Northern Minerals Ltd (NTU). Cadre understands that Stantons International (Stantons) have been appointed advisors to NTU for the purpose of providing due diligence to stakeholders with respect to the MoU signed between NTU and Huatei Mining Pty Ltd for a funding package of some \$30M to advance the Browns Range Dysprosium project located in Western Australia's Kimberley region. Stantons have subsequently appointed Cadre as specialist advisors for the purpose of preparing a mineral asset valuation according to the VALMIN Code.

Cadre understands that this report will be included in its entirety as part of an Independent Experts Report which will be made available to the public via lodgement with the Australian Stock Exchange (ASX).

The mineral assets considered in this valuation include NTU's current tenement portfolio, broadly treated as three groups:

- Resource and reserve inventories and rare earth mineralisation located within M80/627, including the Wolverine, Gambit, Gambit West, Area 5, Cyclops and Banshee deposits
- Rare earth prospects within the greater Browns Range Project, but outside M80/627
- Other tenure held outside the greater Browns Range project prospective for a range of minerals other than rare earth elements

This report is based upon discussions with NTU management, technical information passed between NTU and Cadre and public domain information, primarily taken from ASX announcements. The



information collated relates to previous exploration activities, published resources and reserves, project geology and published and internal technical reports including feasibility studies. A representative of Cadre has travelled to the Browns Range project.



This report is provided subject to the following assumptions and qualifications

- i. NTU has made available all material information required for the preparation of such a report and has not withheld any material information that may be detrimental to the intended use of this report
- ii. All information provided correctly represents the results of scientific and technical work conducted on the mineral assets to date
- iii. All necessary government permits, consents and approvals required to manage production from the mineral assets had been obtained or are forthcoming without any material delay and on terms that will not cause material delay to mining, exploration or other activities proposed or the costs of those activities
- iv. The information provided by NTU pertaining to its mineral assets, their history or future intentions, financial forecasting or the effect of relevant agreements is correct and accurate in all material respects
- v. In assessing NTU's Mineral Resources and Reserves and conceptual targets, Cadre has relied on reported information and not undertaken independent audits of data used to prepare these
- vi. It is assumed that macro or other economic conditions will not cause material change to price assumptions used for mineral products that may be produced from the mineral assets

Cadre bases its valuation of NTU's mineral assets on information and market conditions known as of 9th August 2016. Using an effective valuation date of 3rd August 2016 and valuation methodologies outlined in this report, Cadre summarises the valuations in

Table 1 below:

NTU Mineral Asset Valuation (Note: small rounding errors may exist)			
Asset	Low (A\$ M)	High (A\$)	Preferred (A\$)
M80/627 (subject of March 2015 DFS)	138.00	391.00	201.00
Browns Range (Browns Range tenure exclusive of M80/627)	0.44	1.14	0.86
Other Exploration Tenure (holdings external to Browns Range)	1.53	4.84	2.63
Total	140	397	204

Table 1 – Asset Valuation Table

This valuation report has been compiled by Mr Ben Pollard, BSc (Mineral Exploration and Mining Geology), Grad Cert (Geostatistics), MAusIMM, AWASM and Mr Daniel Saunders, BSc (Mineral



Exploration and Mining Geology), Grad Cert (Geostatistics, Mine Planning and Design), MAusIMM, MAIG.

Mr Pollard is a geologist with 20 years' experience in the resources industry, having held roles with various mining companies exposed to precious and base metals and industrial minerals including rare earth elements. Mr Pollard is currently the owner / director of Cadre Geology and Mining Pty Ltd.

Mr Saunders is a geologist with 20 years' experience in the resources industry, having held roles with various mining companies exposed to precious and base metals and industrial minerals including rare earth elements.

Both Mr Pollard and Mr Saunders have the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

Neither Cadre nor those involved in the preparation of this report has, or has ever had, any material interest in NTU or its mineral properties. Any relationship with NTU is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was provided to NTU, along with a written request to identify any material errors or omissions.

Sincerely,



Ben Pollard

Cadre Geology and Mining Pty Ltd



Table of Contents

1	Introduction	6
1.1	Commission and Scope	6
1.2	Independence, Qualifications and Experience	6
1.3	Disclaimer.....	7
1.4	Background	7
1.4.1	Corporate Setting.....	7
1.4.2	VALMIN Code	7
1.4.3	Relevant Extracts.....	7
1.4.4	Classification of Mineral Assets	8
1.4.5	Methods of Mineral Asset Valuation	9
2	Mineral Titles	11
2.1	Tenement Agreements	14
2.1.1	Browns Range	14
2.1.2	John Galt	14
2.1.3	Gardiner – Tanami	14
2.1.4	Boulder Ridge.....	14
2.1.5	Native Title	14
3	Northern Minerals Assets	14
3.1	Greater Browns Range	14
3.1.1	Introduction	14
3.1.2	Geology and Mineralisation	14
3.1.3	Exploration History.....	16
3.2	M80/627	17
3.2.1	M80/627 DFS	19
3.2.2	M80/627 Valuation	21
3.3	Browns Range (excluding M80/627).....	22



3.3.1	Introduction	22
3.3.2	Geology and Mineralisation	23
3.3.3	Project Valuation.....	25
3.4	John Galt	26
3.4.1	Introduction	26
3.4.2	Geology and Mineralisation	27
3.4.3	Previous Exploration	28
3.4.4	Project Valuation.....	32
3.5	Gardiner – Tanami	32
3.5.1	Introduction	32
3.5.2	Geology and Mineralisation	34
3.5.3	Previous Exploration	34
3.5.4	Project Valuation.....	35
3.6	Boulder Ridge.....	37
3.6.1	Introduction	37
3.6.2	Geology and Mineralisation	38
3.6.3	Previous Exploration	38
3.6.4	Project Valuation.....	38
3.7	Rabbit Flats.....	39
3.7.1	Introduction	39
3.7.2	Geology and Mineralisation	40
3.7.3	Previous Exploration	41
3.7.4	Project Valuation.....	41
3.8	Kurundi.....	43
3.8.1	Introduction	43
3.8.2	Geology and Mineralisation	44
3.8.3	Previous Exploration	45
3.8.4	Kurundi Valuation	46
4	References	48
5	Appendices.....	49





1 Introduction

1.1 Commission and Scope

This Independent Technical Valuation Report has been prepared by Cadre Geology and Mining Pty Ltd (Cadre) at the request of Mr John Van Dieren, Director of Stantons International (Stantons). The report is a Specialists' opinion on the Value of the assets that underpin the company, facilitating analysis by the Independent Expert of the funding transaction entered into by the company.

This report is a Technical Assessment Report as defined by the VALMIN Code, 2015 Edition (Valmin Code) and has been prepared, too, in accordance with the requirements of the ASIC Regulatory Guides 111 and 112 (ASIC, 2011).

The VALMIN Code, Section 8.1, defines a Technical Value as “an assessment of a Mineral or Petroleum Asset or Security. It is the amount of money determined by the Expert or Specialist, excluding any premium or discount to account for such factors as market or strategic considerations”.

A “Fair Market Value” is defined within the VALMIN Code as the “value of a Mineral or Petroleum Asset or Security. It is the amount of money determined by the Expert in accordance with the provisions of the VALMIN Code for which the Mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion. Value is usually comprised of two components, the underlying or Technical Value” of the Mineral or Petroleum Asset or Security, as defined by the Technical Value, and a premium or discount relating to market, strategic or other considerations”.

1.2 Independence, Qualifications and Experience

Cadre Geology and Mining Pty Ltd, is an independent private consulting company which was incorporated in 2014 to provide consulting services to the international and local mining industry.

This valuation report has been compiled by Mr Ben Pollard, BSc (Mineral Exploration and Mining Geology), Grad Cert (Geostatistics), MAusIMM, AWASM and Mr Daniel Saunders, BSc (Mineral Exploration and Mining Geology), Grad Cert (Geostatistics, Mine Planning and Design), MAusIMM.

Mr Pollard is a geologist with 20 years' experience in the resources industry, having held roles with various mining companies exposed to precious and base metals and industrial minerals including rare earth elements. Mr Pollard is currently the owner / director of Cadre Geology and Mining Pty Ltd.

Mr Saunders is a geologist with 20 years' experience in the resources industry, having held roles with various mining companies exposed to precious and base metals and industrial minerals including rare earth elements.



Both Mr Pollard and Mr Saunders have the appropriate relevant qualifications, experience, competence and independence to be considered an “Expert” under the definitions provided in the VALMIN Code and a “Competent Person” as defined in the JORC Code.

1.3 Disclaimer

Cadre has relied on the accuracy and completeness of the technical documentation supplied. Cadre has made all reasonable enquiries into the material aspects of the project and makes no warranty or representation as to the accuracy or completeness of the information provided. Additionally, Cadre accepts no responsibility for the information or statements, opinions, or matters expressed or implied arising out of, contained in, or derived from information contained in this report unless specifically disclosed by Cadre.

1.4 Background

1.4.1 Corporate Setting

NTU, an ASX listed rare earth explorer and developer, entered into an equity funding agreement with Huatai Mining Pty Ltd (Huatai), a related Australian body corporate of Taizhong Energy Australia Pty Ltd (Taizhong), the investment arm of Shandong Taizhong Energy Co. Ltd (Shandong) for the provision of \$30M. This \$30M comprises one tranche of \$0.2M (2 million shares @ 10cps), a second tranche of \$2.8M (28 million shares @ 10cps) and a final \$27M (200 million shares @ 13.5cps) to Huatai, subject to shareholder approval and final due diligence, one of the requirements of which is this report. On completion, the transaction would see Huatai the largest shareholder, holding 31% of all issued capital in NTU. Full and further details can be found within NTU’s ASX release dated 2nd August 2016.

1.4.2 VALMIN Code

This valuation report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, also referred to as the VALMIN Code, 2015 Edition.

The VALMIN Code is prepared by the VALMIN Committee, a joint committee of the AusIMM (Australasian Institute of Mining and Metallurgy) and AIG (Australian Institute of Geoscientists) and MICA (Mineral Industry Consultants Association).

Stantons, as the Independent Expert, has obtained from NTU (the Commissioning Entity), confirmation it will comply with the requirements of Section 3.3 and 4.2 of the VALMIN Code. These clauses relate to independence of the Commissioning Entity from the Independent Expert and the Specialist (Cadre), and the transparency of all reporting by Stantons and Cadre.

1.4.3 Relevant Extracts

Pertinent sections of the VALMIN Code are as follows:



Section 6.1(i) The Expert and/or Specialists “**must** enter into a written agreement with the Commissioning Entity”

Section 6.1(ii) “...the Commissioning Entity has a statutory obligation to provide the Practitioner with all the information it is aware of about the subject of the Public Report in sufficient detail to enable the Practitioner to determine its relevance.”

Section 6.3: Time and cost constraints “**must not** compromise the fundamental principles and requirements of the VALMIN Code. Any restrictions negatively affecting the depth of analysis or the extent of detail required must be recorded in the Public Report.”

Section 7: “A **Technical Assessment** is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset”

Whilst strict compliance with Section 6.1(ii) has not occurred, the following should be noted:

- ✦ NTU has given Cadre verbal assurance about the extent of the NTU data provided, and has verbally explained the scope and purpose of the report. This is considered satisfactory for Section 6.1(ii).
- ✦ Regarding Section 6.1(i), the Commissioning Entity (NTU) has a written agreement with the Independent Expert (Stantons), who in turn have a written agreement with the Specialist (Cadre).

1.4.4 Classification of Mineral Assets

VALMIN Code Section 7.3 refers to Mineral Assets with respect to Mineralisation, Mineral Resources and Ore Reserves.

Section 14 (Definitions) of the VALMIN Code describes **Mineral Assets** according to the following classifications:

- ✦ Early-stage Exploration Projects – properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified.
- ✦ Advanced Exploration Projects – properties where sufficient exploration has occurred to enable a good understanding of the type of mineralisation present, and for which the untested potential still warrants extra work. A Mineral Resource may or may not have been identified.
- ✦ Pre-Development Projects – properties where Mineral Resources have been identified, but where a decision to proceed with development has not been made.
- ✦ Development Projects – properties for which a decision to proceed with production has been made, but have not yet been commissioned.
- ✦ Production Projects – properties with fully commissioned and operating mine.

Section 7.3 of the VALMIN Code, 2015 Edition is a reference to Mineral Resources and Ore Reserves as defined by the JORC Code (a), and is one of several links between the JORC and VALMIN Codes.



1.4.5 Methods of Mineral Asset Valuation

1.4.5.1 NPV / DCF Analysis

For projects where Ore Reserves exist, a net present value (NPV) can be determined through scheduling the mining inventory, while considering other financial inputs such as capital, discounting rates and tax. This resulting NPV determines the Technical Value of a project and represents its value if it were developed under the prevailing economic conditions.

A further discount or premium may be applied to the NPV to determine a Fair Value, which accounts for execution risk, perceived upside and uncertainty in input data.

1.4.5.2 Mineral Resources and Reserves

Assets possessing Mineral Resources or Reserves can be valued on a per unit basis (for example \$30 per resource ounce for a gold project). Valuations in this regard require consideration of the following issues:

- Confidence level of the Mineral Resource
- Process recovery (for example metallurgy)
- Required capital input
- Notional costs of production

1.4.5.3 Kilburn Method

The Kilburn Method ascribes a value per unit area, typically for exploration projects without defined Mineral Resources. An intrinsic value, or base acquisition cost (average cost of acquiring a unit area of tenure) is assigned to the tenure and factors are used to enhance or downgrade this intrinsic value. Kilburn valuations comprise the following property characteristics:

- **BAC** – calculated BAC may vary based on average tenement age and average size, with differential rates applicable for each measure. In order to ensure the valuation is comparable with others using the Kilburn method the BAC should be as close to consistent as possible, therefore the variation in value relates to the prospectivity of the property.
- **Off-property factor** – relates to physical indications of favourable evidence for mineralisation, such as workings and mining on the nearby properties, which may or may not be owned by the company being valued. Such indications are mineralised outcrops, old workings, through to world-class mines.
- **On-property factor** – similar to the off property factor but relates to favourable indications on the property itself, such as mines with significant production.
- **Anomaly factor** – relates to the degree of exploration which has been carried out and the level and/or number of the targets which have been generated as a consequence of that exploration. Properties which have been subject to extensive exploration without the generation of sufficient or quality anomalies are marked down under the Kilburn approach.



Geological factor – refers to the amount and exposure of favourable lithology and/or structure (if this is related to the mineralisation being valued) on the property. Thus properties which have a high coverage of favourable lithology and transecting structures will score most highly.

Table 2 shows the Kilburn method diagrammatically and

Table 3 shows recently quoted BAC values from which Cadre has derived applied values.

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1 0.2 0.3 0.4				Generally unfavourable lithology Generally unfavourable lithology with structures Generally favourable lithology (10%-20%)
0.5 0.6 0.7 0.8 0.9			Extensive previous exploration with poor results	Alluvium covered, generally favourable lithology (50%) Generally favourable lithology (50%)
1 1.5 2 2.5 3	No known mineralisation in district Minor workings Several old workings Abundant workings	No known mineralisation within tenement Minor workings Several old workings Abundant workings	No targets outlined Several well defined targets Several significant sub-economic intersections	Generally favourable lithology (70%) Generally favourable lithology Generally favourable lithology with structures Generally favourable lithology with structures along strike of a major mine
3.5 4 4.5	Abundant workings/mines with significant historical production	Abundant workings/mines with significant historical production		
5	Along strike from major mine(s)	Major mine with significant historical production	Several significant ore-grade co-relatable intersections	
10	Along strike from world class mine(s)			

Table 2 – Kilburn rating criteria (modified by Cadre)

Author	Year	\$/km2
Snowden Mining Consultants	2010	342
Agricola Mining Consultants	2014	378
Optiro Pty Ltd	2014	344
Average		355

Table 3 – BAC Values reported publicly and the average for use in this report

Once a Technical Value has been derived, a Market Factor is applied to transform this Technical Value into a Fair Market Value. This Market Factor is typically based on commodity price and market sentiment outlook.

1.4.5.4 Comparable Market Value (Real Estate Based)

Cadre review examples of comparable market transactions, however the specialty nature of rare earth products makes the number available for analysis low, and hence the valuing metrics somewhat unreliable.



2 Mineral Titles

NTU's mineral assets include the greater Browns Range project, spanning areas of the Kimberley region of Western Australia and western parts of the Northern Territory. Boulder Ridge, John Galt, Rabbit Flats and Gardiner – Tanami form second tier, future avenues for additional rare earth resource inventories.

The assets are described in Table 4 below, broken out into their comprising tenements:



PROJECT	TENEMENT_ID	STATE	TENEMENT_TYPE	STATUS	HOLDER_APPLICANT	INTEREST
Browns Range WA	E80/4479	WA	Exploration Licence	granted	Northern Minerals	100%
	E80/4725	WA	Exploration Licence	granted	Northern Minerals	100%
	E80/4726	WA	Exploration Licence	granted	Northern Minerals	100%
	E80/4806	WA	Exploration Licence	granted	Northern Minerals	100%
	E80/4782	WA	Exploration Licence	granted	Northern Minerals	100%
	E80/4883	WA	Exploration Licence	granted	Northern Minerals	100%
	L80/76	WA	Miscellaneous Licence	granted	Northern Minerals	100%
	L80/77	WA	Miscellaneous Licence	granted	Northern Minerals	100%
	L80/78	WA	Miscellaneous Licence	granted	Northern Minerals	100%
	L80/79	WA	Miscellaneous Licence	granted	Northern Minerals	100%
	M80/627	WA	Mining Lease	granted	Northern Minerals	100%
Browns Range NT	EL24193	NT	Exploration Licence	granted	Northern Minerals	100%
	EL24174	NT	Exploration Licence	granted	Northern Minerals	100%
	EL26270	NT	Exploration Licence	granted	Toro Energy Limited	Acquiring 100% from Toro
	EL26286	NT	Exploration Licence	granted	Toro Energy Limited	Acquiring 100% from Toro
	EL24941	NT	Exploration Licence	application	Northern Minerals	100%
Boulder Ridge	EL29594	NT	Exploration Licence	granted	Northern Minerals	100%
	EL24177	NT	Exploration Licence	granted	Northern Minerals	100%
	EL25171	NT	Exploration Licence	granted	Northern Minerals	100%
	EL27590	NT	Exploration Licence	granted	Toro Energy Limited	Acquiring 100% from Toro
	EL24849	NT	Exploration Licence	application	Northern Minerals	100%
	EL24935	NT	Exploration Licence	application	Northern Minerals	100%
	EL28868	NT	Exploration Licence	application	Northern Minerals	100%
	EL30132	NT	Exploration Licence	application	Northern Minerals	100%
	E80/4298	WA	Exploration Licence	granted	Amhem Resources	100%
	E80/4671	WA	Exploration Licence	granted	Northern Minerals	100%
John Galt	E80/4779	WA	Exploration Licence	granted	Northern Minerals	100%
	E80/4967	WA	Exploration Licence	application	Northern Minerals	100%
Gardiner-Tanami NT	EL26635	NT	Exploration Licence	granted	Toro Energy Limited	Acquiring 100% from Toro
	EL23932	NT	Exploration Licence	granted	Northern Minerals	100%
	EL25009	NT	Exploration Licence	granted	Northern Minerals	100%
	EL26498	NT	Exploration Licence	granted	Northern Minerals	100%
	EL26541	NT	Exploration Licence	granted	Northern Minerals	100%
	EL27367	NT	Exploration Licence	granted	Northern Minerals	100%
	EL29592	NT	Exploration Licence	granted	Northern Minerals	100%
	EL29593	NT	Exploration Licence	granted	Northern Minerals	100%
	EL29595	NT	Exploration Licence	granted	Northern Minerals	100%
	EL23933	NT	Exploration Licence	application	Northern Minerals	100%
	EL24179	NT	Exploration Licence	application	Northern Minerals	100%
	EL24947	NT	Exploration Licence	application	Northern Minerals	100%
	EL25003	NT	Exploration Licence	application	Northern Minerals	100%
	EL25004	NT	Exploration Licence	application	Northern Minerals	100%
	EL25172	NT	Exploration Licence	application	Northern Minerals	100%
	EL29619	NT	Exploration Licence	application	Northern Minerals	100%
	EL29621	NT	Exploration Licence	application	Northern Minerals	100%
	EL29616	NT	Exploration Licence	granted	Hom Resources	REE mineral rights
Rabbit Flats	EL25157	NT	Exploration Licence	application	Northern Minerals	100%
	EL25158	NT	Exploration Licence	application	Northern Minerals	100%
	EL25159	NT	Exploration Licence	application	Northern Minerals	100%
	EL25160	NT	Exploration Licence	application	Northern Minerals	100%
	EL23935	NT	Exploration Licence	application	Northern Minerals	100%

Table 4 – NTU Mineral Assets by tenement number and group

NTU's main value asset, M80/627, which contains all of the Company's current Mineral Resources and Ore Reserves is valued in this report separately from all other assets via the NPV method on account



of its advanced status. A map of the Browns Range project showing the location of Mineral Resources is shown in

Figure 1.

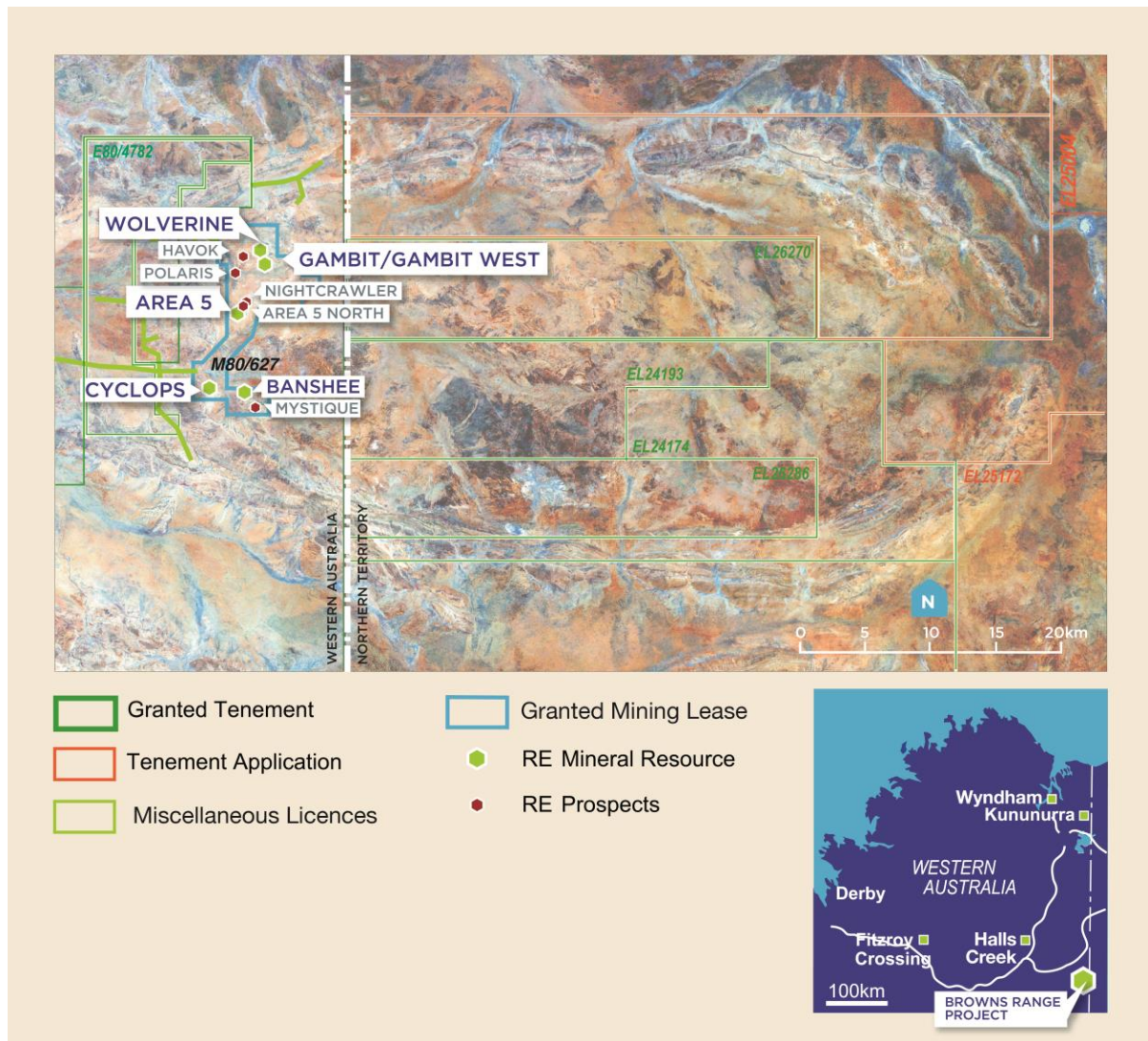


Figure 1 – Browns Range Mineral Resources and prospects



2.1 Tenement Agreements

2.1.1 Browns Range

NTU has entered into an agreement with Toro Energy to acquire 100% of EL26270 and EL26286.

2.1.2 John Galt

NTU has executed an option agreement with Arnhem Resources to acquire 100% of E80/4298. Arnhem Resources is currently the registered holder. Deal completion is considered imminent with transfer documents signed and stamp duty paid.

2.1.3 Gardiner – Tanami

NTU is in the process of acquiring 100% of EL26635 held by Toro Energy Ltd in the Northern Territory.

2.1.4 Boulder Ridge

EL27590 is being wholly acquired by NTU from Toro Energy Ltd.

2.1.5 Native Title

(The following is adapted from NTU ASX announcement, 2nd March 2015, “DFS positions Browns Range Project and next dysprosium producer”)

The Browns Range project lies entirely within the area of the registered native title claim on behalf of the Jaru People (WAD45/2012), with the exception of a section of the current access road on L80/76, which crosses land in respect of which the Tjurabalan People hold native title rights and interests (WAD160/1997). The application for M80/627 attracted the ‘right to negotiate’ procedure under the Commonwealth Native Title Act 1993 (NTA) and the Company has executed a Co-existence Agreement with the Jaru Native Title Claim group. This agreement provides Northern Minerals access to country to develop and operate the Project.

All other NTU tenements possess the required level of agreement and consultation for their current level of development.

3 Northern Minerals Assets

3.1 Greater Browns Range

3.1.1 Introduction

Browns Range is NTU’s flagship project, located approximately 160km south east of Halls Creek in the Kimberley region of Western Australia. Open cut and underground mining methods are envisaged to economically extract ore that will be processed to yield a high value, mixed rare earth carbonate.

3.1.2 Geology and Mineralisation

(The following is adapted from NTU ASX announcement, 2nd March 2015, “DFS positions Browns Range Project and next dysprosium producer”)



The project area is located on the western side of the Browns Range Dome (the Dome), a Paleoproterozoic dome formed by a granitic core intruding the Paleoproterozoic Browns Range Metamorphics (meta-arkoses, feldspathic meta-sandstones and schists) and an Archaean Palaeoproterozoic orthogneiss and schist unit to the south. The Dome and its aureole of metamorphics are surrounded by the Mesoproterozoic Gardiner Sandstone (Birrindudu Group).

The Project's deposits are characterised as breccia-hosted hydrothermal systems with the dominant mineralisation being the rare earth phosphate mineral xenotime, a rich source of dysprosium and other HREOs such as terbium and yttrium. The only other rare earth minerals recognised to date are the light rare earth florencite - goyazite series. These minerals comprise a minor component of the rare earth mineralisation relative to xenotime. The mineralisation has an exceptionally high proportion of HREO, as demonstrated by the Wolverine deposit where 89% of the rare earths are HREO. Discovered in 2010, the Wolverine deposit is the largest discovery to date and is broadly typical of the mineralisation style found in the project area. At Wolverine, the majority of mineralisation lies below a cover of transported clays, sand and gravels varying between 1m to 10m in thickness. Below this cover is an intensely weathered zone of mottled kaolinitic arenite, usually 1m to 5m thick. The host rocks in the mineralised zone are silicified and brecciated along structures striking approximately east-west, and dipping steeply to the north. Hematite and sericite alteration are associated with mineralisation. Wolverine has a known strike length of 650m, mineralised widths up to 30m and a dip/plunge length of over 550m. Within the overall mineralisation envelope, the highest grade of mineralisation occurs within a central zone of 125-250m strike length, with REO grade generally decreasing away from this central zone. The Gambit West, Gambit, Area 5, Cyclops and Banshee deposits, the locations of which are shown on

Figure 1 and

Figure 2, all display broadly similar mineralisation styles to Wolverine, with Mineral Resource Estimates completed as shown in

Table 5. Several other rare earth deposits and prospects have been discovered by Northern Minerals since rare earth focussed exploration commenced at the Project in 2010, the locations of which are shown on

Figure 1.

Figure 2 shows the deposits where Mineral Resource Estimates have been defined to date.



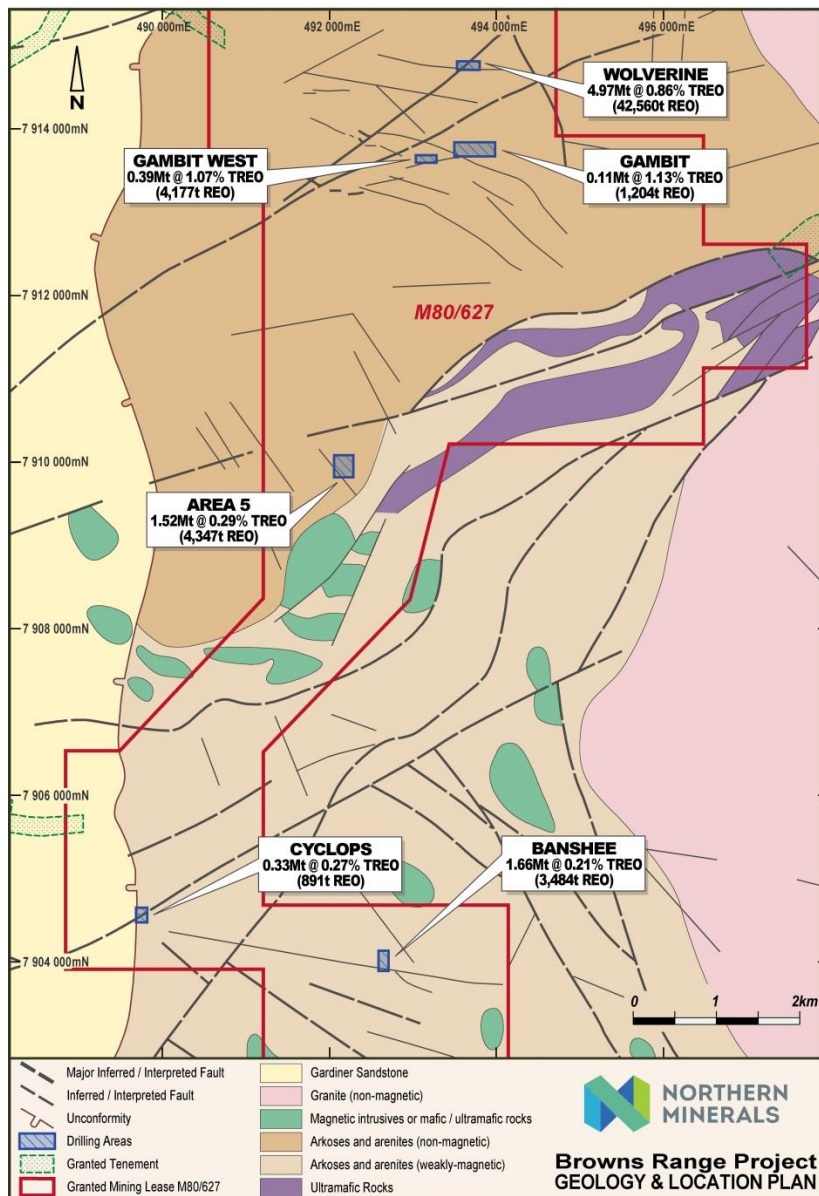


Figure 2 – Geology and deposits hosting Mineral Resource estimates

3.1.3 Exploration History

(The following is adapted from NTU ASX announcement, 2nd March 2015, “DFS positions Browns Range Project and next dysprosium producer”)

Interest in the exploration potential of the Browns Range area was initially generated by reconnaissance mapping carried out by the Bureau of Mineral Resources (BMR) in the late 1950s. The first record of commercial exploration was in the early 1960s by New Consolidated Goldfields. The area subsequently attracted various phases of gold, base metals and uranium exploration throughout



the 1970s, 80s and 90s, by companies such as BHP Minerals, Sigma Resources and PNC Exploration Australia Pty Ltd (PNC). Anomalous rare earth elements in outcrop were first identified through evaluation of radiometric targets by PNC during its uranium exploration programs between 1987 and 1992. Between 2008 and 2010, preliminary exploration work by Northern Minerals identified high grade rare earth mineralisation at the Wolverine and Gambit deposits. An inaugural drilling program was completed in 2011 at the Wolverine, Gambit, Area 5 and Area 5 North deposits. In 2012, initial drill testing of soil geochemical and rock chip sampling anomalies resulted in the discovery of the Gambit West, Banshee and Cyclops deposits. Since these initial discoveries, the Company has undertaken an extensive exploration program of the immediate area and discovered numerous additional prospects with the potential to host economic HREO deposits (

Figure 1).

3.2 M80/627

(The following is taken from NTU ASX announcement, 2nd March 2015, "DFS positions Browns Range Project and next dysprosium producer")

In 2012, AMC Mining Consultants (AMC) was commissioned to complete the initial Mineral Resource Estimate on the Project for the Wolverine deposit. Since the initial 2012 Mineral Resource Estimate at Wolverine, a successful programme of resource development has followed, with the following milestones being achieved prior to the Project's February 2015 Mineral Resource upgrade:

- 🏠 October 2013: A substantial upgrade of the Wolverine Mineral Resource in addition to maiden Mineral Resources for Gambit West, Gambit and Area 5 deposits, delivering a total resource of 28,084,000kg TREO.
- 🏠 February 2014: Further drilling of the Wolverine and Gambit West deposits results in a substantial Mineral Resource upgrade including doubling the Wolverine deposit's Mineral Resource to deliver a total resource of 47,997,000kg TREO.
- 🏠 October 2014: Further increase in Mineral Resource including maiden Mineral Resources for the Cyclops and Banshee deposits, delivering a total Mineral Resource of 52,372,000kg TREO.

The February 2015 Mineral Resource Estimate has further increased Mineral Resources at the Project. Highlights of this latest Mineral Resource Estimate are:

- 🏠 Increase of 4,291,000kg TREO from previous Mineral Resource estimate, increasing the Project's mine life to 11 years.
- 🏠 Global Mineral Resource at the Browns Range Project now estimated at 56,663,000kg of TREO in 8.98 million tonnes @ 0.63% TREO.
- 🏠 Resource remains dominated by HREs, including the high value element dysprosium.
- 🏠 87% of the TREO within the Total (Indicated and Inferred) Mineral Resource is HRE.



Deposit	Category	Mt	TREO	Dy ₂ O ₃	Y ₂ O ₃	Tb ₄ O ₇	HREO	TREO
			%	Kg/t	Kg/t	Kg/t	%	Kg
Wolverine	Indicated	2.99	0.83	0.73	4.86	0.11	89	24,952,000
	Inferred	1.97	0.89	0.76	5.13	0.11	88	17,609,000
	Total¹	4.97	0.86	0.74	4.97	0.11	89	42,560,000
Gambit West	Indicated	0.27	1.26	1.07	7.06	0.14	90	3,424,000
	Inferred	0.12	0.64	0.54	3.67	0.07	85	753,000
	Total¹	0.39	1.07	0.91	6.04	0.12	89	4,177,000
Gambit	Indicated	0.05	1.06	0.92	6.62	0.12	97	533,000
	Inferred	0.06	1.2	1.01	6.8	0.15	95	671,000
	Total¹	0.11	1.13	0.97	6.72	0.13	96	1,204,000
Area 5	Indicated	1.38	0.29	0.18	1.27	0.03	69	3,953,000
	Inferred	0.14	0.27	0.17	1.17	0.03	70	394,000
	Total¹	1.52	0.29	0.18	1.26	0.03	69	4,347,000
Cyclops	Indicated	-	-	-	-	-	-	-
	Inferred	0.33	0.27	0.18	1.24	0.03	70	891,000
	Total¹	0.33	0.27	0.18	1.24	0.03	70	891,000
Banshee	Indicated	-	-	-	-	-	-	-
	Inferred	1.66	0.21	0.16	1.17	0.02	87	3,484,000
	Total¹	1.66	0.21	0.16	1.17	0.02	87	3,484,000
Total¹	Indicated	4.69	0.70	0.59	3.95	0.09	87	32,862,000
	Inferred	4.28	0.56	0.46	3.15	0.07	87	23,802,000
	Total¹	8.98	0.63	0.53	3.56	0.08	87	56,663,000

Table 5 – M80/627 Mineral Resource estimates

Table 6 lists metres drilled and number of holes completed for input to resource estimation for the Project. A total of 83,073m of drilling has contributed to the total Mineral Resource Estimate. Samples generated by the drilling were pre-screened in the field using a portable x-ray fluorescence (pXRF) device. Samples identified by the pXRF as likely to have significant mineralisation were then dispatched to Genalysis Laboratory Services, Perth for analysis. Quality Assurance and Quality Control procedures surrounding the sampling were in line with industry standard practice. Genalysis is NATA accredited to operate in accordance with ISO 17025 and ISO 9001. The Mineral Resource Estimate was performed according to industry standard practice, involving:

- Numerical compositing of sampling data to 1m lengths.
- Generation of geological wireframes to constrain the sample selection and estimation.
- Variogram analysis and modelling.
- Top cutting the sampling data to reduce the risk associated with extremely high grades.
- Estimating into a 3D block model using the Ordinary Kriging technique.
- Reporting results above a 0.15% TREO cut-off grade.



🏠 Assessing and reporting the geological confidence in the Mineral Resource Estimate.

Deposit	RC drill holes	Diamond drill holes	RC with diamond tails holes	Total drill
Wolverine	197	27	65	43,297
Gambit	120	3	Nil	10,210
Gambit West	113	4	2	13,713
Area 5	94	6	Nil	11,213
Cyclops	27	Nil	Nil	2,322
Banshee	29	Nil	Nil	2,318

Table 6 – Metres drilled and number of drillholes utilised in resource estimation

3.2.1 M80/627 DFS

On the 2nd March 2015, NTU released a Definitive Feasibility Study on the Browns Range project, specifically, on the Mineral Resources and Reserves of M80/627. Ore reserves at the project totalled 3.8Mt for 26,375t contained TREO and 2,294t Dy₂O₃.

The DFS showed the following outcomes:

- NPV (15% nominal discount rate) \$522M
- Operating Cost (per kg TREO) \$37.6
- Mine Life (years) 11.25
- Total Dy Produced (Mkg) 3.13
- Total Recovery 80.4%
- Pre-production Capital \$329

It is the NPV result of this DFS that provides the basis for Cadre's valuation of M80/627.

3.2.1.1 Inputs

A high level review of the Mineral Resource was conducted by interrogating the drill hole database against NTU's resource wireframes. Results are presented in

Table 7.

Cadre has made enquiries into the mining engineering work to satisfy itself of the robustness of parameters used.

Cadre's expertise is solely in geological consulting and as such, it relies heavily on the input from other experts for FDFS inputs related to marketing (price considerations), project construction and logistics, metallurgy (including mass balance calculations and premiums and discounts for carbonate products, if applicable), geotechnics, shipping and engineering.



3.2.1.1.1 Mineral Resources

Cadre performed verification checks on the resource estimate by querying the drill database constrained by resource wireframes and found the results to be commensurate with those of the resource estimate.

	Wireframe / Composites				Resource Model			Variance	
	SG	Volume	Tonnes	Grade	Volume	Tonnes	Grade	Volume	Grade
Banshee	2.4	865574	2104397.6	0.202	862915	2097933	0.184	100%	110%
Wolverine	2.6	2842779	7411819.7	0.768	2903060	7568987	0.63	98%	122%
Gambit West		880485			271676	680348	0.284	324%	0%
Gambit	2.6	40685	106065.8	1.65	40700	106125	1.134	100%	146%
A5	2.5	833565	2049553.8	0.26	906513	2228917	0.23	92%	113%
Cyclops	2.4	343383	840495.27	0.356	414398	1014318	0.178	83%	200%

Table 7 – Mineral Resource verification checks – wireframes and drill composites vs block model

3.2.1.1.2 Mine Design and Optimisation

Mine design work was undertaken by Entech Mining Pty Ltd, a reputable Mining Engineering group based in Perth Western Australia. Study assumptions have been based on recent operational experience in the Western Australian market, with mining costs sourced from the market and current as of March 2015. Cadre considers the input parameters to be robust.

Notably, NPV calculations do account for mine rehabilitation and closure costs.

3.2.1.1.3 Product Pricing and Marketing

Enquiries made by Cadre show that rare earth product price forecasts used by NTU in calculating an NPV for Browns Range were derived from Adamus Intelligence. Cadre has little expertise in the area of metal marketing and price forecasting, but notes that some product prices are substantially above current spot prices. Cadre also notes a future increase in demand is the general consensus in rare earth marketing spheres. For the purposes of this report and the assumptions that underpin its results, Cadre, like NTU, has relied on the expert opinion of Adamus with respect to pricing inputs and corresponding NPV outputs.

We also note that NTU has recently negotiated an MOU for offtake of its pilot plant products (ASX Announcement, 27th June 2016 “Northern Minerals progresses offtake negotiations”). Pricing for the offtake MOU is based on the 3 month average weekly pricing following the date of monthly shipments (ASX Announcement, 11th July 2016 “Update on offtake MOU”).

3.2.1.1.4 Metallurgy

Cadre has not conducted due diligence into any market premium or discount that may be applied to NTU’s rare earth carbonate products. Most pricing is done on oxides of rare earth metals, and Cadre assumes further processing (hence cost) is required to produce oxide products. Based on the



information provided in the DFS, we assume that the production of a rare earth carbonate product is not detrimental to project value.

3.2.2 M80/627 Valuation

The March 2015 DFS lists an NPV of \$522M for the Browns Range rare earth project within M80/627. “A discounted cash flow (“DCF”) analysis determines the Technical Value of a project by approximating the value if it were developed under the prevailing economic conditions” (Sean Helm et al., “Independent Valuation of the Mineral Assets of Jupiter Mines Ltd and Those Vended In by Red Rock Resources PLC” Snowden, Perth, Western Australia, 2008). To derive a ‘Fair Market Value’, the ‘Technical Value’ must be adjusted to reflect the risk inherent in executing a project at a rate of return suitable to stakeholders. Rather than apply a somewhat arbitrary ‘market factor’, Cadre has created a distribution of certain DFS inputs and simulated 100 scenarios to create a probability distribution of possible outcomes. From this distribution, Cadre has selected its ‘Low’, ‘High’ and ‘Preferred’ valuation figures.

Simulations used a simple triangular distribution of values for exchange rate and rare earth oxide price (no allowance was made for NTU’s product being rare earth carbonate as opposed to rare earth oxide). Exchange rate inputs from 0.8 to 0.7 in 0.05 increments were utilised and product prices utilised the minimum, average and maximum prices for 8 critical rare earth oxides from 2010 to 2015 (Lynas website). Rare earth products not on the Lynas website price list were left as per NTU’s DFS inputs. The scenario was simulated 100 times and results displayed as relative probabilities for given NPV values were analysed. Ranges for input variables are shown in

Table 8.

Browns Range NPV Simulation			
Variable	Low	Mid / Average	High
Exchange Rate (USD to AUD)	0.80	0.75	0.7
Dysprosium	\$166.48	\$442.71	\$994.33
Terbium	\$388.80	\$775.39	\$1,596.82
Europium	\$255.00	\$877.80	\$2,025.00
Samarium	\$2.47	\$6.03	\$11.85
Cerium	\$1.83	\$7.58	\$19.58
Lanthanum	\$1.99	\$7.13	\$16.26
Neodymium	\$29.28	\$64.06	\$132.06
Praseodymium	\$27.60	\$72.10	\$104.60
above elements to be read as oxides values are USD per Kg			

Table 8 – Parameter range values used in NPV simulation

The simulation exercise showed a range of outcomes from -\$100M to \$700M. Discounting the extremities of the distribution, Cadre sees valuation for M80/627 between \$138M (first quartile) and



\$391M (third quartile). Given the sensitivity of project NPV to future rare earth product prices, Cadre has selected a value toward the lower end of this range (25th percentile of the inter-quartile range) to arrive at a **preferred value of \$201M**.

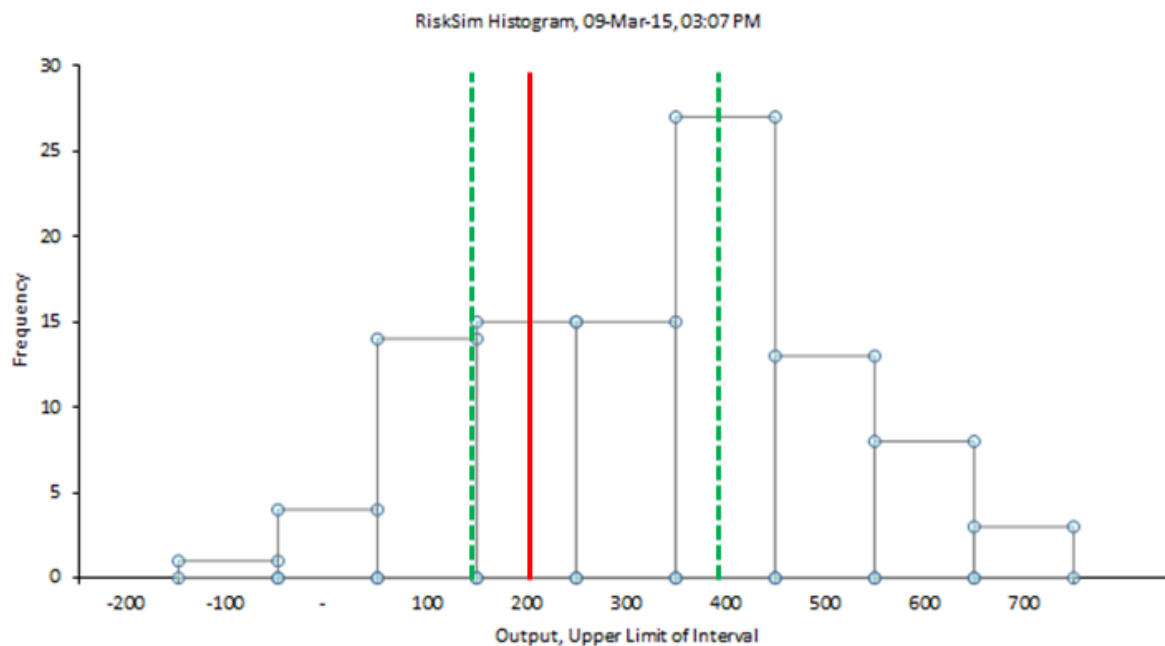


Figure 3 – Simulation results presented as histogram showing low and high valuations (green) and preferred valuation (red)

3.3 Browns Range (excluding M80/627)

3.3.1 Introduction

The Greater Browns Range Project represents the portfolio of exploration tenements within Western Australia and the Northern Territory centred on the Browns Range Dome. For the purposes of this valuation the granted mining tenement M80/627 has been excised from this component of the valuation.

The western margin of the Browns Range project has been the focus of exploration to date resulting in the definition of mineral resources across a range of deposits. The Greater Browns Range project comprises 12 granted exploration tenements including two currently being purchased from Toro Energy Ltd.



3.3.2 Geology and Mineralisation

Northern Minerals' Greater Browns Range Project covers an area of approximately 2,360km² and is centred on the Browns Range Dome. The Dome covers approximately 1,500km² and is located in the northern Tanami region, within both Western Australia (WA) and the Northern Territory (NT).

The oldest rocks of the Tanami Region are Archaean gneiss and schist of the "Billabong complex" and Browns Range Metamorphics. This name is applied to Archaean high grade metamorphics that are confined to a narrow fault bound slice with high magnetic responses on the southern margin of Browns Range Dome. Interpretation of magnetic data indicate this package of rocks is 1-3 km thick and is cut by a number of east-west trending faults, part of the Browns Range Shear Zone.

Browns Range Metamorphics include granitic gneiss and muscovite schist intruded by fine grained granite, thin granitic sills, aplite and pegmatite. The gneiss precursor is inferred to have been igneous and the muscovite schist precursor to have been a sedimentary package. In places the muscovite schist contains a fabric interpreted to represent relic low angle crossbedding. Rocks north of the major east-west trending Browns Range Shear Zone have been intruded by pegmatite which shows evidence for minor buckling due to late stage fault reactivation. This structure divides the Browns Range Metamorphics to the north from MacFarlane Peak Group to the south. Outcrop is dominated by foliated fine to medium grained biotite granodiorite possibly part of the Inningarra Suite. This has intruded chloritised laminated siltstone and fine sandstone which occur as rafts in the granite outcrop or as in situ ferruginous saprolite.

The Gardiner Sandstone forms part of the Birrindudu Group, which rests unconformably on Browns Range Metamorphics, MacFarlane Peak Group, Tanami Group, Pargee Sandstone, Nanny Goat Volcanics and Mount Winnecke Group. The Gardiner Sandstone is characterised by medium to thick bedded sublithic to lithic arenite and quartz arenite. Shale and siltstone are subordinate and conglomerate is common at the base. Sandstones are mostly medium grained, while crossbedding and ripple marks are common throughout, and mudcracks and syneresis cracks are locally developed. Xenotime mineralisation to date has been characterised as a hydrothermal breccia. Xenotime is associated with varying degrees of veining and brecciation; from 1mm to 2mm crackle vein selvages to matrix infill in 5m wide zones of chaotic breccia. There are open spaced textures, vugs and minor cross-cutting quartz, pyrite or barite veins that are interpreted to post-date mineralisation.



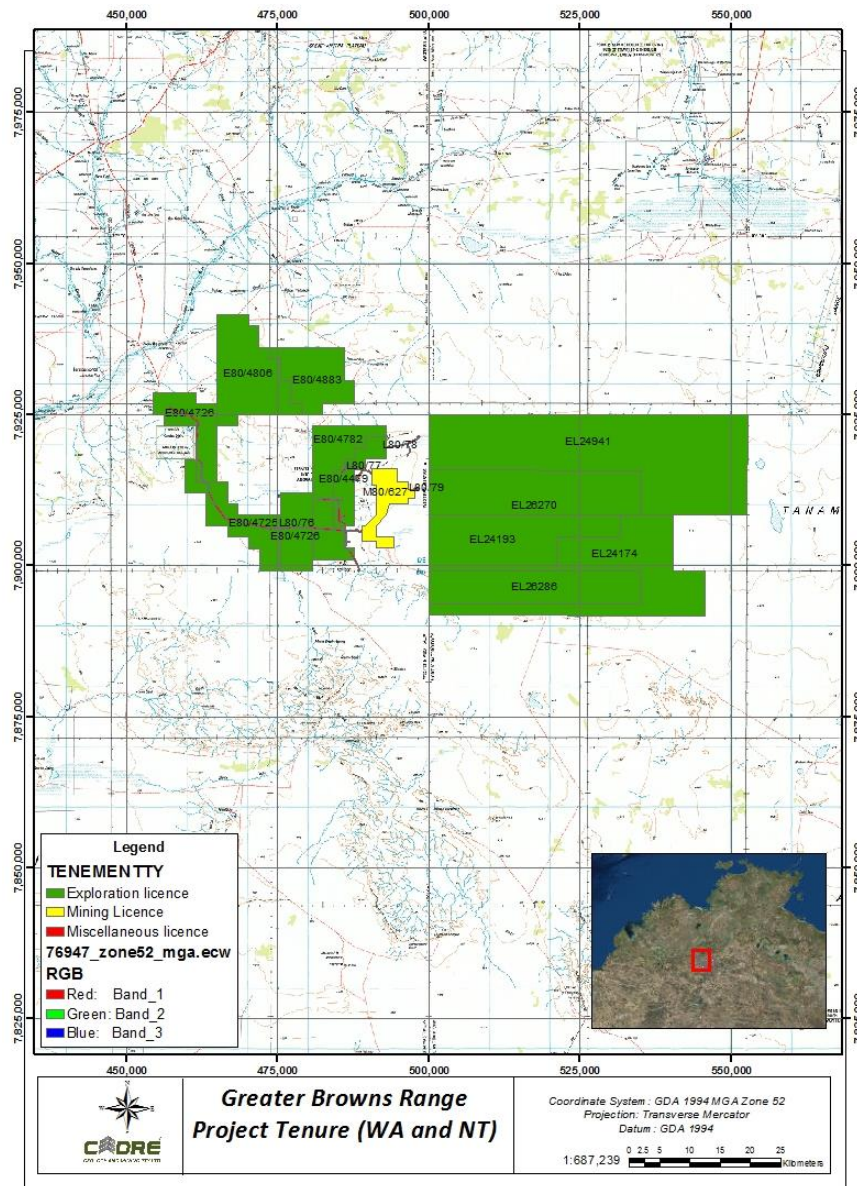


Figure 4 – Browns Range tenement location plan

3.3.3 Project Valuation

In assessing the potential market value of the Greater Browns Range project, Cadre has considered the exploration potential of the property including:

- Northern Minerals has demonstrated success to date in converting identified mineralisation into resources.
- A significant number of exploration targets have been generated across the tenement portfolio which remains to be tested.
- Lessons from previous exploration results have been incorporated into a conceptual model to assist with prioritising exploration targets.
- Exploration to date has been focussed on the immediate Browns Range project defined by the mining licence, with only minor reconnaissance and low impact exploration occurring across the remainder of the tenement.
- Northern Minerals tenement portfolio covers almost the entirety of the Browns Range Dome, the structure identified as the host of the xenotime mineralisation identified to date.
- Two tenements are currently being purchased outright from Toro Energy Ltd.
- Of the tenements in the portfolio, one is under application; as such a discount has been applied to the tenement BAC.

Following consideration of the available data and the exploration potential, Cadre's estimate of the market value of the Browns Range project, excluding M80/627, is presented in

Table 9. This value includes a market factor reflecting a 20% discount to the technical value.

Tenement	Area (km ²)	Interest	BAC	Preferred (A\$)	Low (A\$)	High (A\$)
E80/4479	55.3	100%	\$19,610	\$39,230	\$16,480	\$47,070
E80/4725	204.7	100%	\$72,670	\$87,200	\$40,690	\$116,270
E80/4726	562.5	100%	\$199,690	\$223,650	\$79,870	\$335,480
E80/4806	169.2	100%	\$60,070	\$48,050	\$33,640	\$96,110
E80/4782	126.7	100%	\$44,980	\$134,940	\$37,780	\$215,900
E80/4883	107.3	100%	\$38,090	\$30,470	\$21,330	\$30,470
EL24193	234.0	100%	\$84,240	\$67,390	\$47,170	\$67,390
EL24174	282.8	100%	\$101,790	\$81,430	\$57,000	\$81,430
EL24941	617.0	100%	\$166,590	\$93,290	\$66,640	\$93,290
EL26270	260.0	Purchasing 100%	\$46,800	\$26,210	\$18,720	\$26,210
EL26286	194.8	Purchasing 100%	\$35,060	\$28,050	\$19,640	\$28,050
Total	2814.3			\$859,910	\$438,960	\$1,137,670
Implied value (\$/km ²)				\$306	\$156	\$404

Table 9 – Browns Range project valuation (excluding M80/627)

Review of the preferred market value against other tenement packages and recent rare earth tenement transactions suggests that the value assigned is significantly lower than for other projects



on an implied value basis. While exploration has resulted in significant success to date at Browns Range, little exploration has been completed across the broader tenement package. The implied value then reflects the early stage exploration status of the project tenements outside of the core mining lease.

3.4 John Galt

3.4.1 Introduction

The John Galt Project is situated in the East Kimberley region of Western Australia, approximately 200km south of Kununurra (28km south of Warmun) and 35km from the Great Northern Highway. The project comprises granted tenements E80/4298, E80/4671 and E80/4779 and E80/4967 which is under application. The project covers a combined area of over 200km² (

Figure 5).

Northern Minerals has exercised an option agreement with private company, Arnhem Resources Pty Ltd, providing the exclusive right to purchase a 100% interest in E80/4298, within which the John Galt Main Zone Heavy Rare Earth (HRE) prospect is located.



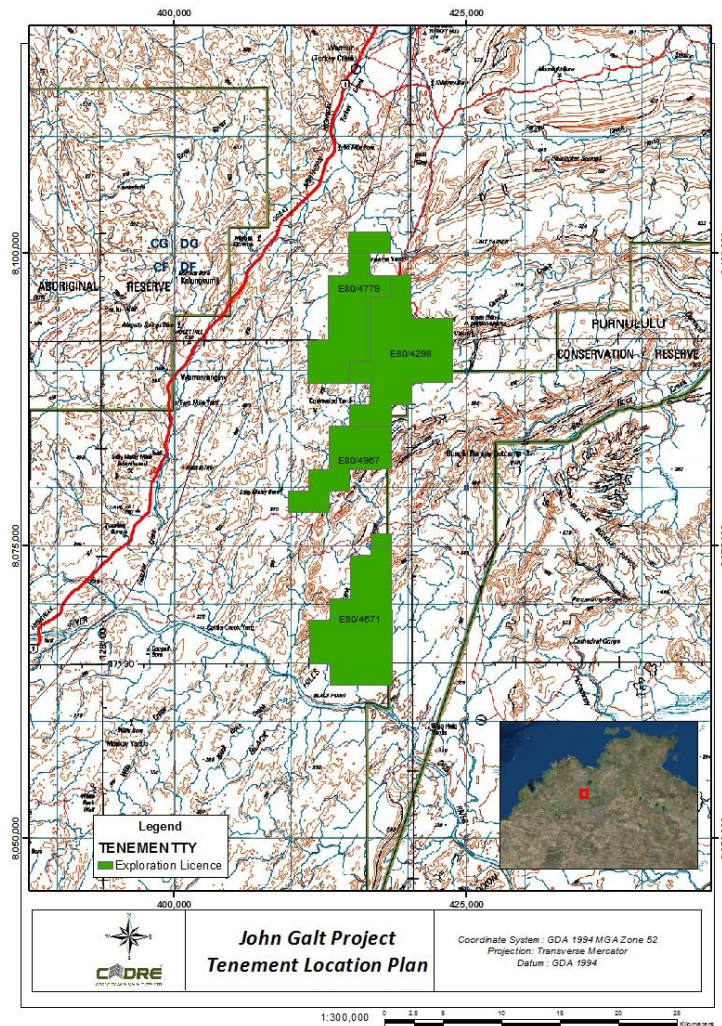


Figure 5 – John Galt project location plan

The tenements held by Northern Minerals were granted in August 2013 and July 2014 for E80/4671 and E80/4779 respectively. The tenement E80/4298 was granted to Arnhem Resources December 2010. The tenements have been various explored since the 1970's for base metals, gold, uranium and rare earths.

3.4.2 Geology and Mineralisation

The tenements forming the John Galt project are located within the geological setting of the Halls Creek Orogen (HCO). The HCO is a complex Palaeoproterozoic terrain comprising low to high grade metasedimentary and metavolcanic rocks, and voluminous granitic, mafic and mafic-ultramafic intrusions. The HCO is a well-exposed north-northeast trending orogenic belt approximately 120km long by 45km wide. The package as a whole is termed the Lamboo Complex.



The John Galt project area is characterised by a succession of Proterozoic sediments known as the Red Rock Beds; a sedimentary sequence comprised of quartzites, quartz conglomerates, arkoses, and red siltstones. This formation which unconformably overlies the basement rocks of the Olympio Formation has been intruded by the Fish Hole Dolerite, comprised of epidotised basalts and dolerites.

At the John Galt prospect the Red Rock Beds outcrop as a wedge between two major regional faults; the Halls Creek Fault trending NNE, and the Osmond Fault trending NE adjacent to the Halls Creek Fault then veers ENE.

The East Kimberley Halls Creek Orogen is widely regarded as having excellent potential for magmatic Ni-Cu sulphide and PGE mineralisation, and Hoatson and Blake (Hoatson, 2000) considers it one of the most extensively mineralised igneous associations in Australia. Hoatson also recognised broad similarities between the HCO intrusions and the major mineralised layered intrusions at Sudbury, the Bushveld Complex and the Stillwater Complex.

Mineralisation observed at the John Galt prospect is located close to the junction of the Halls Creek and Osmond faults, and has resulted in a complicated structural pattern. Mineralisation is present as quartz veins within a quartz sandstone unit of Red Rock Beds containing xenotime, and is commonly present as massive aggregates (1mm to 2cm in diameter) of finely granular material on the margin of quartz veins and as “rafts” within such veins (Reisgys, Annual Report, May 1991-1992, Mining Lease M80/40, East Kimberley, Western Australia (WAMEX A36426), 1992).

Mineralised veins range from moderate to steeply dipping, and are sharply defined and controlled by joints and fractures. The mineralisation can be observed in three dimensions and has been outlined over a length of 60 metres, width of 34 metres and height/depth of 100 metres (Reisgys, 1987).

3.4.3 Previous Exploration

The John Galt prospect was first discovered in May 1971 during an extensive radiometric survey conducted by the joint venture between Metals Mineure Ltd and Uranerzbergbau GmbH & Co. K. G.. This survey was followed by a field investigation in 1972 consisting of radiometric surveying, geological mapping, and systematic sampling of the mineralisation from rock chips, channels, and bulk sampling of trenches located at the top and bottom of the mineralised cliff.

Results of the surface sampling completed were used to extrapolate a potential grade and volume of mineralisation within the platform. This resulted in the reporting of 382,000 tonnes (S.G. of 2.5) averaging 7.96% TREO¹. The surface sampling also identified two other mineralised veins along the John Galt Ridge. The first located approximately 500m further to the NNE and extending approximately 140m (the Gadolin prospect). Samples collected assayed between 4.5% and 17.9% TREO, with a high Europium content. The second located another 700m to the NNE (the Ytterby prospect) which returned assays of 6% TREO.

¹ The tonnage and grade reported does not comply with the requirements of JORC 2012 and as such is presented as an historical estimate only



In 1973 a core drilling program was completed consisting of eight short holes, and one deep hole from two drill sites located at the top of the John Galt Ridge, for a total of approximately 500m. All holes intersected one or more mineralised sections with the results used, together with previous surface sampling, to infer a resource for the John Galt area resulting in the reporting of 52,300 tonnes at average grade of 0.41% TREO.

Subsequent to the drilling program mineralogical and metallurgical assessments were carried out on samples obtained. Four drums of material were supplied to Amdel with various origins and grade. Results of the testwork suggested that both coarse and fine gravity methods are applicable to the ore.

In the period from 2011 to 2015 Northern Minerals have completed soil and rock chip sampling programs in the John Galt area, together with a series of Niton surveys. Details of the number of samples collected by year are presented in Table 10, while a plan showing the location of the samples relative to the tenements is presented in

Figure 6.

Sample Type	2010	2011	2012	2013	2014	2015	Total
Niton	-	-	1	-	648	-	649
Rock Chip	6	46	23	37	4	111	227
Soil	-	-	636	-	101	-	737
Stream	-	-	-	-	7	-	7
Total	6	46	660	37	760	111	1,620

Table 10 - Summary of John Galt surface sampling

During 2015, channel sampling over outcropping mineralisation at the Main Zone prospect served to confirm high grades, with 70 of the 111 samples taken returning values greater than 0.15% TREO.

These sampling programs have returned results with elevated grades across a range of elements including Niton results in excess of 10% Yttrium, and rock chip results returning greater than 2% Dy₂O₃, and others in excess of 5% Cu. They indicate the broad potential of the John Galt area.



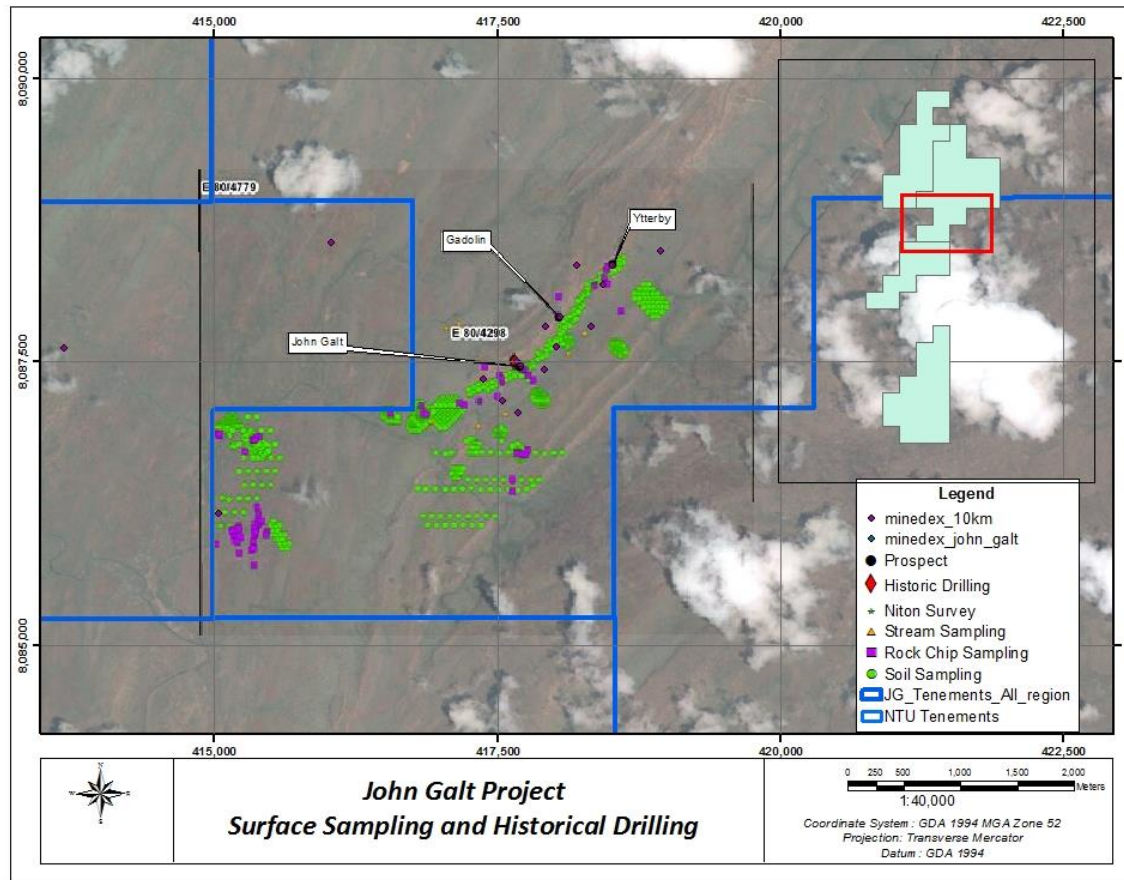


Figure 6 – John Galt surface sampling and historical drilling



3.4.4 Project Valuation

In assessing the market value of the John Galt project, Cadre has considered the exploration potential of the property including:

- ✦ Work completed to date at the John Galt project has identified the presence of xenotime mineralisation at both the surface and in drill holes along and within the John Galt ridge.
- ✦ Surface sampling programs conducted by Northern Minerals have returned numerous elevated concentrations across a range of elements including rare earths and copper.
- ✦ Historical estimates of the rare earth mineralisation indicate sub-economic grades, however with numerous very high grade TREO results.
- ✦ Numerous historical mineral occurrences for REE, uranium, copper and zinc are located within the John Galt project tenements, while approximately 60 mineral occurrences exist within 10 kilometres of the John Galt project tenements.
- ✦ Additional mineralised veins identified along the strike of the John Galt ridge which remain to be tested at depth.
- ✦ Regional prospectivity for graphite in light of recent work by Sayona Mining at their adjoining Corkwood project.

Following consideration of the available data and the exploration potential, Cadre's estimate of the market value of the John Galt project is presented in

Table 11. This value includes a market factor reflecting a 20% discount to the technical value.

Tenement	Area (km ²)	Interest	BAC	Preferred (A\$)	Low (A\$)	High (A\$)
E80/4671	62	100%	\$22,010	\$26,412	12,326	79,236
E80/4779	49	100%	\$17,395	\$41,748	14,612	156,555
E80/4298	65	100%	\$23,075	\$415,350	103,838	996,840
E80/4967	33	100%	\$9,372	\$11,246	5,248	33,739
Total	209			\$494,756	\$136,023	\$1,266,370
Implied value (\$/km²)				\$2,367	\$651	\$6,059

Table 11 – John Galt project valuation

3.5 Gardiner – Tanami

3.5.1 Introduction

The Gardiner-Tanami Project is located in the Granites-Tanami region approximately 600km north-west of Alice Springs, along the Western Australia (WA) and Northern Territory (NT) border. Access to the project from Alice Springs can be made via the Tanami Road for approximately 600km. The Tanami Road passes along the southern margin of the projects between the Tanami Mine and the WA/NT



border. From the Tanami Road, cleared lines, old exploration tracks and the 'old' Tanami Track pass through the project area.

The project comprises 17 granted tenements, one of which is currently being acquired from Toro Energy Ltd, covering a combined area of approximately 4,130km² (

Figure 7).

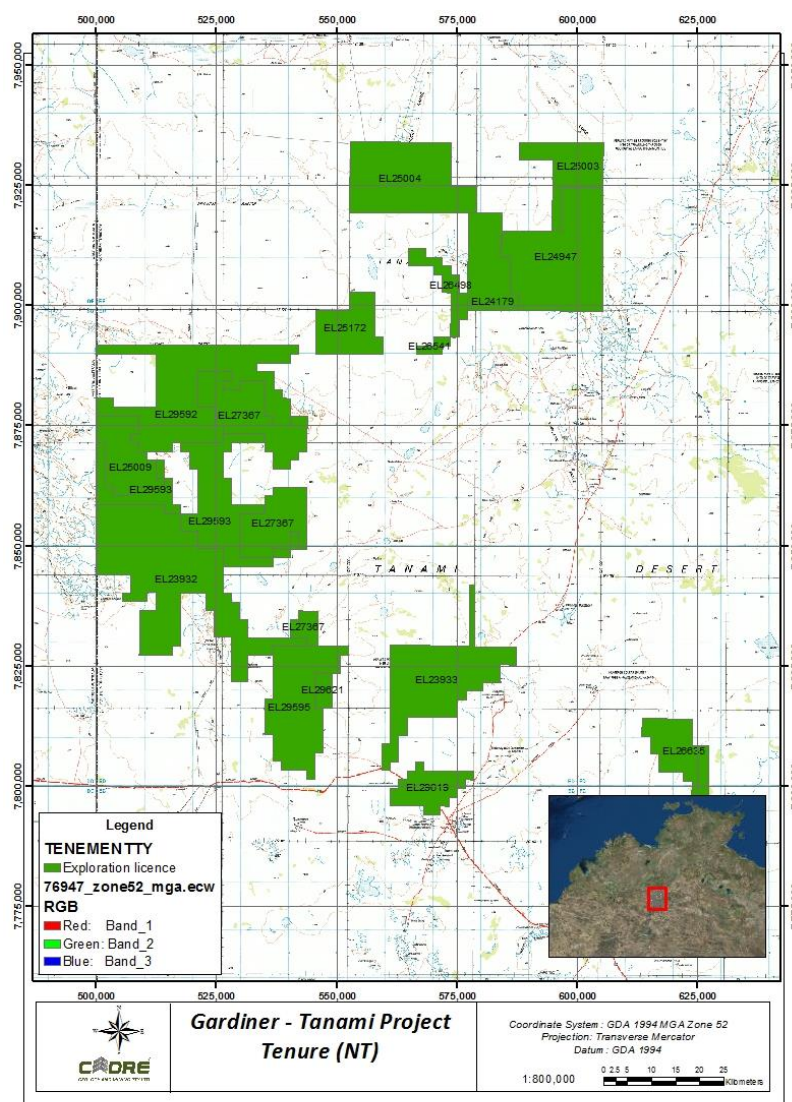


Figure 7 – Gardiner-Tanami tenement location plan

3.5.2 Geology and Mineralisation

The Gardiner-Tanami Project area covers the highly deformed Lower Proterozoic Tanami Group and Lower-Mid Proterozoic metasedimentary sequences of the Birrindudu- Victoria Basins. The Killi Killi beds are part of the Lower Proterozoic Tanami Group, and consist of steeply dipping, strongly folded and foliated greywacke, lithic arenite, siltstone and mudstone with some interbedded quartzite, chert, basalt and felsic volcanics. This sequence has been intruded by Early Proterozoic granite, granodiorite and pegmatitic granitoids, such as the Slatey Creek Granite to the southwest of the Gardiner Range.

Within the project areas, the Killi Killi beds are unconformably overlain by the Middle Proterozoic Gardiner Range Sandstone, the lower member of the Birrindudu Group. It is this unconformity that is considered prospective for uranium mineralisation. The Gardiner Range Sandstone is a flat-lying sequence of sandstones and grits, with a basal conglomerate which passes upwards into a series of feldspathic sandstones and grits. The lower sandstone unit is overlain by a series of marls, siltstones and shales, which in turn is overlain by a sequence of flaggy sandstones and grits. The Gardiner Range Sandstone is estimated to be between 150-200 m thick within the project area, with dips of less than 15 degrees.

Large portions of the project area, particularly those underlain by Lower Proterozoic rocks are covered by surficial deposits including alluvium and Aeolian sand. The plateau areas which are underlain by the Gardiner Sandstone are frequently capped by a silcrete layer of variable thicknesses. These areas may have hindered exploration in the past by masking potential zones of mineralisation.

Recent geological studies investigating potential models for rare earth mineralisation has highlighted the importance of the Birrindudu Basin, represented in the Gardiner Range and Browns Range area by the Gardiner Sandstone, as an important component in the formation of heavy rare earth deposits (Meter, 2014).

3.5.3 Previous Exploration

Interest in the mineral potential of the area was first focused on base metals and uranium. The first record of commercial exploration in the Northern Territory Geological Surveys Mineral Industry Report Management System (IRMS) is in the late 1960's by Anaconda Australia. Throughout much of the 1970's the area attracted the attention of a small number of uranium explorers. During the 1980's the focus switched to gold, and by the 1990's only one company is recorded as exploring for uranium in the area (Wilson, 2010).

With the discovery of xenotime mineralisation in the Browns Range area, Northern Minerals have more recently focussed on the rare earth mineralisation potential of the Gardiner-Tanami area. A limited number of rock chip samples have been collected in the project area however the majority are located in areas of relinquished tenure.

3.5.4 Project Valuation

In assessing the potential market value of the Gardiner-Tanami project, Cadre has considered the exploration potential of the property including:

- A large tenement holding in a relatively underexplored location.
- Previous exploration has focused on the uranium mineralisation potential, with a more recent focus on gold.
- Preliminary assessment of historical reports did not identify any significant uranium occurrences.
- Review of the Northern Territory Geological Survey mineral database indicates the presence of isolated gold occurrences within some tenements (see Figure 8).
- The tenements hold rocks analogous to the Browns Range area which host xenotime mineralisation, with little historical exploration focussing on the potential for rare earth mineralisation.
- A total of eleven tenements are under application, as such a discount has been applied to the tenement BAC.

Following consideration of the available data and the exploration potential, Cadre's estimate of the market value of the Gardiner-Tanami project is presented in

Table 11. This value includes a market factor reflecting a 20% discount to the technical value.

Tenement	Area (km ²)	Interest	BAC	Preferred (A\$)	Low (A\$)	High (A\$)
EL26635	138.9	Purchasing 100%	\$25,000	\$21,002	\$15,001	\$30,002
EL23932	612.3	100%	\$220,428	\$213,396	\$149,378	\$320,095
EL25009	142.6	100%	\$51,340	\$41,069	\$28,748	\$61,603
EL26498	132.9	100%	\$47,840	\$26,793	\$19,138	\$38,275
EL26541	32.5	100%	\$11,690	\$9,348	\$6,544	\$14,023
EL27367	552.6	100%	\$198,940	\$159,155	\$111,408	\$238,732
EL29592	687.4	100%	\$247,480	\$197,980	\$138,586	\$296,970
EL29593	651.3	100%	\$234,450	\$187,563	\$131,294	\$281,344
EL29595	591.5	100%	\$212,940	\$119,244	\$85,175	\$170,349
EL23933	348.9	100%	\$94,200	\$52,754	\$37,681	\$75,362
EL24179	169	100%	\$45,630	\$36,504	\$25,553	\$54,756
EL24947	406	100%	\$109,620	\$87,696	\$61,387	\$131,544
EL25003	140	100%	\$37,800	\$30,240	\$21,168	\$45,360
EL25004	341.5	100%	\$92,200	\$73,764	\$51,635	\$110,646



EL25172	135	100%	\$36,450	\$20,412	\$14,580	\$29,160
EL29619	109.8	100%	\$29,650	\$124,513	\$62,257	\$249,026
EL29621	25.9	100%	\$6,980	\$5,588	\$3,912	\$8,382
Total	5218.1			\$1,407,021	\$963,443	\$2,155,630
Implied value (\$/km ²)				\$263	\$180	\$403

Table 12 – Gardiner-Tanami project valuation

Review of the implied preferred market value against other tenement packages and recent rare earth tenement transactions suggests that the value assigned is significantly lower than other projects. This reflects the very early stage exploration status of the project, with little ground assessment completed to date.



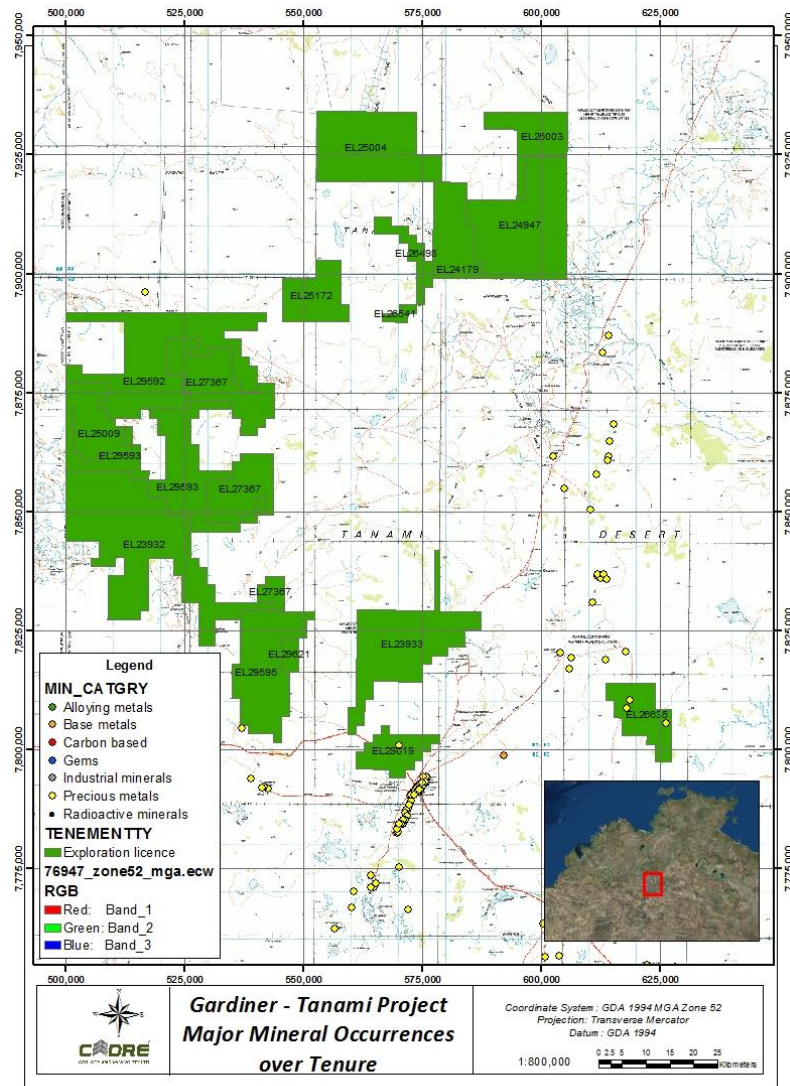


Figure 8 - Gardiner-Tanami tenements and mineral occurrences

3.6 Boulder Ridge

3.6.1 Introduction

Boulder Ridge is located on a 100% NTU owned tenement (EL29594) in the Tanami region of the Northern Territory, about 100km south east of the Browns Range Project. It is part of a tenement package which includes most of the eastern section of the Browns Range Dome, and extends southward toward the Tanami Gold mine. The tenements are contiguous with the Browns Range HRE project tenements.



3.6.2 Geology and Mineralisation

See section 3.5.2

3.6.3 Previous Exploration

Historical exploration activity at Boulder Ridge from the 1970s and 1980s has identified high grades of total rare earth oxides (TREO) from rock chip samples. The samples indicate xenotime mineralisation within quartz veins hosted by silicified and brecciated sandstone.

Northern Minerals' first pass reconnaissance geological mapping and rock chip sampling was completed at Boulder Ridge in September 2013. Target areas for on-ground follow-up were identified from a review of historical exploration data, plus an interpretation of the area based on airborne geophysical survey data. The rock chip sampling program was not systematic over the area, but was selective in nature, in order to obtain an indication of mineralisation.

The results of the rock chip sampling included some outstanding, high-grade assay results of greater than 12% TREO. They also featured a dominance of heavy rare earths (HREs), with up to 99% of the Total Rare Earth Oxide (TREO) being high value HRE. Of the 19 samples collected from the prospect, 17 had a TREO grade above 1% including up to 1.15% dysprosium oxide, with xenotime mineralisation observed in several places. Soil sampling, further rock chip sampling and portable XRF surveys have subsequently been completed, which have confirmed the high-grade nature of the HRE mineralisation. In addition a high-resolution airborne magnetics and radiometrics survey has been completed which has highlighted further targets for on-ground follow-up.

3.6.4 Project Valuation

In assessing the potential market value of the Boulder Ridge project, Cadre has considered the exploration potential of the property including:

- A large tenement holding in a relatively underexplored location.
- Existing high grade TREO occurrences.
- The tenements host rocks analogous to the Browns Range area which contain xenotime mineralisation, with little historical exploration focussing on the potential for rare earth mineralisation.
- Certain tenements remain un-granted.

Tenement	Area (km ²)	Interest	BAC	Preferred (A\$)	Low (A\$)	High (A\$)
EL28868	102.7	100%	\$27,729	\$10,352	\$7,394	\$14,789
EL24177	402.0	100%	\$144,720	\$115,776	\$81,043	\$173,664
EL29594	281.0	100%	\$101,174	\$121,409	\$56,658	\$364,228
EL30132	144.0	100%	\$38,880	\$14,515	\$10,368	\$31,104
EL25171	113.2	100%	\$40,752	\$32,602	\$22,821	\$73,354
EL27590	54.9	Purchasing 100%	\$9,886	\$7,908	\$5,536	\$17,794
EL24849	32.0	100%	\$8,640	\$4,608	\$3,226	\$10,368
EL24935	87.0	100%	\$23,490	\$12,528	\$8,770	\$28,188
Total	1216.9			\$319,699	\$195,816	\$713,488



Implied value (\$/km ²)	\$263	\$161	\$586
-------------------------------------	-------	-------	-------

Table 13 – Boulder Ridge project valuation

3.7 Rabbit Flats

3.7.1 Introduction

The Rabbit Flats Project is located in the Granites-Tanami region of the Northern Territory, approximately 450 kilometres west of Tennant Creek, and approximately 50 kilometres north of the historic Granites Gold Mine (

Figure 9). Access to the project from Alice Springs can be made via the Tanami Road for approximately 600km. The Tanami Road passes directly through the Rabbit Flat tenements.

The project comprises 5 exploration tenements, all of which are currently subject to a moratorium on exploration activities. The tenements cover an area of approximately 780km².



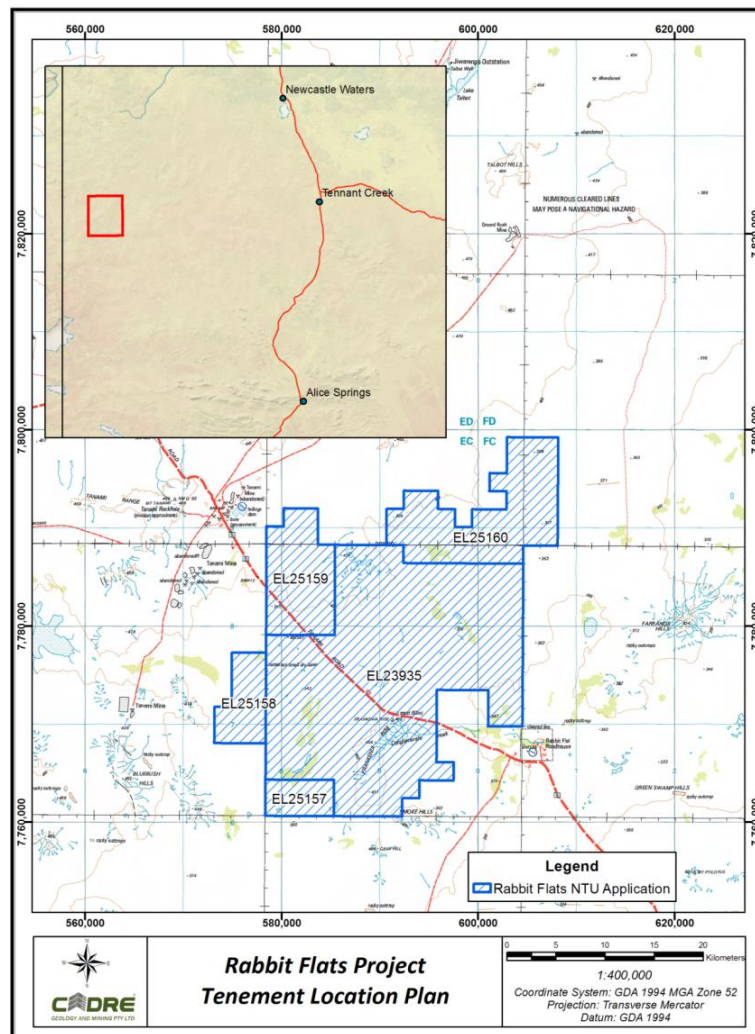


Figure 9 – Rabbit Flats tenement location plan

3.7.2 Geology and Mineralisation

The Granites-Tanami Goldfield lies in the eastern part of the Early Proterozoic Granites-Tanami Inlier which is part of the Northern Australian Orogenic Province. The Inlier abuts the Arunta Complex to the south and east and is overlapped by younger cover sequences including the extensive Paleozoic Wiso Basin on the north eastern margin. To the west, clastic sediments of the Middle Proterozoic Birrindudu Basin overlie and separate the Inlier from similar age rocks in the Halls Creek Province.

Large plutons of mostly undeformed late-to post-orogenic adamellite and minor, more mafic variants comprising The Granites Granite suite are widespread throughout the area. Residual hills of gently folded Carpentarian Gardiner Sandstone unconformably overlie Early Proterozoic lithologies. Younger



flat-lying Cambrian Antrim Plateau Basalts are also preserved as platform cover in areas protected from erosion.

Tertiary drainage channels, now completely filled with alluvial and lacustrine clays and calcrete are a major feature of the region. Some drainage profiles are 10 km wide and 100m deep, making exploration for mineral resources in such areas particularly difficult.

Most known gold mineralisation in the area is hosted by the Tanami Complex, a sequence of fine to medium-grained turbiditic metagreywackes with lesser amounts of metapelite, graphitic schist, banded iron formation, chert and basic volcanic rocks. Owing to their more resistant nature, only the cherts and iron-formations and associated interbedded graphitic schists tend to outcrop above the sand plain. A suite of syn-to post-deformation dolerites and gabbros have intruded into the graphitic schist components of the sequence.

3.7.3 Previous Exploration

Gold mineralisation was discovered by Davidson in 1900 at a number of sites within the Tanami region. In subsequent years, The Granites prospect was worked intermittently up to about the 1960's. The only reported exploration during this time involved limited programs of diamond drilling around The Granites deposits carried out by Anglo Queensland Mining Pty. Ltd. during the 1940's and by Northern Mining Development NL in the early 1950's. During the late 1960's and early 1970's Geopeko Ltd. carried out regional exploration including several diamond drill holes apparently targeted on major aeromagnetic anomalies throughout the region. At least three of the holes were located at The Granites, and while mineralisation was encountered it was not considered sufficient to warrant further work. Also in the early 1970's the Bureau of Mineral Resources mapped The Granites sheet area at 1:250,000 scale.

In 1983 Normandy NFM Ltd commenced a detailed exploration program that ultimately led to the development and commissioning of The Granites Gold Mine. Within a year of granting the first four exploration licences in 1988, comprehensive regional airborne geophysical, reconnaissance mapping, geochemical sampling and vacuum drilling programs commenced.

This initial exploration led to the identification of two mineralised areas (Dead Bullock Soak and Lennard's Ridge) where work was concentrated for the remainder of that year. No encouraging mineralisation was located at Lennard's Ridge; however, at DBS economic grades of gold were intersected in several reverse circulation drill holes in October/November, 1988.

3.7.4 Project Valuation

In assessing the potential market value of the Rabbit Flats project, Cadre has considered the exploration potential of the property including:

- Recognition of the current and historical gold production a large number of identified gold occurrences in relative proximity to the tenements (Figure 10).
- Little modern exploration techniques have been applied given the moratorium in place.



- Significant proportions of the tenements are under surficial cover, obscuring geological features and indicators.
- The entire Rabbit Flats tenement package is under a moratorium preventing exploration activities.

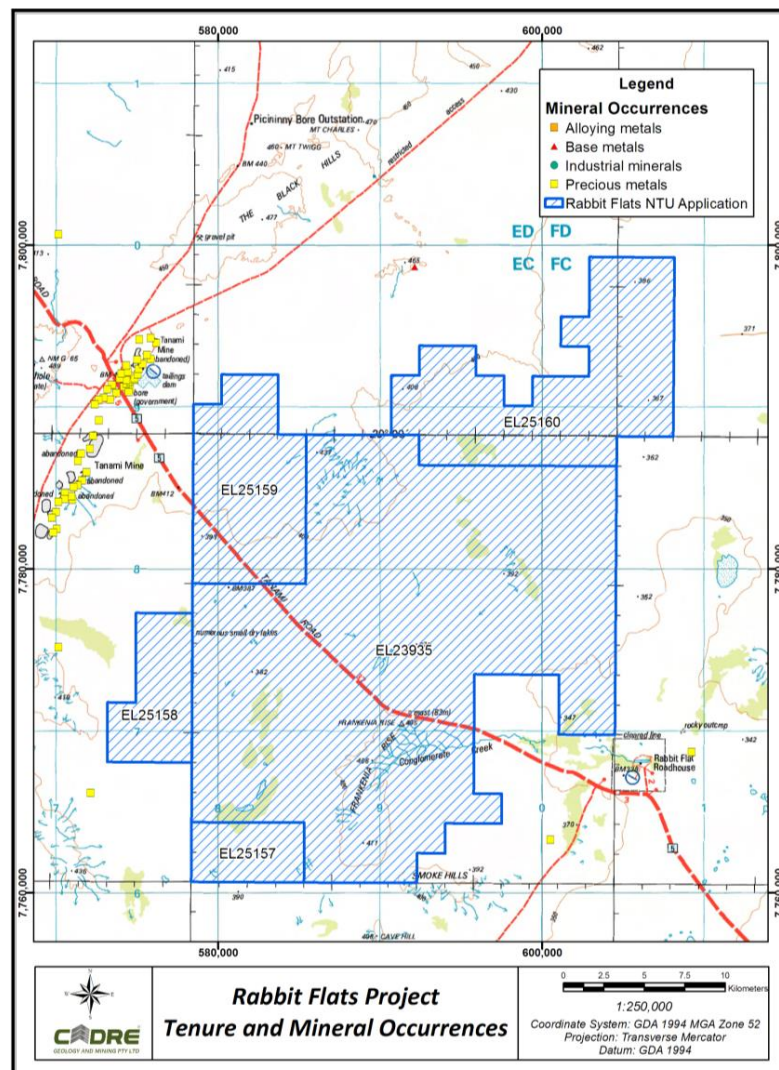


Figure 10 - Rabbit Flats tenure showing proximal mineral occurrences

Following consideration of the available data and the exploration potential, Cadre's estimate of the market value of the Rabbit Flats project is presented in Table 14. No discount has been applied to the technical factor in line with the consideration of the current market for gold assets.



Tenement	Area (km ²)	Interest	BAC	Preferred (A\$)	Low (A\$)	High (A\$)
EL25157	25.8	100%	\$6,961	\$12,180	\$6,960	\$19,490
EL25158	38.7	100%	\$10,446	\$18,280	\$10,450	\$29,250
EL25159	80.7	100%	\$21,781	\$38,120	\$21,780	\$60,990
EL25160	132.4	100%	\$35,748	\$62,560	\$35,750	\$100,090
EL23935	506.2	100%	\$136,674	\$239,180	\$136,670	\$382,690
Total	783.8			\$370,320	\$211,610	\$592,510
Implied value (\$/km ²)				\$473	\$270	\$756

Table 14 – Rabbit Flats project valuation

Review of market transactions completed for a range of early stage gold projects returns implied values in the range of \$200/km² to \$22,600/km². The implied value assigned to the Rabbit Flats project is at the lower end of this range, reflecting the lack of identified targets, and the potential insecurity around gaining access to complete exploration activities on the tenements.

3.8 Kurundi

3.8.1 Introduction

Kurundi is located approximately 110km southeast of Tennant Creek in the Northern Territory and is centred on the Mosquito Creek Tungsten Field. Tungsten, associated with the Hill of Leaders granite intrusive body, has been won from the area since 1950s. Access to Tennant Creek is best via the Stuart Highway via a six hour drive from Alice Springs. The turnoff onto Kurundi Station is approximately 80km south of Tennant Creek. From here, the project area is 70km east along station tracks.

The project comprises one granted exploration tenement (EL29616), which is held by Horn Resources Pty Ltd, with Northern Minerals listed as maintaining all rare earth rights. The tenement covers an area of approximately 188km².





Figure 11 – Kurundi project tenement location plan

3.8.2 Geology and Mineralisation

The Kurundi project area is located along the eastern margin of the Tennant Creek Inlier. This is an intensely folded, early Proterozoic intra-cratonic basin succession of mainly sedimentary rocks, intruded by younger granitoids. The Tennant Creek Inlier forms a north-northwesterly belt some 700km in length, centred on the town of Tennant Creek and comprises Paleoproterozoic sediments of the Warramunga Group, the Hatches Creek Group, and the Tomkinson Creek Beds. The Warramunga Group consists of a sequence of argillaceous sedimentary rock including siliceous greywacke, siltstone and shale. Quartz-feldspar porphyry lenses occur as cross-cutting and conformable units within the sedimentary sequences. The Warramunga Group has been the subject of at least three deformational episodes. Apart from the south-western part of the Project, which is centred on the Kurundi Anticline, the bedrock geology is largely masked by quaternary soil cover (Dalla-Costa, 2014).

Based on regional mapping, regional aeromagnetic data, and limited outcrop, the Northern Territory Geological Survey has interpreted the presence of a south east extension of the Tennant Creek

Warramunga Group into the Bonney Well and Frew River areas. This rock sequence presents a primary exploration target. Tungsten mineralisation, as both wolframite and scheelite, occurs at several locations regionally. At the Mosquito Creek deposits the tungsten mineralisation is associated with poorly exposed greisen and quartz veins in the topographic “shadows” of outcrops of unaltered granite. From NTGS regional mapping and airborne geophysical surveys there are extensive areas of granitic bedrock masked by comparatively thin Quaternary deposits (Dalla-Costa, 2014).

3.8.3 Previous Exploration

The Mosquito Creek Tungsten field was discovered in 1951 and abandoned in 1956 after producing 2.5 tonnes of WO₃ concentrate from 150 tonnes of ore. The mine workings comprise shallow trenches and costeans, usually less than two metres deep.

In 1993 Normandy Gold Limited completed a program of aeromagnetic structural interpretation, lineament interpretation on aerial photography, and regional reconnaissance rock chip sampling. Results of this work identified the presence of gold mineralised quartz veins. At the same time, Eden Creek Pty Ltd carried out an extensive program of gridding, ground magnetic surveys, soil and vacuum bedrock geochemical surveys, rock sampling and geological mapping. It was concluded that the licence covered areas of Proterozoic-aged Warramunga Group or its lateral equivalents. These units are considered prospective for gold-copper-bismuth and/or base metals mineralisation.

In 1994 to 1995, North Star Resources NL completed preliminary identification and ground follow up of magnetic targets based on Tennant Creek gold and copper deposits. At Tennant Creek, gold occurs with iron and copper sulphides in magnetic or hematite rich lodes with or without quartz. The mineralised zones are hosted with chlorite alteration envelopes in shears within the Warramunga Group sedimentary rocks. This distribution suggests an association with major regional scale structures.

Evaluation of the tungsten mineralisation by Washington Resources Limited (WRL) in 2004-2008 was focussed on gaining a better understanding of the tungsten mineralisation associated with the Hill of Leaders Granite. Exploration consisted of aircore drilling, rock chip and termite mound sampling, airborne geophysics, and geological mapping. The aircore drill program in the Hill of Leaders area intersected significant tungsten grades beneath alluvium up to several hundred metres from the historic mines. Elsewhere within the licence anomalous tungsten grades in weathered bedrock were located up to 4.5km north westerly and 17km south easterly, respectively for the Hill of Leaders.

Northern Minerals provided Cadre with a drill database for the Kurundi project; however review of the collar locations indicated that they existed outside of the current tenement. Investigation of the recorded mineral occurrences in the project and immediate surrounds identified a number of sites indicating the presence of gold, tungsten, copper, and uranium (Figure 12).

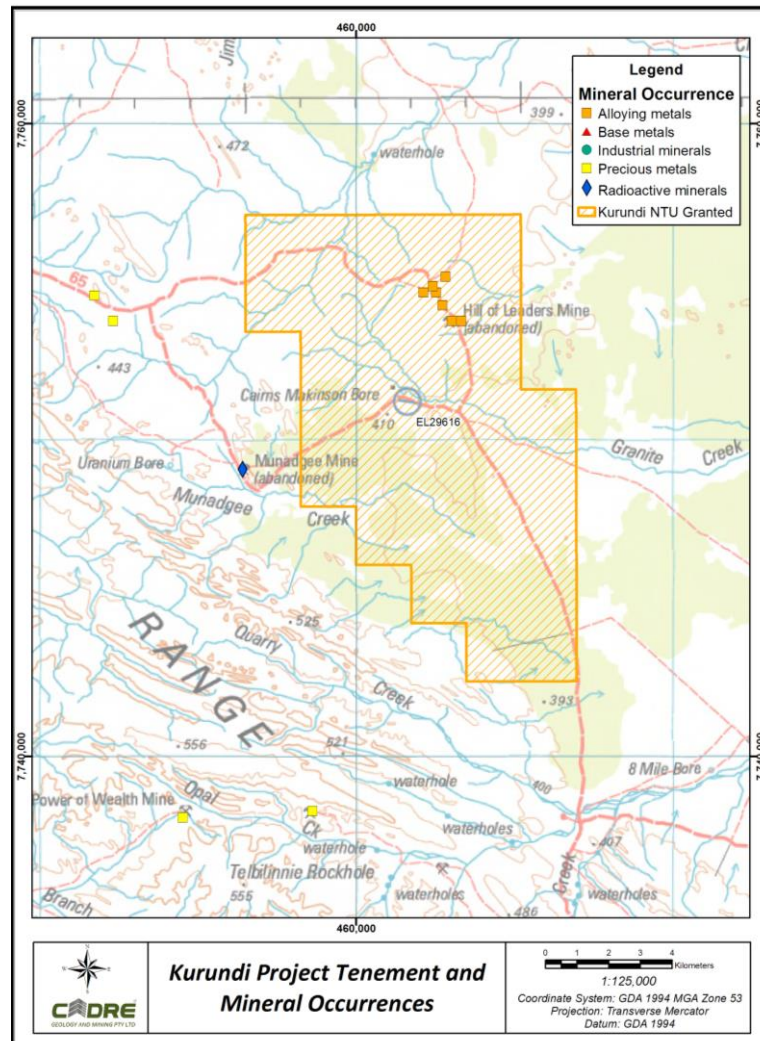


Figure 12 - Kurundi project mineral occurrences

3.8.4 Kurundi Valuation

In assessing the potential market value of the Kurundi project, Cadre has considered the exploration potential of the property including:

- Northern Minerals interest in the tenement is limited to rare earth mineral rights.
- The tenement covers the Mosquito Creek Tungsten field.
- Uranium mineralisation is identified approximately two kilometres west of the tenement boundary.
- Significant proportions of the tenement are under surficial cover, obscuring geological features and indicators.



Following consideration of the available data and the exploration potential, Cadre's estimate of the market value of the Kurundi project is presented in Table 15. This value includes a market factor reflecting a 20% discount to the technical value.

Tenement	Area (km ²)	Interest	BAC	Preferred (A\$)	Low (A\$)	High (A\$)
EL29616	188	100% (REE rights only)	\$67,680	\$40,610	\$27,070	\$113,700
Implied value (\$/km ²)				\$216	\$144	\$605

Table 15 – Kurundi project valuation



4 References

- Dalla-Costa, D. B. (2014). *2014 Final Surrender Report for Exploration Licence 29004*. Tungsten Mining NL.
- Helm, S. e. (2008). *Independent Valuation of the Mineral Assets of Jupiter Mines Ltd*. Perth: Snowden.
- Hoatson, D. B. (2000). Geology and economic potential of the Palaeoproterozoic layered mafic-ultramafic intrusions in the East Kimberley, Western Australia. *Australian Geological Survey Organisation, Bulletin 242*, 319p.
- Lynas Corporation. (2015). *What are Their Prices?* Retrieved March 5, 2015, from Lynas Corporation Ltd: www.lynascorp.com
- Meter, L. (2014). *Partial Surrender Report, Gardiner-Tanami Project*. Northern Minerals Limited.
- Millward, S. (2010). *Combined Annual Report, C161/2009 - Yarawindah Project*. Perth: Washington Resources Limited.
- Reisgys, L. (1987). *John Galt Xenotime Deposit, Mining Lease 80/40, Kimberley, Western Australia, Summary of Previous Work (WAMEX A 20907)*.
- Reisgys, L. (1992). *Annual Report, May 1991-1992, Mining Lease M80/40, East Kimberley, Western Australia (WAMEX A36426)*. REO Corporation Limited.
- Wilson, R. (2010). *Combined Partial Relinquishment for period ending 10 February 2010, Tanami Granites Project*. Afmeco Mining and Exploration.
- Wright, R. K. (1994). *A Review of Exploration on the Yarawindah Brook Prospect (Exploration Licence 70/1214) - Appendix One to Annual Report for Period 08/07/93 to 07/07/94 - WAMEX No. A42371*. Austmin Gold N.L.

5 Appendices

Kilburn Valuation Calculations by Project



Boulder Ridge

Base Value					
Assessment Area	Area (km2)	Grant Factor	Equity Factor	BAC (\$/sq.km)	Base Value
EL28868	102.7	0.5	1	360	18486
EL24177	402.0	1	1	360	144720
EL29594	281.0	1	1	360	101174
EL30132	144.0	0.5	1	360	25920
EL25171	113.2	1	1	360	40752
EL27590	54.9	1	0.5	360	9886
EL24849	32.0	0.5	1	360	5760
EL24935	87.0	0.5	1	360	15660
	1216.9				\$ 362,358

Prospectivity Index

Assessment Area	Preferred				
	Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
EL28868	1	1	1	0.7	0.7
EL24177	1	1	1	1	1
EL29594	1	1	1.5	1	1.5
EL30132	1	1	1	0.7	0.7
EL25171	1	1	1	1	1
EL27590	1	1	1	1	1
EL24849	1	1	1	1	1
EL24935	1	1	1	1	1

Low

Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
1	1	1	0.5	0.5
1	1	1	0.7	0.7
1	1	1	0.7	0.7
1	1	1	0.5	0.5
1	1	1	0.7	0.7
1	1	1	0.7	0.7
1	1	1	0.7	0.7
1	1	1	0.7	0.7

High

Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
1	1	1	1	1
1	1	1	1.5	1.5
1.5	1	2	1.5	4.5
1.5	1	1	1	1.5
1.5	1	1	1.5	2.25
1.5	1	1	1.5	2.25
1.5	1	1	1.5	2.25
1.5	1	1	1.5	2.25

Technical Value

Assessment Area	Base Value	Prospectivity Index			Technical Value (\$)		
		Preferred	Low	High	Preferred	Low	High
EL28868	\$ 18,486	0.7	0.5	1	12,940	9,243	18,486
EL24177	\$ 144,720	1	0.7	1.5	144,720	101,304	217,080
EL29594	\$ 101,174	1.5	0.7	4.5	151,762	70,822	455,285
EL30132	\$ 25,920	0.7	0.5	1.5	18,144	12,960	38,880
EL25171	\$ 40,752	1	0.7	2.25	40,752	28,526	91,692
EL27590	\$ 9,886	1	0.7	2.25	9,886	6,920	22,243
EL24849	\$ 5,760	1	0.7	2.25	5,760	4,032	12,960
EL24935	\$ 15,660	1	0.7	2.25	15,660	10,962	35,235
					399,623	244,769	891,860

Market Value

Assessment Area	Technical Value (\$)			Market Factor	Market Value (\$)		
	Preferred	Low	High		Preferred	Low	High
EL28868	12,940	9,243	18,486	0.8	10,352	7,394	14,789
EL24177	144,720	101,304	217,080	0.8	115,776	81,043	173,664
EL29594	151,762	70,822	455,285	0.8	121,409	56,658	364,228
EL30132	18,144	12,960	38,880	0.8	14,515	10,368	31,104
EL25171	40,752	28,526	91,692	0.8	32,602	22,821	73,354
EL27590	9,886	6,920	22,243	0.8	7,908	5,536	17,794
EL24849	5,760	4,032	12,960	0.8	4,608	3,226	10,368
EL24935	15,660	10,962	35,235	0.8	12,528	8,770	28,188
	399,623	244,769	891,860		319,699	195,816	713,488

263

161

586



Gardiner Tanami Base Value					
Assessment Area	Area (km ²)	Grant Factor	Equity Factor	BAC (\$/sq.km)	Base Value
EL26635	138.9	1	0.5	360	25002
EL23932	741.0	1	1	360	266746
EL25009	142.6	1	1	360	51336
EL26498	132.9	1	1	360	47844
EL26541	32.5	1	1	360	11686
EL27367	552.6	1	1	360	198943
EL29592	687.4	1	1	360	247475
EL29593	651.3	1	1	360	234454
EL29595	591.5	1	1	360	212936
EL23933	348.9	0.75	1	360	94203
EL24179	169.0	0.75	1	360	45630
EL24947	406.0	0.75	1	360	109620
EL25003	140.0	0.75	1	360	37800
EL25004	341.5	0.75	1	360	92205
EL25172	135.0	0.75	1	360	36450
EL26619	109.8	0.75	1	360	29646
EL29621	25.9	0.75	1	360	6985
	5346.7				\$ 1,748,960

Prospectivity Index Preferred					
Assessment Area	Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
EL26635	1	1.5	1	0.7	1.05
EL23932	1	1	1	1	1
EL25009	1	1	1	1	1
EL26498	1	1	1	0.7	0.7
EL26541	1	1	1	1	1
EL27367	1	1	1	1	1
EL29592	1	1	1	1	1
EL29593	1	1	1	1	1
EL29595	1	1	1	0.7	0.7
EL23933	1	1	1	0.7	0.7
EL24179	1	1	1	1	1
EL24947	1	1	1	1	1
EL25003	1	1	1	1	1
EL25004	1	1	1	1	1
EL25172	1	1	1	0.7	0.7
EL26619	3.5	1.5	1	1	5.25
EL29621	1	1	1	1	1

Low					
Assessment Area	Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
EL26635	1	1.5	1	0.5	0.75
EL23932	1	1	1	0.7	0.7
EL25009	1	1	1	0.7	0.7
EL26498	1	1	1	0.5	0.5
EL26541	1	1	1	0.7	0.7
EL27367	1	1	1	0.7	0.7
EL29592	1	1	1	0.7	0.7
EL29593	1	1	1	0.7	0.7
EL29595	1	1	1	0.5	0.5
EL23933	1	1	1	0.5	0.5
EL24179	1	1	1	0.7	0.7
EL24947	1	1	1	0.7	0.7
EL25003	1	1	1	0.7	0.7
EL25004	1	1	1	0.7	0.7
EL25172	1	1	1	0.5	0.5
EL26619	2.5	1.5	1	0.7	2.625
EL29621	1	1	1	0.7	0.7

High					
Assessment Area	Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
EL26635	1	1.5	1	1	1.5
EL23932	1	1	1	1	1.5
EL25009	1	1	1	1	1.5
EL26498	1	1	1	1	1
EL26541	1	1	1	1	1.5
EL27367	1	1	1	1	1.5
EL29592	1	1	1	1	1.5
EL29593	1	1	1	1	1.5
EL29595	1	1	1	1	1
EL23933	1	1	1	1	1
EL24179	1	1	1	1	1.5
EL24947	1	1	1	1	1.5
EL25003	1	1	1	1	1.5
EL25004	1	1	1	1	1
EL25172	1	1	1	1	1
EL26619	3.5	2	1	1	10.5
EL29621	1	1	1	1	1.5

Technical Value		Prospectivity Index			Technical Value (\$)		
Assessment Area	Base Value	Preferred	Low	High	Preferred	Low	High
EL26635	\$ 25,002	1.05	0.75	1.5	26,252	18,752	37,503
EL23932	\$ 266,746	1	0.7	1.5	266,746	186,722	400,118
EL25009	\$ 51,336	1	0.7	1.5	51,336	35,935	77,004
EL26498	\$ 47,844	0.7	0.5	1	33,491	23,922	47,844
EL26541	\$ 11,686	1	0.7	1.5	11,686	8,180	17,528
EL27367	\$ 198,943	1	0.7	1.5	198,943	139,260	298,415
EL29592	\$ 247,475	1	0.7	1.5	247,475	173,232	371,212
EL29593	\$ 234,454	1	0.7	1.5	234,454	164,118	351,680
EL29595	\$ 212,936	0.7	0.5	1	149,055	106,468	212,936
EL23933	\$ 94,203	0.7	0.5	1	65,942	47,102	94,203
EL24179	\$ 45,630	1	0.7	1.5	45,630	31,941	68,445
EL24947	\$ 109,620	1	0.7	1.5	109,620	76,734	164,430
EL25003	\$ 37,800	1	0.7	1.5	37,800	26,460	56,700
EL25004	\$ 92,205	1	0.7	1.5	92,205	64,544	138,308
EL25172	\$ 36,450	0.7	0.5	1	25,515	18,225	36,450
EL26619	\$ 29,646	5.25	2.625	10.5	155,642	77,821	311,283
EL29621	\$ 6,985	1	0.7	1.5	6,985	4,889	10,477
					1,758,776	1,204,304	2,694,537

Market Value		Technical Value (\$)			Market Factor	Market Value (\$)		
Assessment Area	Preferred	Low	High	Preferred		Low	High	
EL26635	26,252	18,752	37,503	0.8	21,002	15,001	30,002	
EL23932	266,746	186,722	400,118	0.8	213,396	149,378	320,095	
EL25009	51,336	35,935	77,004	0.8	41,069	28,748	61,603	
EL26498	33,491	23,922	47,844	0.8	26,793	19,138	38,275	
EL26541	11,686	8,180	17,528	0.8	9,348	6,544	14,023	
EL27367	198,943	139,260	298,415	0.8	159,155	111,408	238,732	
EL29592	247,475	173,232	371,212	0.8	197,980	138,586	296,970	
EL29593	234,454	164,118	351,680	0.8	187,569	130,674	280,949	
EL29595	149,055	106,468	212,936	0.8	119,244	85,175	170,349	
EL23933	65,942	47,102	94,203	0.8	52,754	37,681	75,362	
EL24179	45,630	31,941	68,445	0.8	36,504	25,553	54,756	
EL24947	109,620	76,734	164,430	0.8	87,696	61,387	131,544	
EL25003	37,800	26,460	56,700	0.8	30,240	21,168	45,360	
EL25004	92,205	64,544	138,308	0.8	73,764	51,635	110,646	
EL25172	36,450	25,455	56,450	0.8	29,160	20,412	40,320	
EL26619	155,642	77,821	311,283	0.8	124,513	62,257	249,026	
EL29621	6,985	4,889	10,477	0.8	5,588	3,912	8,382	
					1,407,021	963,443	2,155,630	
					1,758,776	1,204,304	2,694,537	

Core Geology and Mining Pty Ltd | ABN 36 618 781 717



John Galt

Base Value					
Assessment Area	Area (km2)	Grant Factor	Equity Factor	BAC (\$/sq.km)	Base Value
E80/4671	62.0	1	1	355	\$ 22,010
E80/4779	49.0	1	1	355	\$ 17,395
E80/4298	65.0	1	1	355	\$ 23,075
E80/4967	33.0	1	0.8	355	\$ 9,372
					\$ -
					\$ -
					\$ -
	209.0				\$ 71,852

Prospectivity Index

Preferred					
Assessment Area	Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
E80/4671	1.5	1	1	1	1.5
E80/4779	2	1.5	1	1	3
E80/4298	2	2.5	3	1.5	22.5
E80/4967	1.5	1	1	1	1.5

Low

Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
1	1	1	0.7	0.7
1.5	1	1	0.7	1.05
1.5	2.5	1.5	1	5.625
1	1	1	0.7	0.7

High

Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
2	1.5	1	1.5	4.5
2.5	2	1.5	1.5	11.25
3	3	3	2	54
2	1.5	1	1.5	4.5

Technical Value

Assessment Area	Base Value	Prospectivity Index			Technical Value (\$)		
		Preferred	Low	High	Preferred	Low	High
E80/4671	\$ 22,010	1.5	0.7	4.5	33,015	15,407	99,045
E80/4779	\$ 17,395	3	1.05	11.25	52,185	18,265	195,694
E80/4298	\$ 23,075	22.5	5.625	54	519,188	129,797	1,246,050
E80/4967	\$ 9,372	1.5	0.7	4.5	14,058	6,560	42,174
	\$ -	0	0	0	-	-	-
	\$ -	0	0	0	-	-	-
	\$ -	0	0	0	-	-	-
					618,446	170,029	1,582,963

Market Value

Assessment Area	Technical Value (\$)			Market Factor	Market Value (\$)		
	Preferred	Low	High		Preferred	Low	High
E80/4671	33,015	15,407	99,045	0.8	26,412	12,326	79,236
E80/4779	52,185	18,265	195,694	0.8	41,748	14,612	156,555
E80/4298	519,188	129,797	1,246,050	0.8	415,350	103,838	996,840
E80/4967	14,058	6,560	42,174	0.8	11,246	5,248	33,739
	-	-	-		-	-	-
	-	-	-		-	-	-
	-	-	-		-	-	-
	618,446	170,029	1,582,963		494,756	136,023	1,266,370
					2,367.26	650.83	6,059.19



Rabbit Flats Base Value					
Assessment Area	Area (km2)	Grant Factor	Equity Factor	BAC (\$/sq.km)	Base Value
EL25157	25.8	0.75	1	360	\$ 6,961
EL25158	38.7	0.75	1	360	\$ 10,446
EL25159	80.7	0.75	1	360	\$ 21,781
EL25160	132.4	0.75	1	360	\$ 35,748
EL23935	506.2	0.75	1	360	\$ 136,674
	783.7				\$ 211,610

Prospectivity Index Preferred					
Assessment Area	Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
EL25157	3.5	1	1	0.5	1.75
EL25158	3.5	1	1	0.5	1.75
EL25159	3.5	1	1	0.5	1.75
EL25160	3.5	1	1	0.5	1.75
EL23935	3.5	1	1	0.5	1.75

Low					
Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index	
2	1	1	0.5	1	
2	1	1	0.5	1	
2	1	1	0.5	1	
2	1	1	0.5	1	
2	1	1	0.5	1	

High					
Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index	
4	1	1	0.7	2.8	
4	1	1	0.7	2.8	
4	1	1	0.7	2.8	
4	1	1	0.7	2.8	
4	1	1	0.7	2.8	

Technical Value		Prospectivity Index			Technical Value (\$)		
Assessment Area	Base Value	Preferred	Low	High	Preferred	Low	High
EL25157	\$ 6,961	1.75	1	2.8	12,181	6,961	19,490
EL25158	\$ 10,446	1.75	1	2.8	18,281	10,446	29,250
EL25159	\$ 21,781	1.75	1	2.8	38,117	21,781	60,987
EL25160	\$ 35,748	1.75	1	2.8	62,559	35,748	100,094
EL23935	\$ 136,674	1.75	1	2.8	239,180	136,674	382,687
					370,317	211,610	592,507

Market Value		Technical Value (\$)			Market Factor	Market Value (\$)		
Assessment Area	Preferred	Low	High	Preferred		Low	High	
EL25157	12,181	6,961	19,490	1	12,181	6,961	19,490	
EL25158	18,281	10,446	29,250	1	18,281	10,446	29,250	
EL25159	38,117	21,781	60,987	1	38,117	21,781	60,987	
EL25160	62,559	35,748	100,094	1	62,559	35,748	100,094	
EL23935	239,180	136,674	382,687	1	239,180	136,674	382,687	
	370,317	211,610	592,507		370,317	211,610	592,507	
	\$73	\$70	\$56					

473 270 756



Greater Browns Range

Base Value

Assessment Area	Area (km2)	Grant Factor	Equity Factor	BAC (\$/sq.km)	Base Value
E80/3548	170.3	1	1	355	60457
E 80/3547	42.8	1	1	355	15194
E80/4393	58.5	1	1	355	20768
E80/4479	55.3	1	1	355	19614
E80/4725	204.7	1	1	355	72669
E80/4726	562.5	1	1	355	199688
E80/4806	169.2	1	1	355	60066
E80/4782	126.7	1	1	355	44979
E80/4883	107.3	1	1	355	38092
EL24193	234.0	1	1	360	84240
EL24174	282.8	1	1	360	101790
EL24941	617.0	0.75	1	360	166590
EL26270	260.0	1	0.5	360	46800
EL26271	487.9	1	0.5	360	87822
EL26286	194.8	1	0.5	360	35064
	3573.7				\$ 1,053,830

Prospectivity Index

Preferred

Assessment Area	Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
E80/3548	2.5	1	1	0.7	1.75
E 80/3547	2.5	1	1	0.7	1.75
E80/4393	2.5	1	1	0.7	1.75
E80/4479	2.5	1	1	1	2.5
E80/4725	1.5	1	1	1	1.5
E80/4726	2	1	1	0.7	1.4
E80/4806	1	1	1	1	1
E80/4782	2.5	1	1.5	1	3.75
E80/4883	1	1	1	1	1
EL24193	1	1	1	1	1
EL24174	1	1	1	1	1
EL24941	1	1	1	0.7	0.7
EL26270	1	1	1	0.7	0.7
EL26271	1	1	1	0.7	0.7
EL26286	1	1	1	1	1

Low

Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
1.5	1	1	0.5	0.75
1.5	1	1	0.5	0.75
1.5	1	1	0.5	0.75
1.5	1	1	0.7	1.05
1	1	1	0.7	0.7
1	1	1	0.5	0.5
1	1	1	0.7	0.7
1.5	1	1	0.7	1.05
1	1	1	0.7	0.7
1	1	1	0.7	0.7
1	1	1	0.7	0.7
1	1	1	0.5	0.5
1	1	1	0.5	0.5
1	1	1	0.5	0.5
1	1	1	0.7	0.7

High

Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
3	1	1	0.7	2.1
3	1	1	0.7	2.1
3	1	1	0.7	2.1
3	1	1	1	3
2	1	1	1	2
3	1	1	0.7	2.1
2	1	1	1	2
3	1	2	1	6
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	0.7	0.7
1	1	1	0.7	0.7
1	1	1	0.7	0.7
1	1	1	0.7	0.7
1	1	1	0.7	0.7

Technical Value

Assessment Area	Base Value	Prospectivity Index			Technical Value (\$)		
		Preferred	Low	High	Preferred	Low	High
E80/3548	\$ 60,457	1.75	0.75	2.1	105,799	45,342	126,959
E 80/3547	\$ 15,194	1.75	0.75	2.1	26,590	11,396	31,907
E80/4393	\$ 20,768	1.75	0.75	2.1	36,343	15,576	43,612
E80/4479	\$ 19,614	2.5	1.05	3	49,034	20,594	58,841
E80/4725	\$ 72,669	1.5	0.7	2	109,003	50,868	145,337
E80/4726	\$ 199,688	1.4	0.5	2.1	279,563	99,844	419,344
E80/4806	\$ 60,066	1	0.7	2	60,066	42,046	120,132
E80/4782	\$ 44,979	3.75	1.05	6	168,569	47,227	269,871
E80/4883	\$ 38,092	1	0.7	1	38,092	26,664	38,092
EL24193	\$ 84,240	1	0.7	1	84,240	58,968	84,240
EL24174	\$ 101,790	1	0.7	1	101,790	71,253	101,790
EL24941	\$ 166,590	0.7	0.5	0.7	116,613	83,295	116,613
EL26270	\$ 46,800	0.7	0.5	0.7	32,760	23,400	32,760
EL26271	\$ 87,822	0.7	0.5	0.7	61,475	43,911	61,475
EL26286	\$ 35,064	1	0.7	1	35,064	24,545	35,064
					1,305,100	664,929	1,686,037

Market Value

Assessment Area	Technical Value (\$)			Market Factor	Market Value (\$)		
	Preferred	Low	High		Preferred	Low	High
E80/3548	105,799	45,342	126,959	0.8	84,639	36,274	101,567
E 80/3547	26,590	11,396	31,907	0.8	21,272	9,116	25,526
E80/4393	36,343	15,576	43,612	0.8	29,075	12,461	34,889
E80/4479	49,034	20,594	58,841	0.8	39,228	16,476	47,073
E80/4725	109,003	50,868	145,337	0.8	87,202	40,694	116,270
E80/4726	279,563	99,844	419,344	0.8	223,650	79,875	335,475
E80/4806	60,066	42,046	120,132	0.8	48,053	33,637	96,106
E80/4782	168,569	47,227	269,871	0.8	134,855	37,778	215,895
E80/4883	38,092	26,664	38,092	0.8	30,473	21,331	30,473
EL24193	84,240	58,968	84,240	0.8	67,392	47,174	67,392
EL24174	101,790	71,253	101,790	0.8	81,432	57,002	81,432
EL24941	116,613	83,295	116,613	0.8	93,290	66,636	93,290
EL26270	32,760	23,400	32,760	0.8	26,208	18,720	26,208
EL26271	61,475	43,911	61,475	0.8	49,180	35,129	49,180
EL26286	35,064	24,545	35,064	0.8	28,051	19,636	28,051
	1,044,080	531,943	1,348,829		834,240	419,829	1,044,080



Kurundi		Base Value			
Assessment Area	Area (km ²)	Grant Factor	Equity Factor	BAC (\$/sq.km)	Base Value
EL29616	188.0	1	1	360	\$ 67,680
	188.0				\$ 67,680

Prospectivity Index		Preferred			
Assessment Area	Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
EL29616	1.5	1	1	0.5	0.75

Technical Value		Prospectivity Index			Technical Value (\$)		
Assessment Area	Base Value	Preferred	Low	High	Preferred	Low	High
EL29616	\$ 67,680	0.75	0.5	2.1	50,760	33,840	142,128
					50,760	33,840	142,128

Market Value		Technical Value (\$)			Market Factor	Market Value (\$)		
Assessment Area	Preferred	Low	High			Preferred	Low	High
EL29616	50,760	33,840	142,128	0.8		40,608	27,072	113,702
	50,760	33,840	142,128			40,608	27,072	113,702
						216	144	605

Low				
Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
1	1	1	0.5	0.5

High				
Off-property factor	On-property factor	Anomaly factor	Geological factor	Prospectivity Index
2	1.5	1	0.7	2.1





NORTHERN MINERALS LIMITED

ACN: 119 966 353

REGISTERED OFFICE:

LEVEL 1
675 MURRAY STREET
WEST PERTH WA 6005



SHARE REGISTRY:

Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPLECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

NTU

Holder Number:

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am WST on Thursday 29 September 2016 at Level 1, 675 Murray Street, West Perth WA 6005 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

1. Ratification of Previous Issue of Shares to Huatai

For

☐

Against

☐

Abstain*

☐

2. Approval under Item 7 of Section 611 of the Corporations Act for the Issue of Shares to Huatai

☐☐☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:00am WST on Tuesday 27 September 2016.



NTUPX1290916

1

1

NTU

NTUPX1290916





My/Our contact details in case of enquiries are:

Name:

Number:

()

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd

Postal Address PO BOX 535
Applecross WA 6953 AUSTRALIA

Street Address Alexandria House
Suite 1, 770 Canning Highway
Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

