

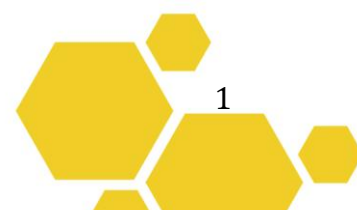
## **\$58 million Funding to take Northern Minerals to completion of Feasibility Study for Browns Range**

Northern Minerals (ASX: NTU) is pleased to announce it has secured funding agreements to raise \$58 million to advance its Browns Range Heavy Rare Earth (HRE) project in northern Australia to completion of a Feasibility Study.

The funding package comprises four components:

1. Sale of a 16% stake in the Browns Range project to Australia Conglin International Investment Group Pty Ltd to raise \$26 million, with an offtake agreement for an additional 20% of Browns Range production on commercial terms – subject to shareholder approval.
2. Sale of the Northern Minerals Gardiner-Tanami gold assets to Australia Conglin International Investment Group Pty Ltd to raise an initial \$2 million – subject to shareholder approval.
3. A placement of 18,800,000 shares to sophisticated investors at 20c to raise \$3.76 million.
4. A rights issue, fully underwritten by Australia Conglin International Investment Group, for approximately \$26.5m, which will be announced following completion of underwriting documentation.

The funding package has been backed by Northern Minerals' largest shareholder Conglin Yue, and his investment and trading Company, Australia Conglin International Investment Group. Mr Yue has been a long term shareholder in Northern Minerals, and supporter of the Company's plan to bring its Browns Range HRE project into production as soon as possible. He has considerable mining industry interests both in Australia and internationally, specifically including Rare Earth Elements.



Completion of the sale agreements and rights issue will mean Northern Minerals will be fully funded through to completion of a Feasibility Study for Browns Range.

The application of the funds will include:

- Exploration activities at Browns Range to increase the resources to the Company's target of between 22,000 and 29,000 tonnes TREO\* (refer below)
- Full project pre development including:
  - Resource, geotechnical, mine planning and related studies,
  - Environmental studies and approvals,
  - Hydrogeological and hydrological studies,
  - Metallurgical testwork and flowsheet development,
  - Pre-feasibility and feasibility studies including engineering and infrastructure studies,
  - Aboriginal heritage and access agreements,
  - Grant of Mining Licence,
  - Corporate and marketing costs.

\*The potential quantity of TREO targeted at the Wolverine, Gambit Central, Gambit West and Area 5 Prospects is based on existing drill results from 2011 and 2012, but is still conceptual in nature. There has been insufficient exploration at Gambit Central, Gambit West and Area 5 to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource at these prospects.

Northern Minerals Managing Director George Bauk said; "On completion of the four stage transaction, the Company will have raised a total of \$58 million which will provide the funding for its two year business plan. The fully underwritten rights issue for approximately \$26.5m, will give current shareholders the opportunity to participate in the funding solution for the Company.

Mr Bauk said "This provides us with security of funding right through our resource expansion and study phases to the cusp of construction."

"The agreement is a major boost for the Company. It is a real vote of confidence in the Browns Range assets and our pathway to production."

"We have recently released our initial JORC compliant resource and have an exciting program of work underway to take the project towards production. This includes an exploration and resource development program targeting between 22,000 to 29,000 tonnes of TREO\* (refer above) for an initial startup mining operation. It also includes ongoing beneficiation and hydrometallurgical studies which are focused on developing a flowsheet to produce a high purity mixed RE oxide, which will further increase our marketing options."

Mr Bauk also stated "As well as delivering a major funding boost, the transaction also provides a strategic divestment of non-core assets and allows all existing shareholders the opportunity to participate in the Company's growth via the rights issue. "

"The structure of the deal provides a great outcome for all stakeholders. We are pleased to be able to offer our shareholders the option to participate in the funding solution for the Company as we look to advance the Browns Range project toward production."

“We are also pleased to expand our relationship with Conglin Yue, who has been a long term supporter of Northern Minerals and our HRE development plans. Mr Yue has significant expertise and investments within the global REE industry, which we believe will also be of considerable value to Northern Minerals as we move toward production.”

Mr Yue currently holds a 19.9% interest in Northern Minerals. He is Chairperson of Australia Conglin International Investment Group, which holds a number of investments in ASX-listed mining Companies, including companies developing Rare Earth resources. The Group is a wholly-owned subsidiary of Huachen, one of the major coking coal and iron ore resource suppliers for BaoSteel and AnSteel. It has long established business relationships with the Chinese rare earths industry, including Baotou, the world’s largest rare earth producer.

### **Sale of stake in Browns Range project**

Northern Minerals will sell a 16% stake in its Browns Range HRE project for \$26m. The transaction values the Browns Range project at \$162m.

Payment of the funds for the acquisition of the interest in Browns Range will be made via six instalments, commencing 30 October 2013 and completing on 30 October 2014. On payment of each instalment, Northern Minerals will transfer a relevant interest in Browns Range to the buyer. This will provide a flow of funding to Northern Minerals which will support the developments outlined in its two year business plan.

The parties will also enter into an Unincorporated Joint Venture Agreement for the Browns Range project, which will provide that the buyer is free-carried through to commencement of production at Browns Range. Northern Minerals will be the manager of the Joint Venture.

Under this agreement Australia Conglin Investment will be entitled to 16% of product offtake at cost, plus an offtake agreement for an additional 20% of production on commercial terms.

The sale of the stake in the Browns Range project will require shareholders’ approval, and an independent value assessment, as per ASX listing rule 10.1.

The sale will not affect the current agreement Northern Minerals has with Toro Energy , through which it can earn up to an 80% interest in the mineral rights (other than uranium) in Toro’s Browns Range Northern Territory tenements. The pre-emptive right as part of this agreement will be dealt with during the course of completing documentation on agreements.

### **Sale of gold assets**

Last year, Northern Minerals commenced a process for the divestment of its non-REE assets in the Gardiner -Tanami Project in Western Australia, in order to focus on its HRE projects. The divestment involves 9,700km<sup>2</sup> in the Tanami-Arunta region.

Following discussions with a number of parties, Northern Minerals is pleased to have reached an agreement with Conglin Yue (subject to shareholder approval) for the acquisition of these assets for an initial consideration of \$2 million. The payment will be made by two \$1m instalments on the 30 September 2013, and 31 December 2013.

All rights to explore for and mine Rare Earth Elements will be retained by Northern Minerals. The Boulder Ridge Tenement (EL29594) will be retained by Northern Minerals, with the rights for commodities other than Rare Earths granted to the buyer.

If a JORC compliant resource (at least Indicated status) equal to or greater than the equivalent of 1,000,000 ounces of gold is discovered within the Gardner Tanami project tenements, an additional \$5m will be payable to Northern Minerals within 90 days of a JORC compliant resource being defined.

The sale of gold assets will require shareholders' approval, and an independent value assessment, as per ASX listing rule 10.1.

The sale will not affect the current agreement Northern Minerals has with Manhattan Corporation Limited, through which it can earn up to a 90% interest in the Joint Venture with Manhattan on three WA licences. The pre-emptive right as part of this agreement will be dealt with during the course of completing documentation on agreements.

### Placement

Northern Minerals has entered into subscription agreements with sophisticated investors, including Conglin Yue, to place a total of 18,800,000 shares at a price of 20 cents to raise \$3.76m. These funds are due and payable by 20 February 2013. The additional shares to Conglin Yue means that he will maintain his interest in Northern Minerals at 19.9%.

### Rights issue

Northern Minerals will undertake a non-renounceable rights issue which will be fully underwritten by Australia Conglin Investment Group, subject to completing documentation. The right issue will consist of:

- (a) One New Share for every two Shares held at a price of 20 cents (132,680,226 Shares); and
- (b) One Option for every two New Shares issued at an exercise price of 30 cents and a term of two years (66,340,113 Options).

An underwriting fee on the total funds raised will be payable to the underwriter by Northern Minerals. The underwriter will negotiate to enter into sub-underwriting agreements, and will consent to Northern Minerals' placing shortfall shares to existing shareholders, provided the underwriting fee remains payable.

Northern Minerals is proposing to lodge the rights issue prospectus on or around 13 February subject to agreeing documents. The offer under the Prospectus will remain open to shareholders for not less than 3 weeks after the exposure period.

Shareholders will receive further correspondence from the Company with regard to the rights issue in the near future and a further announcement will be made once agreements are signed and the prospectus is completed.

**Competent Persons Declaration:**

Information that relates to exploration results and geological interpretation has been compiled by the Company and is based on information provided by Robin Wilson, an employee of Northern Minerals, who is a member of the Australasian Institute of Mining and Metallurgy. All information of this type is expressed in terms of the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Robin Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**For more information:**

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**About Northern Minerals:**

Northern Minerals Limited (ASX: NTU) is focused on development of rare earth elements (REE), with a large and prospective landholding in Western Australia and the Northern Territory.

The Company’s flagship project is Browns Range, where it has a number of prospects with high value, heavy rare earth elements (HREE), in xenotime mineralisation. In particular, the mineralisation includes high levels of dysprosium and yttrium, which are in short supply globally. Following outstanding results from its drilling and metallurgical programs, the Company has delivered its maiden JORC resource at the end of 2012, advancing Browns Range toward production, using a relatively simple and low cost processing flow sheet to produce a high grade concentrate. Northern Minerals also has a HREE exploration program underway at the geologically similar John Galt project.

Northern Minerals also holds a number of non-REE assets, including the large and prospective Gardiner-Tanami project and Gardner Range JV project on the WA-NT border. The projects are located within the world-class Tanami-Arunta gold region and have a number of early stage gold targets.

For more information, visit [www.northernminerals.com.au](http://www.northernminerals.com.au)

