

HIGHLIGHTS

Browns Range Heavy Rare Earths Project

- 20,000m drilling program underway, targeting major resource expansion at Browns Range by October 2013.
- Outstanding initial assay results from Gambit West prospect – including highest grades received to date from Browns Range Project. Best results include:
 - 40m (20-60m) @ 2.26% TREO ¹ (1,978ppm Dy₂O₃, 13,509ppm Y₂O₃)
 - 34m (2-36m) @ 1.39% TREO (1,216ppm Dy₂O₃, 7,967ppm Y₂O₃)
 - 10m (139-149m) @ 7.83% TREO (7,333ppm Dy₂O₃, 50,186ppm Y₂O₃) inc. 2m @ 31.64% TREO
- Early indications from Wolverine diamond drilling indicate further extensions of mineralisation at depths below 150m, and down to 300m.
- Positive results in optimisation of ore beneficiation and hydrometallurgical processes, with completion of a flotation mini-pilot plant to treat one tonne of ore.
- Environmental Protection Authority (EPA) sets the level of assessment for the Project as an Assessment on Proponent Information (API) which supports current development timeline.
- Finalisation of Scoping Study deferred to incorporate updated resource due in October 2013 and inclusion of the hydrometallurgical process step.

Corporate

- \$26.5 million rights issue – with underwriting proposal overwhelmingly approved by shareholders, and first installment of funds received.
- \$8 million secured in interim funding via two interest free loans from Australian Conglin International Investment Group (ACIIG), subsequently converted to equity as part of underwriting, to allow accelerated work program to continue.
- Funding agreements with ACIIG reinforce strong endorsement from major shareholder to the exploration and development of Browns Range.
- Increase in prices of HRE (dysprosium and yttrium in particular) as a result of increasing global demand from REE magnet and phosphor production.

ASX CODE: NTU

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¹ TREO: total rare earth oxides - Total of La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃.



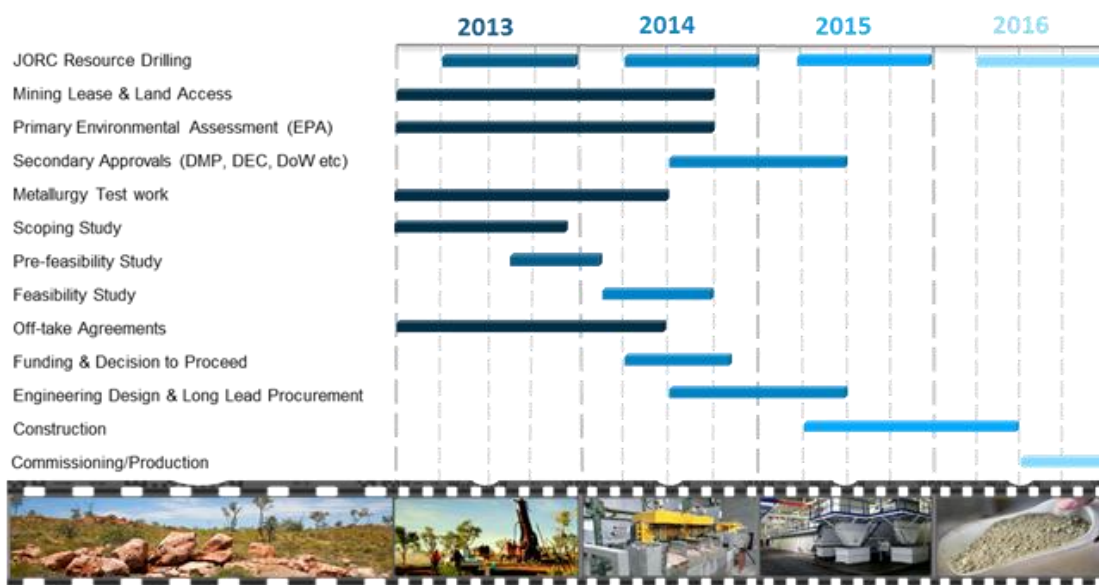
EXECUTIVE SUMMARY

During the June quarter, Northern Minerals delivered a number of key corporate and operational milestones on the path toward taking the Browns Range HRE Project into production by 2016. The Company has further progressed the \$58 million funding package announced in the previous quarter, with the completion of the \$26.5 million rights issue component. A \$6 million instalment of the funds from the Underwriter (major shareholder Australian Conglin International Investment Group) was received in July. During the quarter, ACIIG also provided an additional \$8 million in interim funding to allow the major drilling and other works programs to continue. These loans have since been offset against ACIIG's underwriting obligations, meaning a total of \$14 million has been converted to Northern Minerals shares, and that Northern Minerals is now debt free. The total funding package, once complete, will provide funding security for the next two years of development at Browns Range. Having the funding in place is a major advantage for a development company such as Northern Minerals, particularly in the current market.

With the funding in place, the Company has moved forward with an accelerated works, drilling and project development program, geared toward first production in 2016. The Company has commenced a 20,000m drilling program at Browns Range, which is targeting a significant expansion in resources by October 2013. Initial results from Gambit West have been outstanding, and provide confidence that the Company can deliver its targeted resource expansion. The Project continues to be further de-risked by the positive results in optimisation of ore beneficiation and hydrometallurgical processes. A key advantage for Browns Range is the ability to use conventional processing methods to significantly upgrade the rare earth content of the mineralised feed material, and produce a high value mixed rare earth oxide. Further testing during this period, including a beneficiation mini pilot plant run, has further de-risked the process and reinforced the competitive advantages of the Browns Range mineralisation.

During the reporting period, the WA Environmental Protection Authority (EPA) set the level of assessment for the Project as an Assessment on Proponent Information (API) Category A. This level of assessment is a result of the significant work undertaken by Northern Minerals to date and supports the current development timeline. The June quarter has also featured some positive developments in the international markets, with increasing prices of HRE, and for dysprosium and yttrium in particular (which dominate the Browns Range HRE mix). The price increases confirm the recent positive market sentiment for HRE, with increasing demand for use in REE magnets, which are in turn used in green energy applications such as hybrid cars and wind turbines.

Browns Range – Pathway to Production by 2016



Browns Range Heavy Rare Earths Project

RESOURCE EXPANSION PROGRAM

In April, Northern Minerals commenced drilling as part of a major 2013 exploration program focused on defining further HRE resources at the Browns Range Project. The program (which by the end of the quarter comprised 19,000 metres of Reverse Circulation (RC) and diamond drilling in 2013), aims to build on the success of last year by expanding the existing resource at Wolverine, and delivering a maiden resource at Gambit West, Gambit and Area 5. Further new targets are also planned for drill testing in the second half of the year. The Company's target is to expand its resource to between 22,000 and 29,000 tonnes of TREO*. In December 2012, the Company released its maiden JORC compliant resource of 1.44Mt @ 0.73% TREO comprising 10,500t TREO at Wolverine.

First results from the current drill program were announced in June, including some outstanding results from Gambit West – featuring the highest grades of TREO received to date from the Browns Range Project. Early indications from Wolverine indicate the mineralisation continues at depth as had been expected. The initial assays provide further confidence that the Company will deliver its targeted increase in resources in the second half of the year.

Resource Development Program

Resource Development Program		
Prospect/Deposit	Current resource(t TREO)	2013 activities
Wolverine	10,500	On-going RC and diamond drilling in June and July – resource upgrade in Oct 2013
Gambit West	Planned to be released in October 2013	Mineralisation outlined over 200m strike length and down to 150m vertical. Further RC and diamond drilling planned in June/July – initial resource planned
Gambit Central		Several high grade pods of mineralisation identified. Further diamond drilling planned – initial resource planned.
Area 5		Widespread mineralisation intersected in 2011 & 2012 drilling. On-going RC and diamond drilling planned in June/July – initial resource planned
Target 22,000 – 29,000*		Resource upgrade to include all drilling up to July 2013, whilst remaining 2013 drilling will be included in Jan 2014 resource upgrade

* 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.

Gambit West and Gambit Central

Gambit West is a relatively new and very exciting prospect discovered late last year, located approximately 200m west of the central Gambit prospect. With high grade intersections of HRE geological similarities to Wolverine, it is a priority target for resource drilling in 2013. The results to date provide confidence that Northern Minerals can deliver a high grade HRE resource at Gambit West. Best intersections from the first phase of Reverse Circulation (RC) drilling include:



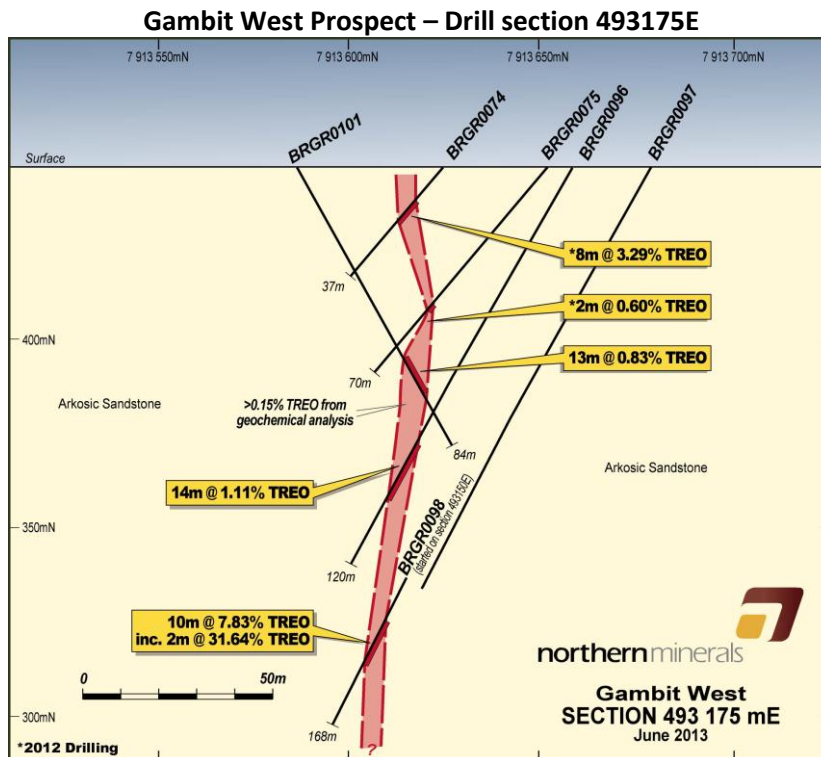
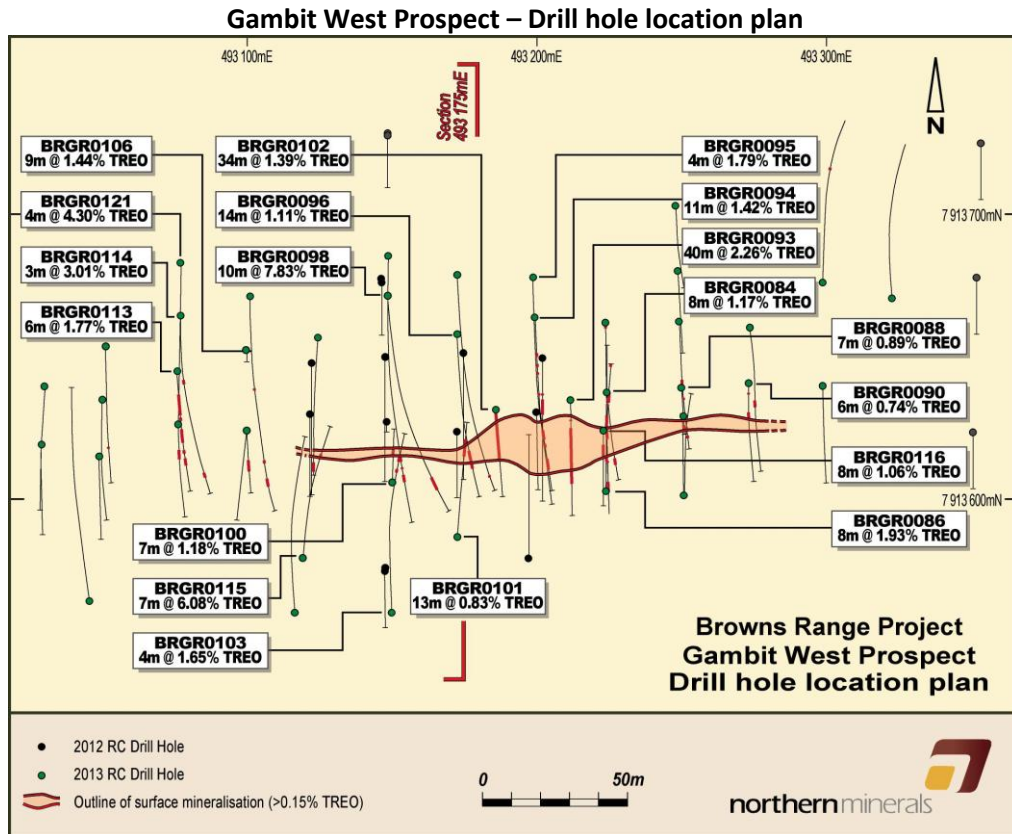
Hole Number	From(m)	To(m)	Interval (m)	TREO %	Dy ₂ O ₃ (ppm)	Y ₂ O ₃ (ppm)
BRGR0084	26	42	16	0.50	383	2,586
	& 65	73	8	1.17	1,076	7,475
BRGR0086	24	32	8	1.93	1,821	12,212
	& 39	53	14	0.71	570	3,853
BRGR0088	26	33	7	0.89	789	5,079
BRGR0093	20	60	40	2.26	1,978	13,509
	Inc. 42	51	9	4.65	4,227	28,964
BRGR0094	59	70	11	1.42	1,207	7,927
	Inc. 60	64	4	3.38	3,009	19,694
	& 105	112	7	0.96	820	5,705
BRGR0095	54	58	4	1.79	1,558	10,488
BRGR0096	84	98	14	1.11	989	6,561
BRGR0098	139	149	10	7.83	7,333	50,186
	Inc. 142	144	2	31.64	29,714	203,745
BRGR0100	18	25	7	1.17	979	6,583
BRGR0101	58	71	13	0.83	665	4,482
BRGR0102	2	36	34	1.39	1,216	7,967
	Inc. 4	8	4	6.09	5,762	37,956
BRGR0103	105	109	4	1.65	1,518	10,478
BRGR0106	78	87	9	1.44	1,214	8,151
BRGR0113	57	63	6	1.77	1,595	10,720
BRGR0114	108	111	3	3.01	2,733	18,314
BRGR0115	64	71	7	6.08	5,619	38,318
	Inc. 65	68	3	13.67	12,791	87,153
BRGR0116	9	17	8	1.06	966	6,339
BRGR0121	158	162	4	4.3	3,845	24,629

TREO: Total of La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃)
Mineralised intervals are downhole widths >2m @ 0.15% TREO, not true widths. Intersections calculated using a 0.15% TREO cut-off and a max of 2m internal dilution. No top cut has been applied. Samples were submitted to Genalysis Laboratory for REE analysis using a FP6/OM Sodium Peroxide Fusion Digest.

The program at Gambit West involved 42 holes for 4,338m of drilling. The program follows highly encouraging results from the first drilling at the prospect in 2012, and has outlined mineralisation over a strike length of at least 200m, with intersection to a vertical depth of 150m. Assay results for the first 39 holes (BRGR0084 – BR0122) at Gambit West were received during the quarter. The results have defined a particularly high grade zone of mineralisation at the centre of the mineralised trend, which occurs from within two metres of the surface. The Gambit West mineralisation displays a similar REO distribution as the Wolverine deposit, with approximately 90% of REO being HREO (above a cut-off of 0.15% TREO for all 2013 drill assay results from Gambit West). Mineralisation appears to be associated with an east-west trending hematitic and silicified fault and breccia zone. Northern Minerals' commenced its next phase of drilling at Gambit West in late June. This included diamond core drilling which will provide additional data to contribute to an initial resource at the prospect.

Results for all eight RC holes completed at the Gambit Central prospect have been received. The complete list of significant intercepts from the Gambit West and Gambit Central RC drilling is shown in the appendices.

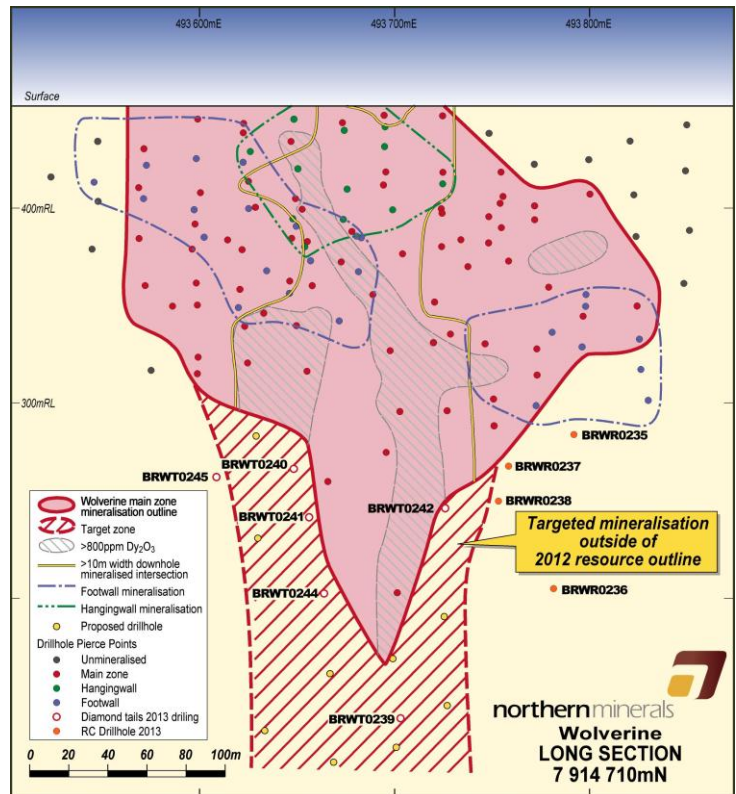




Wolverine

The drilling program at Wolverine is focusing on extensions at depth. The current resource is predominantly based on modeling to 150m, with subsequent drill results confirming high grade HRE to depths of 250m. The 2013 program will include drilling to 400m to test extensions below 150m, targeting a wider, high grade central zone.

The campaign at Wolverine involves 8,000m, of drilling, to depths of up to 350m vertical. Portable XRF results from the first 11 holes drilled, have confirmed HRE mineralisation outside of the current resource model. The portable XRF results indicate typical Wolverine style breccia hosted mineralisation, down to 300m vertical where it remains open. Diamond drilling is underway at Wolverine, with further results expected in August, while RC drilling is on-going at the Area 5 prospect.



Cyclops

At the Cyclops prospect a total of 12 RC drill holes for 924m have been completed. These holes were designed to follow-up on mineralisation intersected during drilling at the prospect in 2012. Several drill holes intersected low grade HRE mineralisation with drill hole BRCR0008 returning the best result of 4m (50-54m) @ 1.81% TREO. No immediate follow-up drilling is planned at the Cyclops prospect.

Cyclops Prospect – Significant drill hole intercepts

Hole Number	From(m)	To(m)	Interval (m)	TREO result
BRCR0008	8	11	3	0.28%
BRCR0008	50	54	4	1.81%
BRCR0009	9	15	6	0.42%
BRCR0009	30	31	1	0.65%
BRCR0009	41	50	9	0.24%
BRCR0010	37	47	10	0.32%
BRCR0011	61	63	2	0.37%
BRCR0011	69	80	11	0.31%
BRCR0012	6	7	1	0.47%
BRCR0012	17	18	1	0.43%
BRCR0012	21	23	2	0.66%
BRCR0017	20	22	2	0.19%
BRCR0018	7	8	1	0.40%
BRCR0018	63	64	1	0.31%

TREO: Total of La_2O_3 , CeO_2 , Pr_6O_{11} , Nd_2O_3 , Sm_2O_3 , Eu_2O_3 , Gd_2O_3 , Tb_4O_7 , Dy_2O_3 , Ho_2O_3 , Er_2O_3 , Tm_2O_3 , Yb_2O_3 , Lu_2O_3 , Y_2O_3

Mineralised intervals are downhole widths >2m @ 0.15% TREO, not true widths. Intersections calculated using a 0.15% TREO cut-off and a max of 2m internal dilution. No top cut has been applied. Samples were submitted to Genalysis Laboratory for REE analysis using a FP6/OM Sodium Peroxide Fusion Digest.



PIPELINE OF NEW TARGETS AT BROWNS RANGE

The Company is aiming to advance a pipeline of additional prospects that will contribute to a significant mineral inventory in the region and extend the life of its proposed mining operation. This strategy is supported by airborne survey results released in April which indicate the enormous geological potential of the Browns Range Dome (BRD) region of Western Australia (WA) and the Northern Territory (NT).

In late 2012, Northern Minerals commenced first pass exploration across its recently granted tenements in the NT side of the BRD. The exploration program featured airborne magnetic, radiometric and hyperspectral surveys across a number of new tenements, including a number under the Toro Energy Joint Venture, and also around the previously identified Boulder Ridge HRE prospect.

Exploration results have recently identified a number of radiometric anomalies across the region. These anomalies have been prioritised for future examination. A Heritage Survey was also undertaken during the reporting period, and ground work is planned for later in the year. The results confirm the significant potential on the NT side of the BRD, which comprises over 2,000km² but has been largely untested to date. There is also significant further potential in the WA section, where Northern Minerals detailed exploration has only covered 45km² out of 455km² – with eight of the 10 targets drilled to date having significant HRE intersections.

Structural geology studies of Browns Range Dome

In April, the Company commenced a comprehensive review of the geology of the region, and contracted a structural geologist to assist in improving the understanding of the structural controls on xenotime mineralisation within the broader BRD region and at an individual prospect level. The Company has also commenced a collaborative research project with the Geological Survey of Western Australia (GSWA). The project will investigate the hydrothermal alteration characteristics of, and associated with, the HRE mineralisation, determine its age and develop a genetic model for the mineralisation. This work will assist in the development of an exploration model for the discovery of further HRE mineralisation both around the existing known prospects and within the BRD region, enabling future exploration programs to be better targeted and focused.

Northern Minerals has been collating and reviewing additional historical drill data from the region, which was generated in the 1970s and 1980s. Results from those drilling programs, which were focused on uranium, are being collated into a digital database for review to further increase the understanding of the regional geology and to identify potential new HRE targets in WA and NT.

SCOPING STUDY

The Company has completed an extensive work program during the first half of 2013, which has delivered significant advances in process flowsheet development, environmental assessment and approvals, mining studies and stakeholder engagement. The developments kept the Company on its project schedule to deliver first production at Browns Range in 2016.

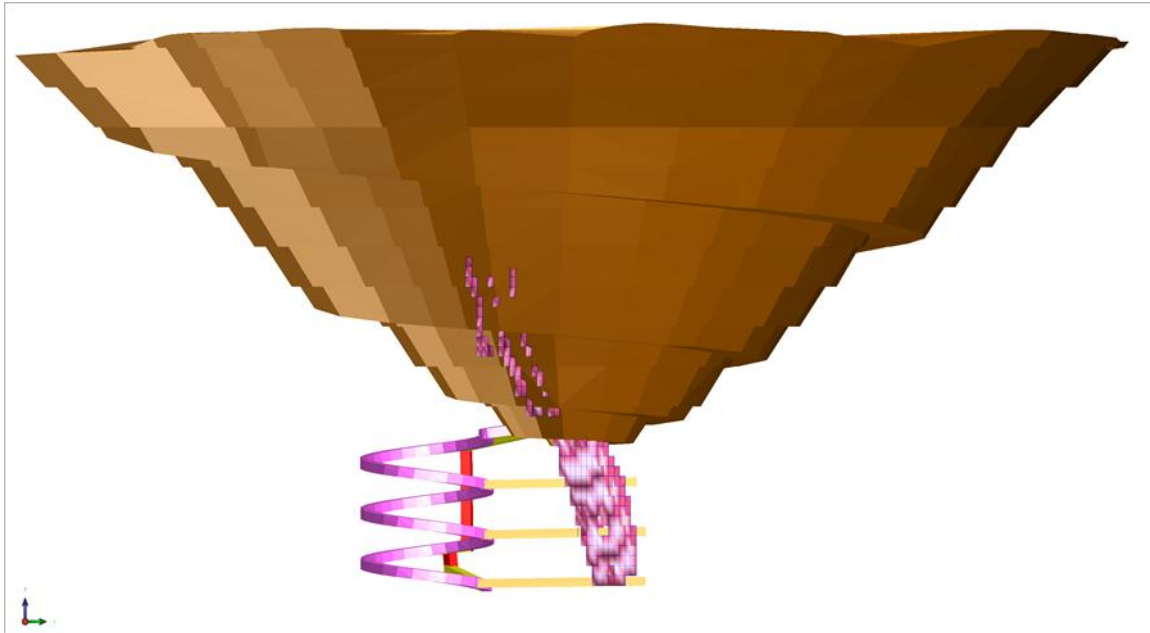
Work is well advanced on the Browns Range Scoping Study, with encouraging results from individual components to date. During recent months, the Company has adjusted the parameters of the study, in particular, to incorporate the recent positive developments with the hydrometallurgical test work. The Scoping Study will now include the hydrometallurgical process to produce a mixed rare earth oxide (rather than a mineral concentrate), which will add significant value to the end product and enhance the Project's economics.

With the significant drilling program underway, which has delivered positive early results, Northern Minerals is also expecting to release an updated JORC compliant resource estimate for the Project in October. The Company will incorporate the updated resource into the Scoping Study, which will postpone its release until the final quarter of 2013. This will not impact on the current development timeline and will underpin a more robust, longer life project.



Scoping level mining studies have been completed by AMC Consultants on the current Wolverine resource, as reported in December 2012. A number of scenarios were considered including two production rates, as well as mining method options such as open pit only and a combination of open pit and underground. The study concluded that the combination of an open pit with a small underground decline, developed from the floor of the open pit, to extract the balance of the remaining mineralised material is the superior scenario.

Wolverine mine concept



METALLURGICAL TEST WORK AND FLOWSHEET DEVELOPMENT

One of the key competitive advantages of the Project is the ability to substantially upgrade the rare earth content of the mineralised feed material to a mineral concentrate form by using conventional physical separation methods. This high grade concentrate can then be hydrometallurgically treated to produce a high purity, high value mixed rare earth oxide (REO).

Northern Minerals has been optimising the proposed flowsheet to deliver the most efficient and cost effective process and design. Test work to optimise the beneficiation process has identified two preferred routes; whole of ore flotation, and a combination of wet high gradient magnetic separation (WHGMS) followed by flotation cleaning. The following results indicate the progress to date in optimising these two process routes:

- Whole of ore single rougher flotation test work has produced a 19% Total Rare Earth Oxide (TREO) concentrate with recovery of 79% from a 0.78% TREO head grade.
- WHGMS rougher/scavenger test work has produced a 5.6% TREO magnetic concentrate with 87% recovery from 0.85% TREO head grade material. Flotation cleaning then upgraded this magnetic concentrate to produce a 20% TREO concentrate with an overall circuit recovery of 82%.

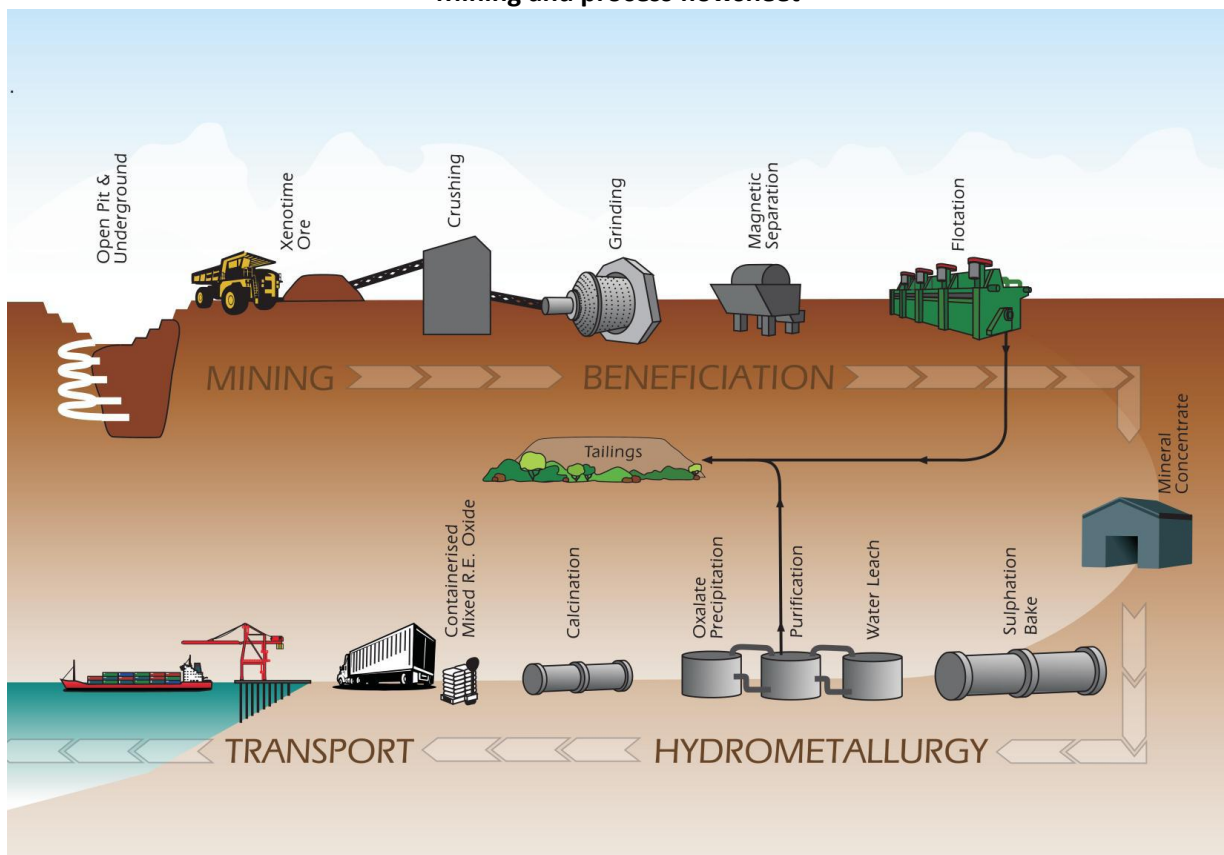
The other key result from the test work is the confirmation that circa 96% of the feed mass to the beneficiation plant can be rejected to tailings and only 4% of the feed mass will report as mineral concentrate. This means a very low feed mass to the hydrometallurgical process plant which translates to a smaller facility with lower capital and operating costs.



Further test work is currently underway to determine which route is optimal for recovery and mineral concentrate grade. This information will then be integrated with operating and capital cost data in the Pre-feasibility Study to determine the most efficient and cost effective process and design of the beneficiation stage of the Project.

The Company has also completed processing a sample of just over one tonne of ore from the Wolverine deposit through a mini-pilot plant. The circuit processed the ore at a nominal rate of 50kg/hr, using a rod mill to grind down to 106µm which was followed by the rougher flotation. The goal of the pilot plant was to produce about 18kg of 20% TREO mineral concentrate to advance to the hydrometallurgical test work, and to provide the opportunity to understand the flotation behaviour of the mineralised feed material on a larger scale. Larger scale beneficiation pilot plant runs are planned for later in 2013 to generate additional mineral concentrate for the hydrometallurgical process pilot plant test work.

Mining and process flowsheet



In the first quarter of 2013, Northern Minerals announced that hydrometallurgical confirmation test work by Nagrom and ALS had confirmed the ability to produce a high purity mixed REO containing more than 92% TREO. Key results from this work included:

- Extraction efficiency in the acid bake and water leach step exceeded 85%.
- The precipitation efficiency of the oxalate precipitation step exceeded 99%.
- The purity of the final calcined product exceeded the target of 92% TREO in mixed REO.

The Company is now working on optimising each step of the hydrometallurgical process, with the sulphation bake, water leach and oxalate precipitation steps completed. Test work has commenced on the purification step including initial screening tests of six ion exchange (IX) resins with two preferred resins selected for further test work.

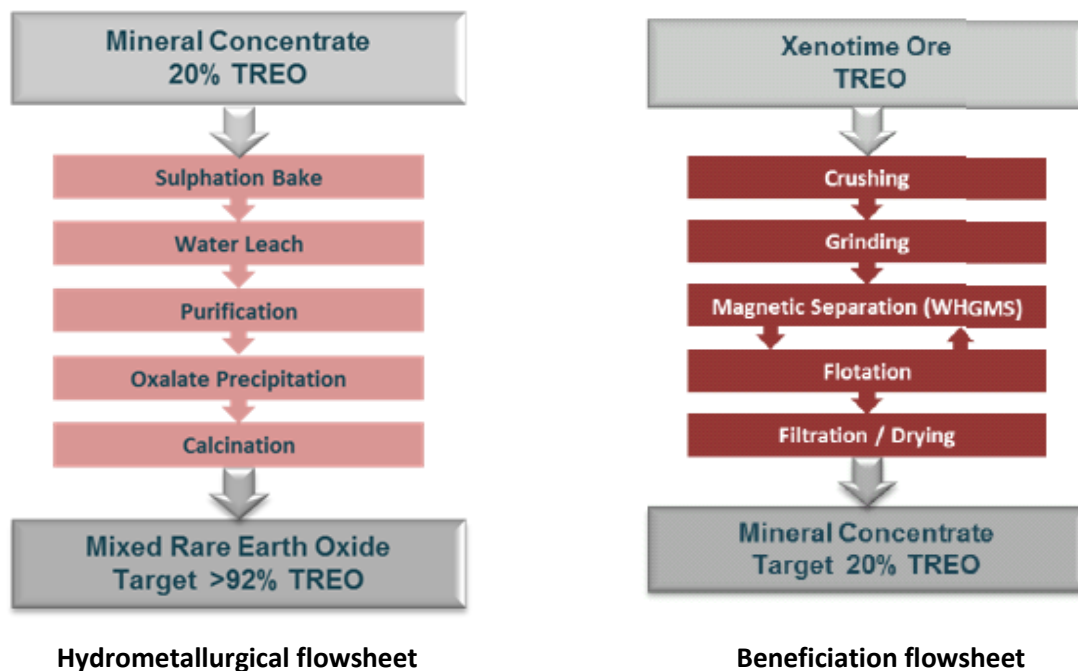


The 18kg mineral concentrate sample produced from the mini-pilot will be used for the next stage of the hydrometallurgical test work program which will be a continuous run of the flowsheet at laboratory scale. This will then be followed by larger hydrometallurgical scale pilot plant test work.

Hydrometallurgical Plant Location Study

In early 2013, the Company completed a location study for the hydrometallurgical plant. The study evaluated a number of key project drivers including; environmental and social factors, capital and operating costs as well as project development and operational risks.

The study considered nine locations, eight in WA and one in the NT, with potential off-shore locations being discounted due to geo-political risk. The study concluded that a Browns Range site-based plant would be optimal. The selection of the hydrometallurgical plant site represents an important milestone for the Project as it permits the Project Team to focus on a single, clear pathway as it continues the development of the Project.



ENVIRONMENTAL STUDIES AND APPROVALS

Northern Minerals commenced the environmental assessment and approval process with submission of the Project referral to the WA Environmental Protection Authority (EPA) in May 2013 and the level of assessment for the Project subsequently being set by the EPA as an Assessment on Proponent Information (API) Category A. This level of assessment is set for projects that have consulted extensively and appropriately with stakeholders and which raise a limited number of key environmental factors that can be readily managed. The setting of an API further supports the Project's pathway to production by providing a more defined timeline for the environmental assessment and approval process.

The Company is continuing its environmental study program, with further baseline surveys completed during the first half of the year, including; subterranean and invertebrate fauna, Stage 2 flora and vegetation and background radiation. This follow up Stage 2 flora and vegetation survey was completed in May, with Jaru Traditional Owners accompanying the botanical consultants during the field survey. Additional Heritage Surveys were also completed during the quarter both for the ongoing exploration program, as well as project development and infrastructure requirements.

Work on soils studies and atmospheric emissions has also commenced, with initial results likely to be received in the next quarter. A comprehensive groundwater monitoring program commenced in May.



STAKEHOLDER ENGAGEMENT

During the past few months an extensive stakeholder engagement program has been completed, including a number of additional stakeholders from the Western Australian, Northern Territory and Federal Governments. The consultation program also included a series of community forums held in Halls Creek, Ringer Soak and Wyndham during May. On the whole, the forums were positive with many community members expressing interest in employment, training and business opportunities. A second stage of community consultation is planned for later in the year, when the Project is more defined to provide further information on Project specifics.

The Company is also pleased to advise it has commenced initial agreement discussions with the Jaru Native Title claimant group. The Company looks forward to continuing the positive relationship with the Jaru People and advancing these discussions. Northern Minerals employees and contractors also completed Cultural Awareness Training workshop held on site in April.

STRATEGIC ALLIANCE PARTNER ENGAGEMENT

Northern Minerals continues to engage with its MoU partner to foster long term offtake arrangements. During the quarter, the Company visited the MoU partner's site for technical discussions including product specifications, product handling and transportation. The MoU partner also expressed an interest in visiting Browns Range to see the progress being made with resource drilling and the hydrometallurgical test work.

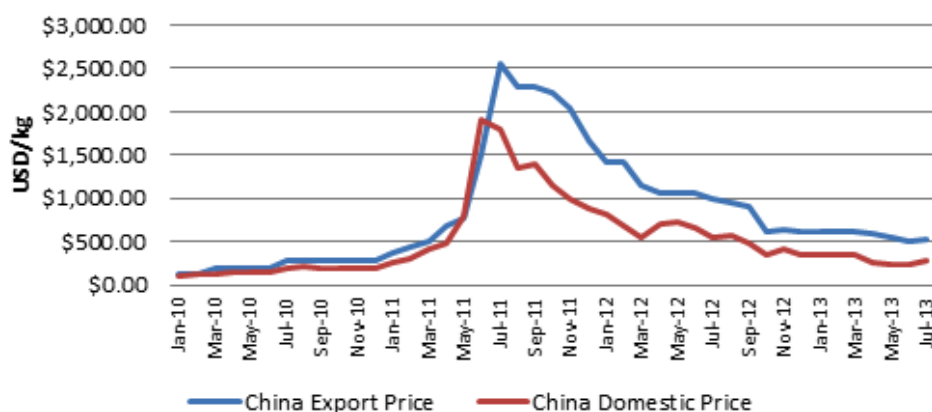
Additionally, Northern Minerals has engaged other interested parties with respect to off-take and exploration opportunities for the greater Browns Range project. These discussions are ongoing and any arrangements will be driven by improving shareholder value and maintaining optionality for the tenements held by Northern Minerals.

REE Market Update

The second quarter marked something of a turning point for heavy rare earth prices, particularly for elements typically used as feed in the manufacture of magnets and phosphors. It demonstrates that the market fundamentals remain and should prevail over any distortions attributable to non-market factors such as quotas and tariffs.

The indications are that downstream consumers have been depleting heavy rare earths inventories prior to re-entering the market, and this is being realised in the current market conditions. Furthermore Chinese domestic and export prices of heavy rare earths appear to be re-converging, demonstrated in the charts below. Ultimately the convergence of China domestic and export pricing should improve pricing transparency and facilitate more reliable pricing mechanisms between Northern Minerals and strategic offtake partners.

Dysprosium Oxide January 2010-July 2013
Export v China Domestic REO Prices



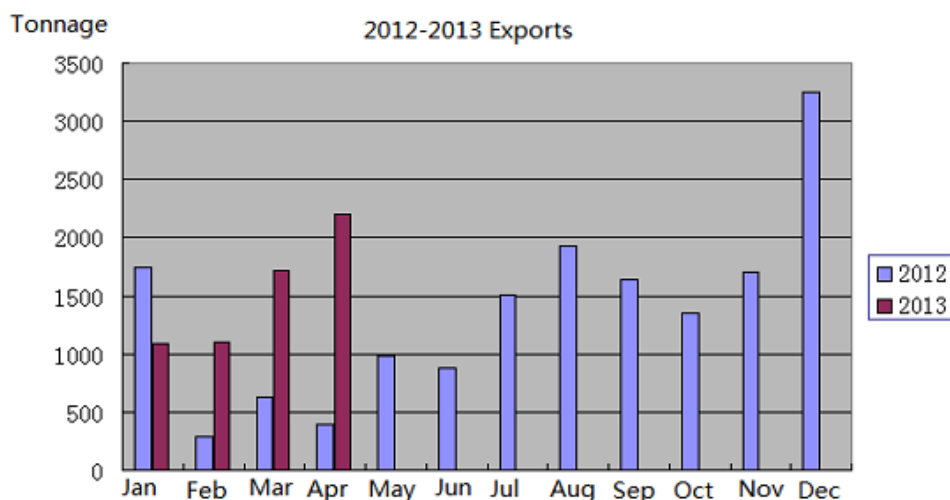
Yttrium Oxide 2010-July 2013 Export v China Domestic REO Prices



The price increase appears to be the result of the demand of re-stocking plus the restriction of supply caused by the Chinese government's success in clamping down on illegal mining. China appears serious about eliminating illegal exports, introducing extreme penalties to eliminate illegal mining and the consequences of environmental damage. The supply/demand dynamics suggest that long term demand exceeds legitimate supply and additional supply from Northern Minerals would partially "fill the gap" as demand increases.

Also likely to impact the market in China is the impending decision from the WTO following the case brought by the US, EU and Japan. The expected outcome will be the lifting of the export quota and tariff system. However, the lifting of quotas is unlikely to have much impact given that exports did not reach the quota volumes in 2012. What will make a difference is the lifting of tariffs that will effectively put an end to smuggling. This is supported by Chinese exporters, will stimulate exports and should lift Chinese domestic prices as domestic consumers compete for product.

China rare earth exports have seen a sharp increase compared to last year, as described in the table below. Yttrium has been a star performer. In the first five months of 2013, China's exports of yttrium oxide were up 11.12% to 212,383 kgs compared with the same period of 2012.



From a US perspective the Armed Services Committee of the U.S. House of Representatives has submitted a legislative proposal to the House of Representatives urging the U.S. Department of Defence to secure supplies of high priority strategic rare earth elements, specifically the heavy rare earths. The legislation would authorize the expenditure of USD\$41 million by the US government to stockpile six critical metals. Both dysprosium (Dy) and yttrium (Y) were flagged as the most significant HRE's. To have this level of government intervention reinforces the strategic significance of the Northern Minerals product portfolio.

During the June quarter China's Ministry of Commerce announced the allocation of the second batch of rare earth export quotas for 2013. The total amount is 15,500 tonnes, including 13,821 tonnes of light rare earths and 1,679 tonnes for medium and heavy rare earths. It is important to note that medium and heavy rare earth supply account for only 10.8% of the total volume, down from over 13% in the first half of 2013, demonstrating further restriction of heavy rare earth supply from China. China appears to be systematically preserving its heavy rare earths supply to feed its growing heavy rare earth supply chain and downstream hi-tech manufacturing.

Corporate

\$58 million funding package progressed

On 1 February 2013 Northern Minerals announced a proposed \$58 million funding package that will provide the capital to complete the Feasibility Study for Browns Range. When the entire \$58m package is completed, it will provide funding for the next two years of the Company's current business plan, and is expected to take Browns Range to the point of decision to mine.

In February, Northern Minerals received the first phase of the funding package with \$3.8m raised from a share placement at 20 cents per share. The rights issue will raise approximately \$26.5 million, and is fully underwritten by Northern Minerals' major shareholder, Australian Conglin International Investment Group (ACIIG).

In addition to the rights issue, ACIIG has agreed to purchase a 16% stake in Browns Range to raise \$26 million, with an offtake agreement for an additional 20% of Browns Range production on commercial terms, subject to agreement on formal documentation and shareholder approval. This transaction values Browns Range at \$162m or approximately 40.5 cents per share post-rights issue. This will be put to another general meeting for shareholder approval. Finalisation of the formal documents is required to be completed before the meeting is called.

Rights issue – approval and completion

In June, Northern Minerals held a General Meeting of Shareholders, to vote on the underwriting for the rights issue. The purpose of the meeting was for shareholders' to consider a resolution to approve the issue of shares and options to ACIIG in its capacity as underwriter of the rights issue and payment of an underwriting fee (ACIIG Underwriting).

Northern Minerals' Board unanimously recommended shareholder vote in favor of the resolution, and the independent expert concluded the transaction was fair and reasonable to all Northern Minerals' shareholders. At the meeting, shareholders voted overwhelmingly in favour of the proposed underwriting agreement, with more than 99% voting in support of the resolution.

The rights issue closed on 5 July, and was fully underwritten by ACIIG. Based on the number of shareholders who participated in the rights issue, ACIIG as the Underwriter was obliged to subscribe for a total of 132,183,287 shares for a total subscription consideration of \$26.4 million. In July, Northern Minerals granted a request by ACIIG for the deferred payment of the underwriting for the Company's recently closed rights issue. Proceeds from the rights issue were due to be received from the Underwriter on 22 July 2013.



ACIIG has recently provided two separate interest free loans of \$4 million each (see below) to enable Northern Minerals to continue its work program. Under the terms of the loans, these funds have now been credited against ACIIG's underwriting obligations and converted to shares, leaving Northern Minerals debt free. ACIIG has since made a payment of \$6 million, for an aggregate of \$14 million (including the \$8 million loans set-off).

The balance of the underwriting, totalling approximately \$11.1 million (net of underwriting fees), will be made in staged instalments, with the final instalment due to be paid by the Underwriter by 16 September 2013.

Loan funding provide short term security

Northern Minerals successfully secured \$8 million in interim loan funding from ACIIG, to allow the accelerated works program to continue while the longer term funding package was being finalised. The extension of the timetable for the rights issue to allow for shareholders' approval of the underwriting, meant that timing of receipt of funds from the rights issue was delayed. The loan funding provided by ACIIG provided short-term funding certainty to commence and advance the Company's drilling program during this period, and keep the works program on schedule.

The first loan agreement (announced on April 1) was for \$4 million of interim funding through an interest free, non-recourse loan from ACIIG. The loan funding was received from ACIIG ahead of schedule (on April 2), further reinforcing the support from the Company's major shareholder. The second loan agreement (announced on June 25) was for a further \$4 million, provided additional funding security for the drilling program as it ramped up. The second loan installment is also interest free, and was secured against the assets of the Company excluding all joint venture tenements. Funds from the second loan were also received ahead of schedule (June 25) and placed the Company in a strong funding position ahead of the completion of the rights issue funding. These funds were converted to equity under the terms of the underwriting agreement in July 2013.

ACIIG Board representation

The Northern Minerals Board has also agreed to provide ACIIG two non executive director positions (following shareholder approval of the underwriting proposal). The new positions will take the Board to six members, and the ACIIG representatives will bring significant expertise in the global resource and finance sectors, in particular the rare earths industry.

ACIIG is a significant and long term shareholder of the Company, and shares the vision of taking Browns Range towards production as soon as possible. With ACIIG having an increasing investment in the business, the Board considered it was appropriate that it has representation on the Board. The appointed representatives are expected to be formally announced in the coming quarter.

Competent Persons Declaration

The information in this report accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by Mr R Wilson, an employee of the Company who is a Member of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting. Mr Wilson has sufficient experience which is relevant to the style of mineralisation and the 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.

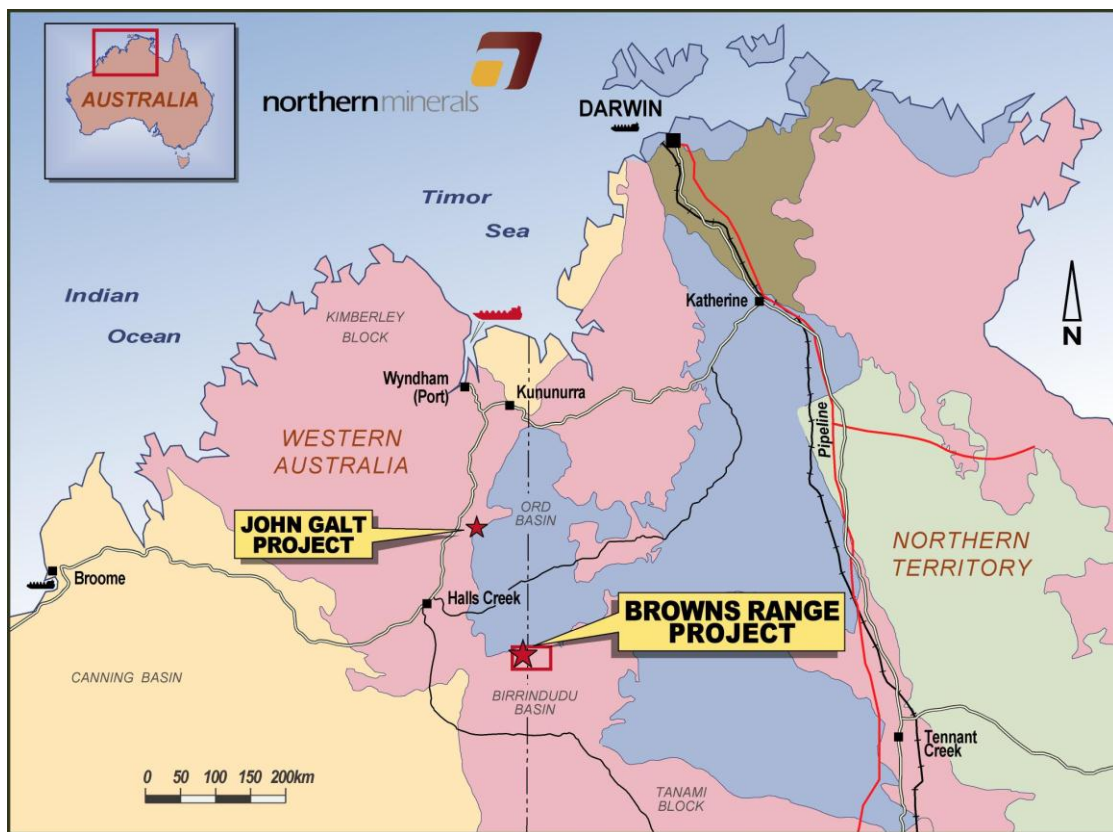


For more information:

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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 HRE in xenotime mineralisation. In particular, the mineralisation includes high levels of dysprosium and yttrium, which are in short supply globally and expected to be increasingly sought after as world economies stabilise and recent trends in urbanisation and technology diffusion, particularly in Asia, accelerate. Following outstanding results from its drilling and metallurgical programs in 2012, the Company has delivered its maiden JORC resource, advancing Browns Range toward production, using a relatively simple and low cost processing flow sheet to produce a high grade mixed Rare Earth oxide. Northern Minerals also has a HRE exploration program underway at the geologically similar John Galt project. For more information, visit www.northernminerals.com.au



Appendices

Gambit West and Gambit Prospects – Significant drill hole intercepts

Prospect	Hole Number	From(m)	To(m)	Interval (m)	TREO (%)
Gambit West	BRGR0084	10	12	2	0.31
Gambit West	BRGR0084	26	42	16	0.50
Gambit West	BRGR0084	50	51	1	4.03
Gambit West	BRGR0084	65	73	8	1.17
Gambit West	BRGR0085	3	4	1	0.59
Gambit West	BRGR0085	30	32	2	0.23
Gambit West	BRGR0085	51	59	8	0.28
Gambit West	BRGR0085	102	107	5	0.57
Gambit West	BRGR0086	24	32	8	1.93
Gambit West	BRGR0086	39	53	14	0.71
Gambit West	BRGR0086	56	57	1	0.42
Gambit West	BRGR0086	60	61	1	1.10
Gambit West	BRGR0088	7	10	3	0.44
Gambit West	BRGR0088	26	33	7	0.89
Gambit West	BRGR0089	42	47	5	0.66
Gambit West	BRGR0089	79	80	1	0.37
Gambit West	BRGR0089	86	88	2	0.39
Gambit West	BRGR0090	7	8	1	0.34
Gambit West	BRGR0090	21	27	6	0.74
Gambit West	BRGR0091	53	58	5	0.64
Gambit West	BRGR0092	1	3	2	0.28
Gambit West	BRGR0093	10	11	1	0.61
Gambit West	BRGR0093	14	15	1	0.34
Gambit West	BRGR0093	20	60	40	2.26
Gambit West	BRGR0094	54	56	2	0.24
Gambit West	BRGR0094	59	70	11	1.42
Gambit West	BRGR0094	82	89	7	0.17
Gambit West	BRGR0094	92	95	3	0.60
Gambit West	BRGR0094	105	112	7	0.96
Gambit West	BRGR0095	54	58	4	1.79
Gambit West	BRGR0095	62	64	2	0.29
Gambit West	BRGR0095	68	69	1	0.36
Gambit West	BRGR0095	112	113	1	0.77
Gambit West	BRGR0095	131	137	6	0.46
Gambit West	BRGR0096	84	98	14	1.11
Gambit West	BRGR0097	150	151	1	2.24
Gambit West	BRGR0098	139	149	10	7.83
Gambit West	BRGR0099	150	155	5	0.60
Gambit West	BRGR0099	159	160	1	0.37
Gambit West	BRGR0099	164	171	7	0.60
Gambit West	BRGR0100	18	25	7	1.18
Gambit West	BRGR0101	58	71	13	0.83
Gambit West	BRGR0102	2	36	34	1.39
Gambit West	BRGR0103	105	109	4	1.65
Gambit West	BRGR0106	78	87	9	1.44
Gambit West	BRGR0107	66	67	1	0.42
Gambit West	BRGR0107	119	121	2	0.25
Gambit West	BRGR0107	132	138	6	0.63
Gambit West	BRGR0108	23	25	2	0.18



Prospect	Hole Number	From(m)	To(m)	Interval (m)	TREO (%)
Gambit West	BRGR0113	34	36	2	0.22
Gambit West	BRGR0113	57	63	6	1.77
Gambit West	BRGR0114	57	73	16	0.32
Gambit West	BRGR0114	83	94	11	0.32
Gambit West	BRGR0114	99	102	3	0.32
Gambit West	BRGR0114	108	111	3	3.01
Gambit West	BRGR0115	64	71	7	6.08
Gambit West	BRGR0115	76	78	2	0.17
Gambit West	BRGR0116	1	5	4	0.58
Gambit West	BRGR0116	9	17	8	1.06
Gambit West	BRGR0119	83	85	2	0.66
Gambit West	BRGR0121	86	90	4	0.76
Gambit West	BRGR0121	158	162	4	4.30
Gambit West	BRGR0122	74	75	1	0.48
Gambit	BRGR0124	12	28	16	2.18
Gambit	BRGR0125	59	60	1	0.52
Gambit	BRGR0126	10	11	1	0.31
Gambit	BRGR0127	9	13	4	0.24

(mineralised intervals are downhole widths >2m @ 0.15% TREO, not true widths. Intersections calculated using a 0.15% TREO cut-off and a maximum of 2m internal dilution. No top cut has been applied)

(Samples were submitted to Genalysis Laboratory for REE analysis using a FP6/OM Sodium Peroxide Fusion Digest

TREO: Total of La_2O_3 , CeO_2 , Pr_6O_{11} , Nd_2O_3 , Sm_2O_3 , Eu_2O_3 , Gd_2O_3 , Tb_4O_7 , Dy_2O_3 , Ho_2O_3 , Er_2O_3 , Tm_2O_3 , Yb_2O_3 , Lu_2O_3 , Y_2O_3)

