



NORTHERN MINERALS

Powering Technology.



Quarterly Activities Report

JUNE 2017

The focus this quarter has been commencement of works for the \$56 million Browns Range pilot plant project, which was approved by the Board during the quarter.

COMMENCED



Current Projects

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) is developing the Browns Range Heavy Rare Earth Pilot Plant Project in northern Western Australia. Through the development of its flagship project, the Browns Range Project (the Project), Northern Minerals aims to be the first significant world producer of dysprosium outside of China.

The three-year pilot plant project will commence first production of heavy rare earth carbonate in H1 2018. The pilot plant development will continue with its R&D development and will provide the opportunity to gain production experience, surety of supply for our offtake partner and assess the economic and technical feasibility of the larger full scale development.

Corporate Overview



Highlights:

- ◆ Final Investment Decision given for the three-year Pilot Plant project at Browns Range.
- ◆ Sinosteel Equipment & Engineering Co., Ltd (Sinosteel MECC) has commenced construction of the modular process components in the Republic of China.
- ◆ ASX-listed MACA Limited was appointed as mining and bulk earthworks contractor for Browns Range. During the quarter, MACA mobilised to site and commenced works.
- ◆ Sinosteel MECC has executed a Letter of Intent (LoI) with WA-based mining and civil contractor, Primero Group Pty Ltd (Primero), covering civils, installation, testing and commissioning of the Browns Range Pilot Plant.
- ◆ The Lind Partners, through The Australian Special Opportunity Fund, LP, has agreed to provide funding of up to A\$14 million in Convertible Securities for the Browns Range Pilot Plant Project. The term of facility over 30 months aligns with Pilot Plant timetable



Browns Range Project Update

Northern Minerals has commenced works at the Pilot Plant Project for its 100% owned, dysprosium-rich Browns Range heavy rare earth element project, located 160km south east of Halls Creek in the Tanami region of Western Australia and the Northern Territory. The three-year pilot plant development, was approved by the Board in April 2017.



The Company will become the first significant dysprosium producer outside of China through the development of the high-grade Browns Range Project, placing Northern Minerals in a unique position to capitalise on the growing demand for the rare earth elements created by the production of neodymium iron-boron magnets commonly used in motors for burgeoning electric vehicles sector, where industry commentators now agree demand has reached an inflection point.

During the June quarter the mining and bulk earthworks contract was issued to ASX-listed MACA Limited. Following this MACA mobilised equipment and personnel to site and has commenced works for the Pilot Plant. It is anticipated that the mining component of the project will be completed by the end of 2017.

Sinosteel MECC issued a Letter of Intent (LoI) with WA-based Primero Group Limited for the civils component of the project. The scope of works includes the civils, installation, testing and commissioning of the Browns Range Pilot Plant Project. Primero Group is a multi-disciplinary turnkey company specialising in the design, construction and commissioning of projects. With regards to technology minerals, Primero has delivered lithium, vanadium and tantalum projects throughout regional Western Australia.

During the quarter, the Company executed a Private Placement Term Sheet with The Australian Special Opportunity Fund, LP, (the Investor) for a funding agreement of up to A\$14 million. The funding will be provided as second ranking secured Convertible Securities with a 30 month term and 0% interest rate. The funding agreement allows for two \$6 million tranches and two \$1 million tranches based on specific events. The funding agreement includes provisions for the conversion into Ordinary shares or early repayment as is typical in an agreement of this nature. As a facilitation fee, the Company has agreed to issue the Investor 22.5 million Options with a term of 36 months and an exercise price of \$0.25.

The Pilot Plant Project will be used to undertake research and development and to assess the economic feasibility of a full-scale project and forms part of a broader ongoing feasibility study underpinning the Browns Range Project.

EPC FIXED PRICE CONTRACT

During the March quarter, Sinosteel MECC appointed Worley Parsons to undertake the detailed design for the pilot plant. The basic engineering design phase was used by Sinosteel MECC to refine the final costings for the project. Following this review, Sinosteel MECC and the Company entered into a fixed price agreement for the construction of the Pilot Plant at Browns Range.

Following the approval of the Final Investment Decision (FID), Sinosteel MECC has commenced works on the Pilot Plant in the Republic of China. Modular components of the plant are expected to be shipped to site in late 2017.

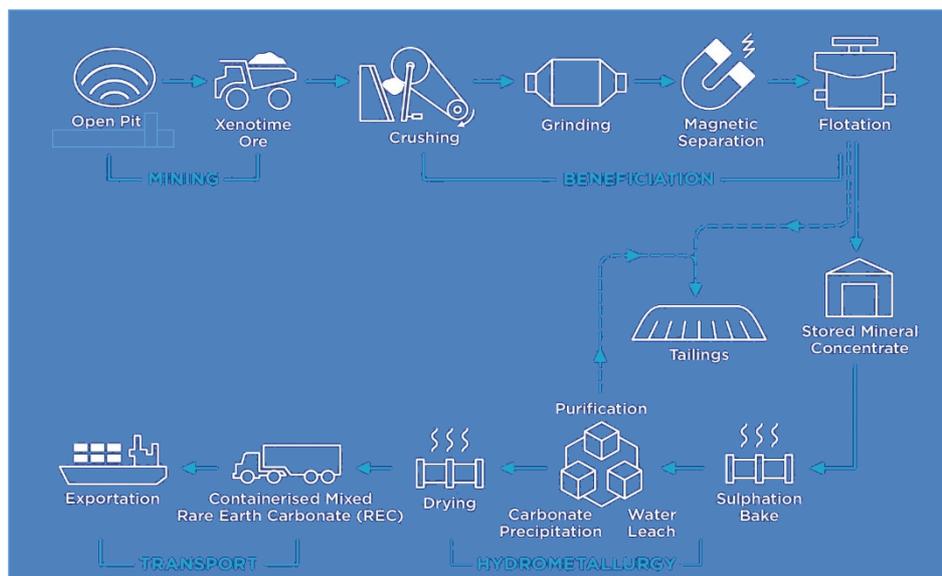


Figure 1: Process Flowsheet

MINING & BULK EARTHWORKS

During the June quarter, the Company appointed ASX-listed MACA Limited (MACA) to undertake the mining and bulk earthworks for the Browns Range Pilot Plant Project.

Under the \$10 million Mining Agreement, MACA will mine 180,000 tonnes of ore and associated waste from the Wolverine and Gambit West pits. Waste material will be used to construct the tailings storage facility and other surface infrastructure. MACA will clear the site for the Pilot Plant and construct internal road access.

Mining will be undertaken in a single campaign, with all ore stockpiled ahead of the three-year pilot plant phase.

MACA mobilised its fleet and personnel to site during the period and has commenced works.





Figure 2: First ore being delivered to the ROM pad at Browns Range.



Figure 3: First ore blast at Wolverine.



QUARTERLY ACTIVITIES REPORT

June 2017



PROJECT TIMETABLE

Works for the Browns Range Pilot Plant Project are on schedule. The construction period for the pilot project is 11 months, with first mixed rare earth carbonate production in mid-2018.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Final Investment Decision	■														
Mining & Bulk Earthworks			■	■	■	■	■	■	■						
Design & Fabrication		■	■	■	■	■	■	■	■						
Installation						■	■	■	■	■	■	■	■	■	
R&D Testing														■	■

Corporate

PROMOTION AND MARKETING

Mr Bauk presented at the 9th International Rare Earth Summit by Asian Metals in Shanghai, China on 12 May 2017.

Mr Bauk also attended and was a panellist at the 6th Annual Cleantech & Technology Metals Summit in Toronto on May 15-16th, 2017.

Before and after these conferences, Mr Bauk presented to investors in Australia and the US.





September Quarter Activities

Key news flow expected during the September quarter includes:

- Sod-turning ceremony to mark the commencement of works for the Pilot Plant
- Mining and bulk earthworks activities on site
- Advancement of fabrication of Pilot Plant components in China
- Mobilisation of civil engineering contractor

- ENDS -

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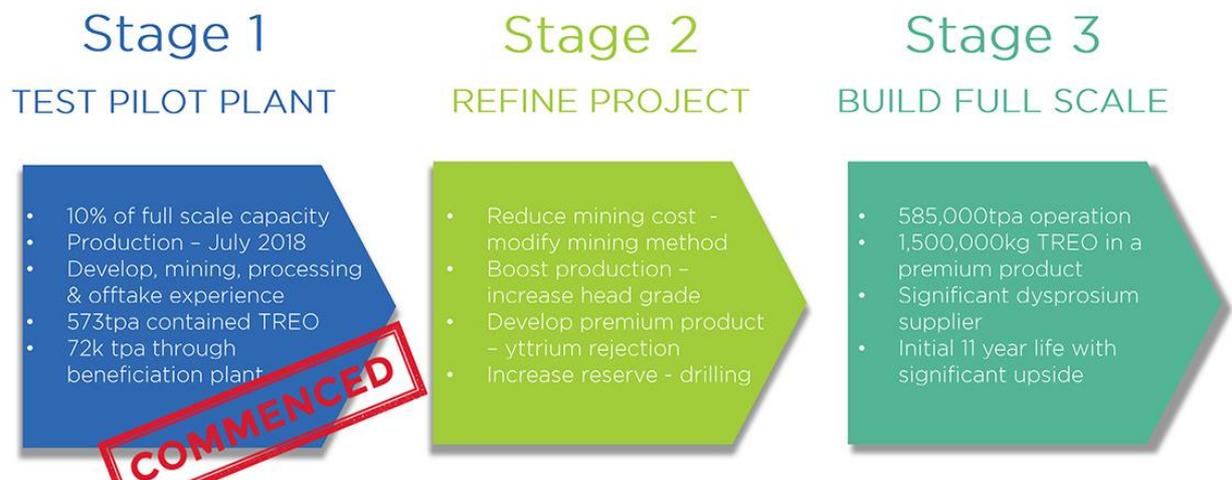
About Browns Range

The Browns Range Project is internationally considered a best in class, shovel ready deposit with well understood mineralogy. Northern Minerals plans to develop the Browns Range Project in three stages. Stage one will be the development of a Pilot Plant operation; Stage Two the development of the project to bankable feasibility study level; and Stage Three the building of the project to full scale production.

The pilot plant, at a scale of 10%, has an annual operating production forecast of 60,000 tonnes per annum (based on 10 operating months per year) beneficiation circuit and a 3,200 tonnes per annum hydrometallurgical plant aimed at producing 570 tonnes per annum of TREO in a mixed rare earths carbonate, including 49 tonnes per annum of dysprosium.

The pilot plant is scheduled to operate for three years, in which time a decision to commit to the full-scale operation will be taken based on economic and technical feasibility, which if approved would take an additional two years to construct.

Three stage approach to full scale production



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Project	Location	Tenement ID	State	Change of Status in Quarter	Status	Holder Application	Interest
Browns Range WA	Browns Range	E80/4479	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4725	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4726	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4806	WA		Granted	Northern Minerals	100%
	Browns Range	E80/4782	WA		Granted	Northern Minerals	100%
	Browns Range	E80/5040	WA		Granted	Northern Minerals	100%
	Browns Range	E80/5041	WA		Granted	Northern Minerals	100%
	Browns Range	M80/627	WA		Granted	Northern Minerals	100%
	Browns Range	L80/76	WA		Granted	Northern Minerals	100%
	Browns Range	L80/77	WA		Granted	Northern Minerals	100%
	Browns Range	L80/78	WA		Granted	Northern Minerals	100%
	Browns Range	L80/79	WA		Granted	Northern Minerals	100%
Browns Range NT	Browns Range	EL24193	NT		Granted	Northern Star Resources	REE rights only
	Browns Range	EL24174	NT		Granted	Northern Star Resources	REE rights only
	Browns Range	EL24941	NT		Application	Northern Star Resources	REE rights only
	Browns Range	EL26270	NT		Granted	Northern Star Resources	REE rights only
	Browns Range	EL26286	NT		Granted	Northern Star Resources	REE rights only



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John Galt	John Galt	E80/4298	WA		Granted	Northern Minerals	100%
	John Galt	E80/4671	WA		Granted	Northern Minerals	100%
	John Galt	E80/4779	WA		Granted	Northern Minerals	100%
	John Galt	E80/4967	WA		Granted	Northern Minerals	100%
	John Galt	E80/5070	WA		Application	Northern Minerals	100%
Boulder Ridge	Boulder Ridge	EL24177	NT		Granted	Northern Star Resources	REE rights only
	Boulder Ridge	EL25171	NT		Granted	Northern Star Resources	REE rights only
	Boulder Ridge	EL29594	NT		Granted	Northern Minerals	100% (excluding gold rights)
	Boulder Ridge	EL24849	NT		Application	Northern Minerals	100% (excluding gold rights)
	Boulder Ridge	EL24935	NT		Application	Northern Minerals	100% (excluding gold rights)
	Boulder Ridge	EL28868	NT		Application	Northern Star Resources	REE rights only
	Boulder Ridge	EL30132	NT		Application	Northern Star Resources	REE rights only
	Boulder Ridge	EL27590	NT		Granted	Northern Star Resources	REE rights only
Gardiner-Tanami NT	Tanami	EL23932	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL25009	NT		Granted	Northern Star Resources	REE rights only

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	Ware Range	EL26498	NT		Granted	Northern Star Resources	REE rights only
	Ware Range	EL26541	NT		Granted	Northern Star Resources	REE rights only
	Pargee	EL27367	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL29592	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL29593	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL29595	NT		Granted	Northern Star Resources	REE rights only
	Tanami	EL23933	NT		Application	Northern Star Resources	REE rights only
	Ware Range	EL24179	NT		Application	Northern Star Resources	REE rights only
	Ware Range	EL24947	NT		Application	Northern Star Resources	REE rights only
	Ware Range	EL25003	NT		Application	Northern Star Resources	REE rights only
	Ware Range	EL25004	NT		Application	Northern Star Resources	REE rights only
	Tanami	EL25172	NT		Application	Northern Star Resources	REE rights only
	Tanami	EL29619	NT		Application	Northern Star Resources	REE rights only
	Tanami	EL29621	NT		Application	Northern Star Resources	REE rights only
	Tanami	EL26635	NT		Granted	Northern Star Resources	REE rights only



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Rabbit Flats	Rabbit Flats 1	EL25157	NT		Application	Northern Star Resources	REE rights only
	Rabbit Flats 2	EL25158	NT		Application	Northern Star Resources	REE rights only
	Rabbit Flats 3	EL25159	NT		Application	Northern Star Resources	REE rights only
	Rabbit Flats 4	EL25160	NT		Application	Northern Star Resources	REE rights only
	Rabbit Flats 5	EL23935	NT		Application	Northern Star Resources	REE rights only
Kurundi	Kurundi	EL29616	NT		Granted	Horn Resources	REE rights only





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Nan Yang
Non-executive Director
Bin Cai
Alternate Director

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Chief Operating Officer

Robin Wilson
Exploration Manager

Mark Tory
Chief Financial Officer/
Company Secretary

Chris Lee
Resident Manager

Eben Van Rooyen
Project Manager

About Northern Minerals

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) is focussed on the development of the Browns Range Heavy Rare Earth Pilot Plant Project in northern Western Australia. The Browns Range Project has the potential to be the first significant world producer of dysprosium outside of China.

Work has commenced on a three-year pilot plant project with first production of heavy rare earth carbonate expected in H1 2018. The pilot plant development will continue with its R&D development and will provide the opportunity to gain production experience, surety of supply for our offtake partner and assess the economic and technical feasibility of the larger full scale development.

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