

ASX ANNOUNCEMENT

22 July 2019



\$30 million placement allows Northern Minerals to ramp up ore sorting, product separation and exploration initiatives

Highlights

- Commitments for A\$30 million received from Australian and overseas investors under a private placement.
- Strong interest from customers, investors and Government bodies in the Company's Browns Range Project in light of on-going US-China trade tension.
- Approved initiative to commence ore sorting, with trials indicating the potential to double the plant feed grade.
- Product separation to be accelerated through investigation of product separation technology.
- Exploration programme to be expanded.

Australian heavy rare earths producer, Northern Minerals Limited (ASX: NTU) (the **Company**) is pleased to announce that following the Company's successfully completed 1 for 13 pro-rata non-renounceable entitlement offer that raised approximately \$6.94 million (before costs), it has entered into subscription agreements with Australian and overseas investors to raise a further A\$30 million (before costs) under a private placement (**Placement**) and has approved a major expansion of the Company's project enhancement initiatives that were first announced to the ASX in late 2018.

Details of the Placement and the key project enhancement initiatives (ore sorting, product separation and increased exploration) for Browns Range are set out below. The Company is continuing commissioning of the Browns Range Pilot Plant Project and based on the results to date, it is investigating further options to improve the technical performance of the plant.

The programme expansion and acceleration is a result of significantly increased levels of interest in the Company and the Browns Range Project from a number of parties, including potential customers, investors and Government bodies in Australia and the US. This interest largely stems from the increased focus on rare earths as a result of the trade tension between the US and China, which has seen the Dysprosium price increase by ~55% in 2019.

Ore sorting

The Company identified ore sorting as a potential game changer at Browns Range, with initial testwork indicating the potential for a doubling of the feed grade going into the plant (refer to the Company's ASX announcement dated 11 October 2018).

The front-end engineering and design for the ore-sorter system has commenced with the selection of the ore sorter to be made within the week from the short-list of Steinert and Tomra. The ore sorter system is targeted to be operational by mid-2020.

Product separation

The current pilot plant configuration produces a mixed heavy rare earth carbonate, which requires downstream processing in China to separate it into individual higher value rare earth oxides (i.e. dysprosium oxide, terbium oxide). In order to capture additional margin and transact directly with end users, the Company plans to investigate the potential for the addition of separation technology to its

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existing processing capabilities. Previous studies are being reviewed and samples from Browns Range will be dispatched to selected separation technology groups for initial bench-scale testwork.

This testwork will initially be conducted at overseas locations as there are no heavy rare earth separation technologies currently operational in Australia. If the separation technology investigations prove to be successful, incorporation of the technology will position Northern Minerals as a unique rare earth producer in Australia and globally.

Increased exploration

In order to potentially extend the mine life of the project, the Company intends to expand exploration at Browns Range on a number of fronts. After the discovery of the high-grade Dazzler deposit in 2018 following the testing of a new geological hypothesis (refer to the Company's ASX announcement dated 6 March 2019), the Company has identified several targets for follow up geophysics and drilling during the second half of 2019. Metallurgical testwork has also commenced on core samples from Dazzler to test its recoverability through the plant.

A\$30 million placement

The Placement is for the issue of a total of 483,870,970 fully paid ordinary shares (**Shares**) at an issue price of A\$0.062 per share to sophisticated and institutional investors in Australia and overseas to raise \$30 million (before costs).

The Placement is split into three separate tranches with funds to be received by 23 July 2019, 9 August 2019 and 31 August 2019, as detailed below:

Tranche	Shares	Issue Price	Subscription Price	Completion Date
1	158,720,430	A\$0.062	A\$9,840,667	On or before 23 July 2019
2	161,290,323	A\$0.062	A\$10,000,000	On or before 9 August 2019
3	163,860,217	A\$0.062	A\$10,159,333	On or before 31 August 2019
Total	483,870,970		A\$30,000,000	

The Placement is being undertaken within the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A.

Specifically, all 158,720,430 Shares under Tranche 1 will be issued under the Company's placement capacity under Listing Rule 7.1A. 59,086,268 Shares under Tranche 2 will also be issued under the Company's placement capacity under Listing Rule 7.1A however, if this is not possible due to the 'minimum issue price' in Listing Rule 7.1A.3 not being satisfied, those Shares will be issued under the Company's placement capacity under Listing Rule 7.1. All of the Shares under Tranche 3 will be issued under the Company's placement capacity under Listing Rule 7.1. The Company may seek to ratify the issue of these Shares at its next general meeting.

Appendices 3B will follow once the respective Shares have been issued.

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Further Information

Argonaut is acting as financial advisor to the Company in relation to the Placement. Johnson Winter & Slattery is acting as legal adviser to the Company.

Summary Information

The following disclaimer applies to this announcement and any information contained in it. The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

Forward Looking Statements

This announcement includes forward-looking statements. These statements relate to the Company's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like "will", "progress", "anticipate", "intend", "expect", "may", "seek", "towards", "enable" and similar words or expressions containing same.

The forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. Given these uncertainties, no one should place undue reliance on any forward looking statements attributable to the Company, or any of its affiliates or persons acting on its behalf. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither the Company nor any other person, gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. To the maximum extent permitted by law, the Company and each of its advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise.

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This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

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About Northern Minerals:

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) has completed practical completion of the Browns Range Heavy Rare Earth Pilot Plant Project in northern Western Australia and commenced pilot plant production of heavy rare earth carbonate.

The three-year Pilot Plant Project will continue to assist the company evaluate the economic and technical feasibility of mining at Browns Range, and will provide the opportunity to gain production experience and surety of supply for our offtake partner.

Through the development of its flagship project, the Browns Range Project (the Project), Northern Minerals aims to build the Western Australian operation into the first significant world producer of dysprosium outside of China.

The Project is 100% owned by Northern Minerals and has several deposits and prospects containing high value dysprosium and other HREs, hosted in xenotime mineralisation.

Dysprosium is an essential ingredient in the production of DyNdFeB (dysprosium neodymium iron-boron) magnets used in clean energy and high technology solutions.

For more information: northernminerals.com.au.



ASX Code:	NTU	Market Capitalisation:	A\$154.6m
Issued Shares:	2,178m	Cash (as at 31 March 2019):	A\$9.1m