

Northern Minerals announces \$4m convertible note

Australian heavy rare earths producer Northern Minerals Limited (ASX: NTU) (the **Company**) is pleased to announce that it has entered into a subscription agreement with JHY Investments Pty Ltd (**JHY**), a top 5 shareholder of the Company, for the issue of 4,000,000 convertible notes over two tranches with a face value of A\$1.00 per note.

Tranche 1 has been completed and 3,500,000 notes have been issued to JHY out of the Company's existing placement capacity under Listing Rule 7.1. A total of A\$3,500,000 (before costs) has been received by the Company for that subscription.

Tranche 2 relates to the issue of a further 500,000 notes and is due to complete on 31 January 2019 (or such earlier date as agreed by JHY). The issue of notes under Tranche 2 will raise a further A\$500,000 for the Company (before costs) and will also be issued out of the Company's existing placement capacity under the Listing Rules.

Funds raised from the issue of the notes will be utilised for ongoing working capital.

The key terms of the notes are as follows:

Face Value:	A\$1.00 per note
Maturity Date	31 December 2019
Interest Rate:	16.0% per annum, accruing daily and payable monthly in immediately available funds on the Face Value of the notes from the date the notes are issued until the earlier of the date the note is converted into shares and the Maturity Date.
Conversion:	At JHY's election, the notes may be converted into fully paid ordinary shares at the Conversion Price at any time before the Maturity Date. Conversions must be for a minimum 300,000 notes at any one time, unless JHY holds less than 300,000 notes in which case JHY must convert all of its notes together.
Conversion Price	A\$0.06 per share.
Maximum number of shares on conversion	The maximum number of shares that may be issued to JHY on conversion of the notes is 66,666,667 shares.
Redemption	The Company must redeem notes not converted on or before 5.00pm (Perth time) on the Maturity Date. JHY may give the Company 60 day's written notice that the notes must be redeemed if an event of default occurs in relation to the Company.
No quotation and no transfer	The notes will not be quoted on ASX and are not transferrable.

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The Notes are unsecured against the assets of the Company however, Huatai Mining Pty Ltd has granted JHY security over 50,000,000 of its own shares in the Company securing the obligations of the Company under the subscription agreement.

As part of the subscription, the Company has also granted JHY 10,000,000 unlisted options for a nil issue price, exercisable at \$0.09 per share with an expiry date of 31 December 2019.

The announcement dated 15 October 2018 and follow up announcement on 1 November 2018 and 15 November 2018 in relation to “\$27 Million Funding Package” with NRE Industrial Group has been further delayed. NRE has informed the company that some funds could be received in the coming week.

An Appendix 3B will follow this announcement.

For further information:

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About Northern Minerals:

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) has commenced commissioning of 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 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.

The three-year R&D pilot plant project will commence first production of heavy rare earth carbonate in Q3 2018. The pilot plant development provides 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.

For more information: northernminerals.com.au.



ASX Code:	NTU	Market Capitalisation:	A\$72.5m
Issued Shares:	1,188m	Cash (as at 30 Sept 2018):	A\$4.6m

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