

AusIndustry sets aside negative R&D finding

Highlights

- AusIndustry review finds most activities in Northern Minerals' R&D tax offset claims for FY17 and FY18 were in fact eligible;
- Australian Taxation Office to reassess income tax returns for FY17 and FY18.

Australian heavy rare earths producer, Northern Minerals Limited (ASX: NTU) (the **Company**), wishes to provide an update to investors about the status of its research and development (**R&D**) tax offset claims that were submitted to the Australian Taxation Office (**ATO**) as part of the Company's income tax returns for the 2016/17 and 2017/18 income years (each an **R&D Claim**), which have each been reviewed by the ATO and the Department of Industry Innovation and Science (**AusIndustry**).

After market close on 24 February 2020, the Company received formal notification from AusIndustry that it has reversed its initial finding (refer announcement dated 17 May 2019) in relation to the Company's R&D Claims. This means that most of the Company's registered activities are in fact eligible for the R&D incentive. The company has agreed to exclude from the claim some minor supporting activities that were part of the previous claims.

AusIndustry will provide a copy of the notice to the ATO which is bound by AusIndustry's findings and is expected to reconsider certain aspects of their initial finding before confirming the quantum of the final refundable R&D tax offset.

The Company will seek to immediately stop payments to the ATO of amounts owing as a result of the initial finding (refer announcement dated 5 June 2019) and work closely with the ATO to confirm the final refundable R&D tax offset.

Northern Minerals Managing Director and CEO, George Bauk, commented "*We are pleased but not surprised by the AusIndustry review findings.*"

"The Company and its advisors worked diligently and submitted claims in respect to the R&D tax offset in line with the assessment criteria provided.

"We committed to initially developing Browns Range as a pilot plant operation as there were no analogues or peer projects to guide us.

"As such, we were always confident that our claims met both the spirit and technical guidelines for assessment.

"We look forward to working with the ATO to finalise this process."

ENDS

For and on behalf of Northern Minerals Limited
Mark Tory
Company Secretary

Powering Technology.

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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 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\$104.0m
Issued Shares:	2,600m	Cash (as at 31 December 2019):	A\$5.8m