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Northern Minerals enters strategic partnership with Iluka Resources (Iluka) and announces funding package for Browns Range Project of up to \$78.0 million

- Northern Minerals Limited (ASX:NTU) signs rare earths concentrate supply agreement with Iluka Resources Limited (ASX:ILU) covering the initial 8+ year mine life (30.5k tonnes of contained TREO) from Browns Range
- Production of dysprosium and terbium rare earth oxides in concentrate from Browns Range will complement Iluka's suite of rare earths products
- Northern Minerals has entered into a funding package to raise up to \$78.0 million to fund the Browns Range Project (subject to satisfaction or waiver of certain conditions, and receipt of shareholder approvals) comprising:
 - Iluka funding package (as below) of up to \$73.0 million
 - Non-underwritten share purchase plan of up to 125 million shares at \$0.04 per share to raise up to \$5.0 million
- Northern Minerals and Iluka have entered into funding arrangements which include the following:
 - An initial placement by Northern Minerals to Iluka of 125.0 million shares at \$0.04 per share to raise \$5.0 million (subject to satisfaction or waiver of certain conditions), to be completed on or about 28 October 2022
 - An issue by Northern Minerals to Iluka of a convertible note totalling \$15.0 million (subject to satisfaction or waiver of certain conditions), convertible into up to 365.6 million shares at \$0.048 per share (including assumed capitalised interest, and subject to various adjustment events), to be issued on or about 28 October 2022
 - A future placement by Northern Minerals to Iluka, to take place following Browns Range Project FID (and certain other conditions being satisfied or waived), pursuant to which Iluka will (subject to satisfaction or waiver of certain conditions) be issued up to an additional 230 million shares at a maximum price of \$0.06 per share raising up to \$13.8 million.
 - A call option / put option arrangement pursuant to which Iluka will (subject to satisfaction or waiver of certain conditions) be issued up to an additional 653.3 million shares at a maximum price of \$0.06 per share raising up to \$39.2 million. The issue and grant of the call option and put option is conditional on Northern Minerals shareholder approval of the call option.
 - The call option can be exercised by Iluka at any time up until 31 December 2025. The exercise of the put option by Northern Minerals is conditional on (among other things) NTU making a positive FID in relation to the Browns Range Project and ILU completing due diligence in respect of NTU's DFS to ILU's satisfaction (acting in good faith). Once those conditions are satisfied, Northern Minerals may exercise the put option at any time up until 31 December 2025.¹

¹ The parties cannot both exercise their respective rights under the call option/ put option arrangement (ie the tranche of 653.3 million shares will not be issued twice).

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- This funding package will enable Northern Minerals to complete the DFS for a mine and commercial-scale beneficiation plant at Browns Range, provide ongoing working capital and contribute to the future equity component of the capex and commissioning costs associated with the Browns Range Project
- Northern Minerals is targeting completion of the Wolverine Project DFS in Q3 2023 with first production forecast to occur in 2026, subject to receipt of customary regulatory approvals

1. Background

Australian heavy rare earths producer Northern Minerals Limited (ASX: NTU) (**Northern Minerals, NTU** or the **Company**) has today entered into a number of agreements with Iluka Resources Limited (ASX: ILU) or its subsidiaries (**Iluka** or **ILU**).

The agreements provide for ILU to make a series of investments in NTU, and for NTU to provide ILU with an initial 30.5kt supply of total rare earth oxide (**TREO**) in concentrate from its Browns Range Project (**Iluka Supply Agreement**). The Iluka Supply Agreement represents a long-term supply agreement between the parties, requiring NTU to supply and sell, and ILU to purchase and take, an agreed minimum quantity of product up to 100% of the forecasted production annually. The key terms of the Iluka Supply Agreement are summarised in Annexure A.

Executing these agreements will allow NTU to complete the definitive feasibility study (**DFS**) as a precursor to taking a final investment decision (**FID**) for a mine and commercial-scale beneficiation plant at Browns Range.

As detailed in sections 3 and 4 below, ILU has agreed to subscribe for \$5.0 million in new equity and a \$15.0 million convertible note, which will be issued on or about 28 October 2022. ILU has also agreed to subscribe for further equity of up to \$53.0 million subject to a number of conditions, including NTU achieving certain specified milestones, completion of due diligence by ILU and NTU shareholder approval (in relation to the issue of the Iluka Tranche 2B Call Option (see below)).

NTU also proposes to raise up to an additional \$5.0 million through a non-underwritten share purchase plan for eligible shareholders.

2. Browns Range Project

The Browns Range Project is 100% owned by NTU, has a JORC (2012) reported Mineral Resource of 10.81 million tonnes averaging 0.76% total rare earth oxides (**TREO**), of which 88% are heavy rare earth oxides (**HREO**).²

Exploration to date has only examined approximately 15% of the Browns Range Dome, a large oval-shaped structure, approximately 60 kilometres by 30 kilometres, on the Western Australian / Northern Territory border.

“These funding initiatives and our strategic partnership with Iluka are a major step towards achieving our goal of developing Browns Range into a significant alternative producer of dysprosium and terbium, which are critical metals in a low carbon future increasingly reliant on rare earth permanent magnetic electric motors,” said Nick Curtis, Executive Chairman of Northern Minerals. “We can now confidently proceed with plans to establish a commercial-scale beneficiation plant at Browns Range.”

Iluka’s Managing Director, Tom O’Leary, said that Iluka’s agreement with Northern Minerals is a further step towards delivering on the significant, industry building opportunities presented by the development of Australia’s first fully integrated rare earths refinery at Eneabba.

² Total tonnage and TREO and HREO concentrations have been previously disclosed to the market in the announcement “Independent review increases Wolverine REE Mineral Resource estimate by 47% at Browns Range” dated 10 October 2022. Please refer to the ‘Competent person and compliance statement’ for further details.

“Previously, intermediate rare earth products such as Northern Minerals’ concentrate would require export overseas prior to refining to produce separated REOs. This is no longer the case. Iluka’s agreement with Northern Minerals demonstrates the Eneabba refinery’s strategic importance in fostering new supply chains for critical minerals that are essential to global electrification and the transition to a low carbon economy.

“There is mutual commercial benefit for both parties, as well as downstream consumers of rare earths, and the value addition will occur in Australia for the first time. We are delighted to have reached agreement with Northern Minerals to support this important development.”

The Browns Range Project is rich in high value dysprosium and terbium and other heavy rare earths that are essential ingredients in the production of neodymium iron-boron (**NdFeB**) magnets used in clean energy, military and high technology solutions. Neodymium (Nd) and praseodymium (Pr) are the major rare earth components of NdFeB magnets, but magnets used in higher temperature operating conditions, such as electric vehicle (**EV**) motors and energy-saving heating, ventilation and air conditioning (**HVAC**) systems, also need dysprosium (Dy) and terbium (Tb) to better resist demagnetisation.

“The outlook for rare earths and especially for magnet metals is very positive. Growing adoption of EVs, wind turbines and energy-efficient HVAC systems is driving increased demand for NdFeB permanent magnets,” said Mr Curtis.

“At the same time, governments are adopting policies to reduce carbon intensity, and this is stimulating product innovation to improve energy efficiency. A leading driver for growth in demand will be the rapid uptake of large scale onshore and offshore wind turbines powered by large scale permanent magnets. Another key driver will be the growth in demand in the EV industry. Other examples include energy-saving elevators in energy-efficient buildings and growing use of robots in smart manufacturing designs. This demand from industry is occurring in parallel with increased efforts by various governments to boost strategic capabilities.

“Consequently, governments and original equipment manufacturers around the world are seeking more secure, diverse supply chains for critical minerals such as rare earths.”

Independent strategic metals and minerals research and advisory firm Adamas Intelligence forecasts global demand for NdFeB magnets will increase at a compound annual growth rate (**CAGR**) of 8.6% between 2022 and 2035, driven by double-digit growth from EV and wind power sectors.³

Over the same period, Adamas Intelligence forecasts global production of neodymium, praseodymium, dysprosium and terbium will collectively increase at a slower CAGR of just 5.4% as the supply side of the market increasingly struggles to keep up with this rapidly growing demand.⁴ “Over the next 15 years,” Adamas Intelligence predicts, “NdFeB magnet consumption will increase from 172,848 tonnes in 2022 to 508,181 tonnes in 2035. Dysprosium and terbium are critical in these magnets”.⁵

3. Iluka Subscription and Option Agreement

NTU has entered into a subscription and option agreement with ILU (**Iluka Subscription and Option Agreement**) under which:

- Subject to satisfaction or waiver of certain conditions, NTU will issue to ILU 125.0 million NTU ordinary shares at an issue price of \$0.04 per share to raise \$5.0 million, to be completed on or about 28 October 2022 (**Iluka Tranche 1 Placement**)⁶
- Subject to satisfaction or waiver of certain conditions including NTU making a positive FID on the Browns Range Project, completion of due diligence by ILU, funding having been secured for the

³ Adamas Intelligence, Rare Earth Magnet Market Outlook to 2035, Q2 2022.

⁴ Adamas Intelligence, Rare Earth Magnet Market Outlook to 2035, Q2 2022.

⁵ Adamas Intelligence, Rare Earth Magnet Market Outlook to 2035, Q2 2022.

⁶ Following the issue of shares under the Iluka Tranche 1 Placement, ILU will hold approximately 2.5% of NTU’s total issued share capital (assuming no other issuances by NTU between the date of this announcement and that issuance).

Browns Range Project and approval by NTU shareholders (in relation to the issue of the Iluka Tranche 2B Call Option only), ILU will be issued up to an additional 883.3 million NTU ordinary shares. These shares will be issued at:

- **Iluka Tranche 2A Placement (230.0 million shares)⁷**

The lower of:

- the subscription price of any equity raising to raise additional equity funding required for the total pre-production costs of the Browns Range Project, such funding being additional to the moneys raised pursuant to the SPP and various ILU subscriptions set out above (**Additional Browns Range Equity Fundraising**); and
- \$0.052 per share (being a 30% premium to the Iluka Tranche 1 Placement price of \$0.04 per share), or, if NTU shareholders vote in favour of the issue of the Iluka Tranche 2B Call Option (see below), then \$0.06 per share (being a 50% premium to that price)

- **Iluka Tranche 2B Call Option / Put Option arrangements (up to 653.3 million shares)⁸**

The lower of:

- the subscription price for the Additional Browns Range Equity Fundraising (see above); and
- \$0.06 per share (being a 50% premium to the Iluka Tranche 1 Placement price of \$0.04 per share)

- NTU will undertake the Iluka Tranche 1 and 2A Placements using its existing placement capacity
- In contrast, the issue of the Iluka Tranche 2B Call Option will be subject to approval by NTU shareholders at an extraordinary general meeting (see below), as NTU does not have sufficient existing placement capacity to agree to undertake that issuance without shareholder approval under Listing Rule 7.1. The corresponding Put Option does not count towards NTU's placement capacity under Listing Rule 7.1.

The key terms of the Iluka Tranche 2A Placement and Iluka Tranche 2B Call Option / Put Option arrangements are summarised in Annexure A.

4. **Iluka Convertible Note**

In addition, NTU will issue to ILU a \$15.0 million convertible note (subject to satisfaction or waiver of certain conditions), which has a coupon of 7.0%, a maturity date of 31 December 2024 and will be convertible into approximately 365.6 million NTU ordinary shares (including assumed capitalised interest) at a conversion price of \$0.048 per share, subject to various adjustment events (**Iluka Convertible Note**).⁹

⁷ Following the issue of shares under the Iluka Tranche 1 Placement, SPP (assuming full take-up) and Iluka Tranche 2A Placement, Iluka will hold approximately 6.6% of NTU's total issued share capital (assuming no other issuances by NTU between the date of this announcement and those issuances).

⁸ Following the issue of shares under the Iluka Tranche 1 Placement, SPP (assuming full take-up), Iluka Tranche 2A Placement and Iluka Tranche 2B Call Option or Put Option (as applicable), Iluka will hold approximately 16.8% of NTU's total issued share capital (assuming no other issuances by NTU between the date of this announcement and those issuances).

⁹ Following the issue of shares under the Iluka Tranche 1 Placement, SPP (assuming full take-up), Iluka Tranche 2A Placement and Iluka Tranche 2B Call Option or Put Option (as applicable) and assuming conversion of the Iluka Convertible Note, Iluka would theoretically have voting power of approximately 21.6% in NTU (assuming no other issuances by NTU between the date of this announcement and those issuances). In practice, however, Iluka's voting power in NTU will not exceed 19.9%. In this regard, it is noted that the Iluka Subscription and Option Agreement provides that the number of new shares to be issued to Iluka upon completion of the Iluka Tranche 2B Call Option / Put Option is to be the lesser of (a) 653.3 million shares and (b) such number of shares as would result in Iluka acquiring voting power in NTU of 19.9% at the time of issue. In addition, the Iluka Convertible Note provides that, to the extent that Iluka would obtain voting power of greater than 19.9% through the issue of shares upon conversion of the Iluka Convertible Note, Iluka may require NTU to issue such number of shares up to the 19.9% threshold and to pay cash for the balance of the shares that would otherwise have been issued upon conversion of the Iluka Convertible Note.

The key terms of the Iluka Convertible Note, including conversion and redemption events, are summarised in Annexure A.

5. Iluka security arrangements

NTU has entered into agreements with ILU to provide security in respect of the various obligations NTU owes to ILU under the Iluka Supply Agreement and Iluka Convertible Note.

The key terms of these security arrangements are summarised in Annexure A.

6. Share Purchase Plan

NTU will also offer eligible existing shareholders in Australia and New Zealand the opportunity to participate in a non-underwritten share purchase plan (**SPP**). Up to 125.0 million shares in NTU will be issued under the SPP to raise up to \$5.0 million, which may be increased or subject to scale back.

Under the SPP, eligible shareholders, being shareholders with a registered address in Australia or New Zealand on NTU's share register at 4.00pm (Perth time) on 25 October 2022, will have the opportunity to apply for up to \$30,000 of NTU ordinary shares at \$0.04 per share (**SPP Price**) free of any brokerage, commission and transaction costs.

The SPP Price of \$0.04 per share represents:

- a 2.4% discount to the closing price of \$0.041 per share on 25 October 2022; and
- a 2.4% discount to the 5-day volume weighted average price (VWAP) of \$0.041 per share up to and including 25 October 2022.

The SPP offer will open on 3 November 2022 and is expected to close at 2.00pm (Perth time) on 24 November 2022.

The terms and conditions of the SPP will be set out in an SPP offer booklet which is expected to be released to ASX and made available to eligible shareholders on or about 3 November 2022.

Participation in the SPP is optional and NTU reserves the right to scale back any applications under the SPP in accordance with the policy to be set out in the SPP offer booklet.

7. Extraordinary general meeting

NTU has issued or agreed to issue the following securities pursuant to its existing placement capacity under ASX Listing Rule 7.1:

- Iluka Tranche 1 Placement
- Iluka Convertible Note
- Iluka Tranche 2A Placement

An extraordinary general meeting (**EGM**) of shareholders is expected to be held on or around 12 December 2022 at a venue to be determined to seek to approve (among other matters) the following:

- Ratify the issue of 125.0 million ordinary shares under the Iluka Tranche 1 Placement and the issue of the Iluka Convertible Note (but not the agreement to issue 230.0 million shares under the Iluka Tranche 2A Placement)
- Issue of the Iluka Tranche 2B Call Option to Iluka (which, if exercised, results in the issue of up to 653.3 million ordinary shares to Iluka)
- A 25:1 security consolidation¹⁰

A notice of meeting for the EGM is expected to be dispatched on 9 November 2022.

¹⁰ Share numbers in this announcement are provided on a pre-consolidation basis and will be adjusted if shareholder approval of the proposed consolidation is obtained at the EGM (dependant on the time of that adjustment).

8. Indicative timetable

| Event | Date |
|--|---------------------------------------|
| Record date for SPP | 4:00pm (Perth time), 25 October 2022 |
| Announcement of Iluka agreements and SPP | 26 October 2022 |
| Settlement and issue of New Shares under Iluka Tranche 1 Placement, and settlement and issue of Iluka Convertible Note | 28 October 2022 |
| SPP Booklet made available to eligible shareholders and SPP opens | 3 November 2022 |
| Anticipated Notice of Extraordinary General Meeting dispatch date | 9 November 2022 |
| SPP closes | 2:00pm (Perth time), 24 November 2022 |
| Announcement of outcome of SPP | 29 November 2022 |
| Issue of New Shares under the SPP | 1 December 2022 |
| Dispatch of holding statements and commencement of normal trading of New Shares issued under the SPP | 2 December 2022 |
| Anticipated Extraordinary General Meeting to approve issue of Iluka Tranche 2B Call Option, and Share Consolidation | 12 December 2022 |

The above timetable is indicative only and subject to change. The commencement of trading and quotation of shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws, NTU reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice.

Additional information

Further information is provided in NTU's investor presentation released to ASX today. The investor presentation includes important information which should be read together with this announcement.

[Authorised by The Board of Directors of Northern Minerals Limited](#)

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About Northern Minerals:

Northern Minerals Limited (ASX: NTU) (Northern Minerals or the Company) owns 100% of the Browns Range Project in northern Western Australia, tenements uniquely rich in the heavy rare earth elements dysprosium (Dy) and terbium (Tb).

Dysprosium and terbium are critical in the production of dysprosium neodymium iron-boron (DyNdFeB) magnets used in clean energy, military, and high technology solutions. Dysprosium and terbium are prized because their unique properties improve the durability of magnets by increasing their resistance to demagnetisation.

The Project's flagship deposit is Wolverine, which is thought to be the highest-grade dysprosium and terbium orebody in Australia. The Company is preparing to bring Wolverine into production with the objective of providing a reliable alternative source of dysprosium and terbium to production sourced from China. Northern Minerals is one of only a few companies outside of China to have produced these heavy rare earth elements.

To further its strategic objective, Northern Minerals is preparing to undertake a Detailed Feasibility Study for a commercial scale beneficiation plant to process Wolverine ore.

Apart from Wolverine, Northern Minerals and has several other deposits and prospects within the Browns Range Project that contain dysprosium and other heavy rare earth elements, hosted in xenotime mineralisation.

For more information: northernminerals.com.au.



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|-----------------------|---------------|----------------------------------|------------------|
| ASX Code: | NTU | Market Capitalisation: | A\$199.5m |
| Issued Shares: | 4,865m | Cash (as at 30 June 2022) | A\$2.9m |

IMPORTANT NOTICES

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be registered, under the US Securities Act of 1993, as amended (the **Securities Act**) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the Securities Act and applicable US state securities laws.

This announcement contains certain “forward-looking statements”. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of NTU, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing impact of COVID-19 as well as the military conflict in Ukraine. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of NTU’s business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing impact of COVID-19 as well as the military conflict in Ukraine, and except as required by law or regulation, none of NTU, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to NTU as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of NTU, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

The information in this announcement is in summary form and does not contain all the information necessary to fully evaluate the transaction or investment. It should be read in conjunction with NTU’s other periodic and continuous disclosure announcements lodged with ASX. The announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and does not form the basis of any contract or commitment. All persons should consider seeking appropriate professional advice in reviewing this announcement.

Annexure A

Summary of ILU arrangements

Iluka Supply Agreement

| | |
|---|---|
| Conditions | <p>The Iluka Supply Agreement is subject to the satisfaction of certain conditions precedent, including:</p> <ul style="list-style-type: none"> • NTU granting security to ILU over its assets including the grant of a mining mortgage; • NTU completing the DFS; • NTU making a positive FID in relation to the Browns Range Project; • NTU achieving financial close and first draw-down under its financing arrangements for the Browns Range Project; and • ILU achieving financial close and first draw-down under its financing arrangements for the Eneabba rare earths refinery. <p>ILU also has a right to terminate the agreement if the project does not achieve specified performance test by 30 June 2028.</p> |
| Price | <p>Pricing of the concentrate will include a fixed price component based on contained REO and an upside price sharing mechanism based on realised selling price, as well as adjustments for impurities. Certain values forming part of the pricing calculation are subject to adjustment in accordance with movement in CPI.</p> |
| Product | <p>Xenotime concentrate produced from the Browns Range Project that meets the specifications under the Iluka Supply Agreement.</p> |
| Seller Production Forecast and Minimum / Maximum Annual Quantity | <p>The Seller Production Forecast forms the basis of Product quantity obligations. Under the agreement, NTU must supply and sell, and ILU must purchase and take, 100% of the Product that is produced up to the maximum annual quantity (being 5,500 tonnes of Contained REO in Product, or if lesser amount, the tonnage of Contained REO in the Seller Production Forecast for the relevant contract year). NTU also has an obligation to supply and sell, and ILU must purchase and take, a minimum annual quantity (being a percentage of the Seller Production Forecast for the relevant contract year as specified in the agreement).</p> <p>The agreement contains a regime to suspend the obligation to sell and purchase the Product where the weighted average sales price realised by ILU for each Contained REO is less than a nominated threshold value for 3 consecutive quarters.</p> |
| Right of first refusal and exclusivity | <p>The Iluka Supply Agreement provides ILU with a right of first refusal in respect of Product from the Browns Range Project in excess of the maximum annual amount for a contract year and material that do not meet Product specifications.</p> <p>If the Iluka Supply Agreement is terminated for failure to satisfy or waive a condition precedent (other than a failure to satisfy a condition by ILU), ILU has a right of first refusal to purchase Product from the Brown Range Project for a two year period from the date the agreement is terminated.</p> |
| Supply period | <p>Commences from the later of the First Commercial Production Date (being the date on which NTU's processing facility is fully commissioned and has produced 350 tonnes of Product) and 31 December 2025 and ends on the earlier of the date that NTU has delivered 30,500 tonnes of Contained REO in Product to the Buyer, or NTU permanently ceases production of any material from the Browns Range Project.</p> |

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| Force majeure | <p>The Iluka Supply Agreement contains a provision which grants temporary relief for force majeure events including various forms of natural disasters, certain labour issues such as national or industry wide strike action, breakage or damage to plant, machinery or other facilities, acts of war, terrorism, the effect of any applicable laws, orders, rules or regulations of any government agency, an embargo, inability to obtain any necessary materials, equipment, facilities or qualified employees, power or water shortage, lack of transportation and global, national, and/or local health events.</p> <p>The provision grants an affected party temporary relief from its obligations to supply, process or take Product under the agreement, to the extent it is prevented from performing those obligations by the force majeure event.</p> <p>Either party may terminate the agreement if force majeure prevents the whole or part of the agreement from being performed for a period exceeding 6 months.</p> |
| Security arrangements | <p>NTU has entered into a general security agreement and mining mortgage in favour of ILU to secure the obligations of NTU under the Iluka Supply Agreement. If an event of default or step-in default under the Iluka Supply Agreement occurs, ILU may enforce the securities granted under the general security agreement and mining mortgage.</p> <p>Further, under the terms of the Iluka Supply Agreement, if requested by NTU, ILU must negotiate in good faith and enter into a priority and tripartite deed with NTU and the project debt financiers of NTU (or any representative on their behalf) based on the principles set out in the agreement.</p> |

Iluka Tranche 2A Placement and Iluka Tranche 2B Call Option / Put Option arrangements

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|-------------------|--|
| Terms | <p>Offer of up to:</p> <ul style="list-style-type: none"> • (Iluka Tranche 2A Placement) 230.0 million shares; and • (Iluka Tranche 2B Call Option/ Put Option) 653.3 million shares, <p>in each case, subject to any adjustment pursuant to a share consolidation or share split and satisfaction or waiver of the applicable conditions.</p> |
| Conditions | <p>The Iluka Tranche 2A Placement and exercise of the Iluka Tranche 2B Put Option are subject to the satisfaction of certain conditions precedent, including:</p> <ul style="list-style-type: none"> • NTU making a positive FID in relation to the Browns Range Project provided that the Browns Range Project as approved in that FID is reasonably likely to be capable of producing xenotime concentrate in sufficient quantities to substantially meet NTU's obligations under the Iluka Supply Agreement; • NTU having sufficient funds to fully fund the pre-production costs of the Browns Range Project; • ILU completing due diligence in respect of NTU's DFS to ILU's satisfaction (acting in good faith); and • the Iluka Supply Agreement having not been terminated. <p>Exercise of the Iluka Tranche 2B Put Option by the Company is also conditional on NTU shareholder approval of the Iluka Tranche 2B Call Option.</p> <p>Issue of the Iluka Tranche 2B Call Option is subject to NTU shareholder approval for the purposes of Listing Rule 7.1. Once issued, the exercise of the Iluka Tranche 2B Call Option is not subject to any conditions, and may be exercised by ILU at any time until 31 December 2025.</p> |

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| | The parties cannot both exercise their respective rights under the call option/ put option arrangement (ie the tranche of 653.3 million shares will not be issued twice). |
| Price | <p>The lower of:</p> <ul style="list-style-type: none"> • if NTU completes the Additional Browns Range Equity Fundraising (see above), the price at which shares are issued under that equity raising; and • if the issue of the Iluka Tranche 2B Call Option to Iluka is: <ul style="list-style-type: none"> – approved by shareholders for the purposes of Listing Rule 7.1, \$0.06 per Share; and – not approved by shareholders for the purposes of Listing Rule 7.1, \$0.052 per Share, <p>in each case, subject to any adjustment pursuant to a share consolidation or share split.</p> |
| Participation rights | <p>Subject to the ASX Listing Rules and any policy, guidance or requirement published or notified by ASX from time to time, NTU has agreed:</p> <ul style="list-style-type: none"> • to use reasonable endeavours to, and enter into good faith negotiations with ILU to, seek to agree terms and the extent to which ILU can participate in any Additional Browns Range Equity Fundraising (endeavouring to maximise ILU's participation up to a level that represents pro rata participation); and • to provide ILU with a reasonable opportunity to participate in certain other equity raisings for up to 3 years following NTU making a positive FID in relation to the Browns Range Project, provided ILU maintains a 10% shareholding in NTU, in each case, subject to customary exceptions, and at the same price and on the same terms as other participants in the applicable equity raising. |

Iluka Convertible Note

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|-------------------------|---|
| Conversion price | \$0.048 per share, subject to various adjustment events. |
| Coupon | 7% per annum. Accrued interest is capitalised quarterly. |
| Face value | \$15.0 million. |
| Maturity date | 31 December 2024. |
| Convertibility | <p>Convertible by:</p> <ul style="list-style-type: none"> • ILU – at any time before the maturity date; and • NTU – at any time after completion of both the Iluka Tranche 2A Placement and exercise of either the Iluka Tranche 2B Call Option or Put Option. |
| Redeemability | <p>Redeemable at the maturity date or by:</p> <ul style="list-style-type: none"> • ILU – following an event of default; and • NTU – at any time before the maturity date. |
| Security | <p>NTU has entered into a combination security agreement under which it agrees to grant security over all of its present and after acquired property (including certain NTU mining tenements) to Iluka to secure the obligations of NTU under the Iluka Convertible Note. If an event of default occurs, Iluka may enforce the security granted under the combination security agreement.</p> <p>Further, if requested by NTU, Iluka and NTU will use their respective reasonable endeavours to enter into a priority and subordination deed with NTU and its project debt financiers under which the security granted under the combination security agreement will rank behind any security granted in favour of the project debt financiers and the obligations under the Iluka Convertible Note will be subordinated to the project debt finance.</p> |

COMPETENT PERSON AND COMPLIANCE STATEMENT

The information in this report that relates to the Wolverine Mineral Resource estimate, it is based on information compiled by Dr. Maxim Seredkin. Dr. Maxim Seredkin is a full-time employee of CSA Global Pty Ltd and is a Fellow of Australasian Institute of Metallurgy and Mining (AusIMM) and Member of Australian Institute of Geoscience (AIG). Dr Maxim Seredkin has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr Maxim Seredkin consents to the disclosure of the information in this report in the form and context in which it appears. Dr Maxim Seredkin assumes responsibility for matters related to Sections 1, 2 and 3 of the Wolverine JORC Table 1 attached to this market release.

The information in this announcement that relates to the Mineral Resource estimates for deposits other than Wolverine was compiled by Mr Bill Rayson who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Rayson is a consultant to Northern Minerals, employed by Total Earth Science Pty Ltd, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Rayson consents to the inclusion of this information in the form and context in which it appears.

For Pilot Plant Stockpiles, Gambit, Gambit West, Cyclops, Banshee and Area 5, further information that relates to the Mineral Resource Estimates is disclosed to the market in the announcement "Independent review increases Wolverine REE Mineral Resource estimate by 47% at Browns Range" dated 10 October 2022. and is available to view on the company's website (www.northernminerals.com.au). For Dazzler, further information that relates to the Mineral Resource Estimates is available in the report entitled "Over 50% Increase In Dazzler High-Grade Mineral Resource" dated 7 April 2020 and is available to view on the Company's website (www.northernminerals.com.au).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS – MINERAL RESOURCES

Northern Minerals has ensured that the Mineral Resources estimates quoted above are subject to governance arrangements and internal controls. The Mineral Resource estimates have been derived by various practitioners and then reviewed by Northern Minerals' employees who have substantial knowledge of best practice in modelling and estimation techniques. Internal reviews of the Mineral Resource estimate have been completed by Northern Minerals' management and executives prior to public release. All Mineral Resource estimates that are disclosed by the Company are subject to review and approval by the Company's Board of Directors whose qualifications are disclosed in the Directors Report.