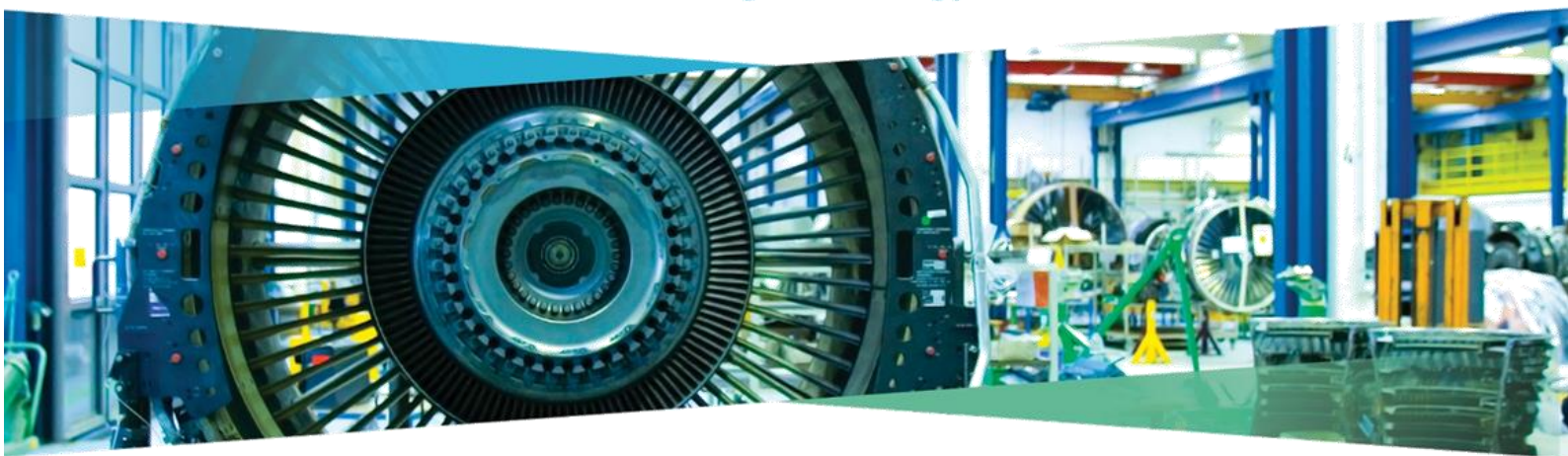




NORTHERN MINERALS

Powering Technology.



Quarterly Activities Report DECEMBER 2015

The focus of the quarter has been on restructuring the company and developing the pathway forward to take Browns Range into production.



Current Projects

Northern Minerals (ASX: NTU) is focussed on the delivery of the heavy rare earth element, dysprosium. NTU has a large landholding in WA and the NT that is highly prospective for this element.

Through the development of the Browns Range Project, NTU aims to be the first significant world producer of dysprosium outside of China. Dysprosium is an essential ingredient in powering clean energy technology applications such as hybrid cars and wind turbines. A key feature of the Project is its xenotime mineralisation which facilitates a relatively simple and cost effective processing flowsheet to produce a dysprosium rich mixed RE carbonate.

Corporate Overview

HIGHLIGHTS

FINANCE

- ◆ Jien Mining Pty Ltd fails to complete \$17 million placement by 24 December.
- ◆ Jien Mining Pty Ltd converts \$5 million convertible note into equity.
- ◆ US\$4 million funding facility secured with The Lind Partners LLC.
- ◆ Argonaut appointed as financial advisor.
- ◆ Cost reduction and restructuring measures implemented.
- ◆ Planning and costing underway for business plan to support an alternative pathway to production.
- ◆ Annual General Meeting held on 30 November with all resolutions passed.

STAKEHOLDER ENGAGEMENT

- ◆ Shareholder briefings held during November.

BROWNS RANGE PROJECT

- ◆ Positive results from benchscale testwork on yttrium rejection to produce a premium product.

MARKETING

- ◆ Initial feedback from key potential offtake partners to alternative pathway to production encouraging.

FINANCE

On 24 December, Jien Mining Pty Ltd (Jien Mining) failed to complete its \$17 million placement in Northern Minerals Limited (Northern Minerals or the Company) which formed part of the \$49.5 million funding partnership announced in February 2015. As a result, Northern Minerals undertook a review of its activities and company structure, and implemented a number of changes to its operations.

An internal review of short term resourcing and project requirements was undertaken by the Board and Management with the aim of reducing cash burn going forward. This review resulted in an organisational restructure involving a 50% reduction in Board and Management salaries, and a reduction in employee numbers, with the redundancy of a number of positions at the Browns Range Project site and head office.

In November, prior to failing to complete its \$17 million placement, Jien Mining converted its \$5 million convertible note. This transferred Jien Mining's \$5 million debt position into equity, strengthening Northern Minerals' balance sheet.

To support short term finance requirements Northern Minerals signed a medium term financing agreement for up to US\$4 million with an entity managed by The Lind Partners LLC, an asset management firm based in New York. An initial drawdown of US\$1.5 million, from the 11 monthly drawdown tranches available, was undertaken by Northern Minerals in November, and a subsequent US\$80,000 in December.

During the quarter Northern Minerals was pleased to announce that it had appointed Argonaut as its financial advisor. Argonaut, an experienced and well respected financial, and corporate advisor, will assist Northern Minerals' in securing short and long term financing outcomes to take the Browns Range Project into production.

On 30 November Northern Minerals' Annual General Meeting was held with all resolutions carried.

STAKEHOLDER ENGAGEMENT

Northern Minerals held shareholder briefings in Perth, Brisbane, Sydney, Melbourne and Adelaide from the 13 to 20 November. The briefings provided an opportunity for shareholders to receive an update on Northern Minerals' activities since the previous shareholder briefings earlier this year, discuss the progress of the Jien Mining transaction, and the recent cost reduction and restructuring measures.

Project updates were also provided to the Kimberley Development Commission, Department of Mines and Petroleum, Shire of Halls Creek and the Federal Shadow Minister for Resources.

BROWNS RANGE PROJECT

Northern Minerals initiated work on developing a business plan for an alternative pathway to production. This work included modelling of various scenarios and engaging an engineering firm and mining contractor to develop costings and a schedule for the proposed plan.

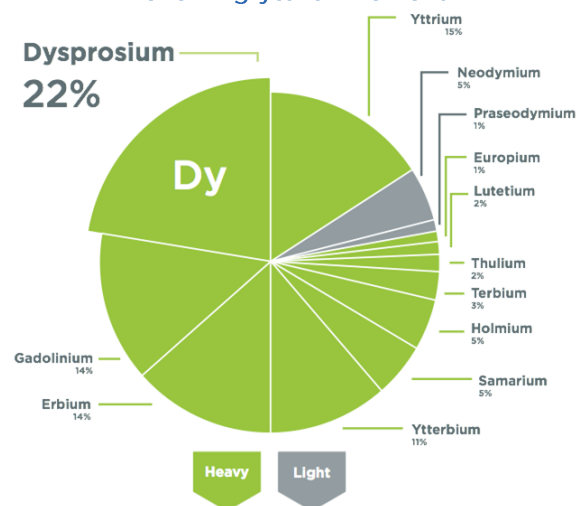
Discussions were also held with government regulators in relation to utilising existing approvals in the execution of the plan.

Work continues on finalising the proposed plan which Northern Minerals will announce to the market shortly.

The study work announced on 27 August is progressing, however progress has been slower than expected due to Northern Minerals' current funding situation. The yttrium rejection benchscale testwork delivered a number of positive results (Figure 1) and ANSTO has prepared the scope of work for the next stage of testwork. Any further work on this scoping study will be progressed in line with funding, with the results announced at the appropriate time.

Northern Minerals has been working on finalising the first Compliance Report for submission to the Office of the Environmental Protection Authority in January 2016.

Figure 1: Distribution of mixed rare earth carbonate following yttrium removal



MARKETING

Northern Minerals continued to progress discussions with potential offtake partners and toll separators. The Company attended the annual Roskill Rare Earth Conference in Singapore where it continued these discussions and met with several new interested parties. During these discussions Northern Minerals took the opportunity to discuss with key potential offtake partners an alternative pathway to production and was encouraged by the initial feedback.

As a result of Jien Mining not completing the funding partnership, the Memorandum of Understanding in relation to product offtake from the Browns Range Project has been terminated.

INFORMATION REQUIRED BY LISTING RULE 5.3.3

Project	Location	Tenement ID	State	Status	Holder Application	Interest
Browns Range WA	Browns Range	E80/3548	WA	Granted	Northern Minerals	100%
	Browns Range	E 80/3547	WA	Granted	Northern Minerals	100%
	Browns Range	E80/4393	WA	Granted	Northern Minerals	100%
	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	E80/4883	WA	Granted	Northern Minerals	100%
	Browns Range	E80/4782	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 Minerals	100%
	Browns Range	EL24174	NT	Granted	Northern Minerals	100%
	Browns Range	EL24941	NT	Application	Northern Minerals	100%
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	Application	Northern Minerals	100%
Gardiner-Tanami NT	Tanami	EL23932	NT	Granted	Northern Minerals	100%
	Boulder Ridge	EL24177	NT	Granted	Northern Minerals	100%
	Tanami	EL25009	NT	Granted	Northern Minerals	100%
	Boulder Ridge	EL25171	NT	Granted	Northern Minerals	100%
	Ware Range	EL26498	NT	Granted	Northern Minerals	100%
	Ware Range	EL26541	NT	Granted	Northern Minerals	100%
	Pargee	EL27367	NT	Granted	Northern Minerals	100%
	Tanami	EL29592	NT	Granted	Northern Minerals	100%
	Tanami	EL29593	NT	Granted	Northern Minerals	100%
	Boulder Ridge	EL29594	NT	Granted	Northern Minerals	100%
	Tanami	EL29595	NT	Granted	Northern Minerals	100%
	Tanami	EL23933	NT	Application	Northern Minerals	100%
	Ware Range	EL24179	NT	Application	Northern Minerals	100%
	Boulder Ridge	EL24849	NT	Application	Northern Minerals	100%
	Boulder Ridge	EL24935	NT	Application	Northern Minerals	100%
	Ware Range	EL24947	NT	Application	Northern Minerals	100%

Project	Location	Tenement ID	State	Status	Holder Application	Interest
	Ware Range	EL25003	NT	Application	Northern Minerals	100%
	Ware Range	EL25004	NT	Application	Northern Minerals	100%
	Tanami	EL25172	NT	Application	Northern Minerals	100%
	Boulder Ridge	EL28868	NT	Application	Northern Minerals	100%
	Tanami	EL29619	NT	Application	Northern Minerals	100%
	Tanami	EL29621	NT	Application	Northern Minerals	100%
	Tanami	EL29622	NT	Application	Northern Minerals	100%
	Boulder Ridge	EL30132	NT	Application	Northern Minerals	100%
Browns Range Toro JV	Browns Range	EL26270	NT	Granted	Toro Energy Limited	Earning 50%
	Browns Range	EL26271	NT	Granted	Toro Energy Limited	Earning 50%
	Browns Range	EL26286	NT	Granted	Toro Energy Limited	Earning 50%
	Tanami	EL26635	NT	Granted	Toro Energy Limited	Earning 50%
	Tanami	EL27000	NT	Granted	Toro Energy Limited	Earning 50%
	Tanami	EL27001	NT	Granted	Toro Energy Limited	Earning 50%
	Tanami	EL27590	NT	Granted	Toro Energy Limited	Earning 50%
Kurundi	Kurundi	EL29616	NT	Granted	Northern Minerals	100% REE rights only
Rabbit Flats	Rabbit Flats 1	EL25157	NT	Application	Northern Minerals	100%
	Rabbit Flats 2	EL25158	NT	Application	Northern Minerals	100%
	Rabbit Flats 3	EL25159	NT	Application	Northern Minerals	100%
	Rabbit Flats 4	EL25160	NT	Application	Northern Minerals	100%
	Rabbit Flats 5	EL23935	NT	Application	Northern Minerals	100%
Yarawindah	Yarawindah	E70/3080	WA	Granted	Northern Minerals	80%



NORTHERN MINERALS

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Kevin Schultz
Deputy Chairman

George Bauk
Managing Director / CEO

Colin McCavana
Non-executive Director

Adrian Griffin
Non-executive Director

Yanchung Wang
Non-executive Director

Bin Cai
Alternate Director

Management

Robin Wilson
Exploration Manager

Robin Jones
Project Manager

Mark Tory
Chief Financial Officer/
Company Secretary

About Northern Minerals

Northern Minerals Limited (ASX: NTU) is a heavy rare earth (HRE) company focussed on the production of dysprosium and yttrium, elements which are in short supply globally.

With a relatively simple and low cost processing flowsheet, Northern Minerals can produce a high grade mixed rare earth oxide product which is highly sought after in international markets to power clean energy and high end technology applications.

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