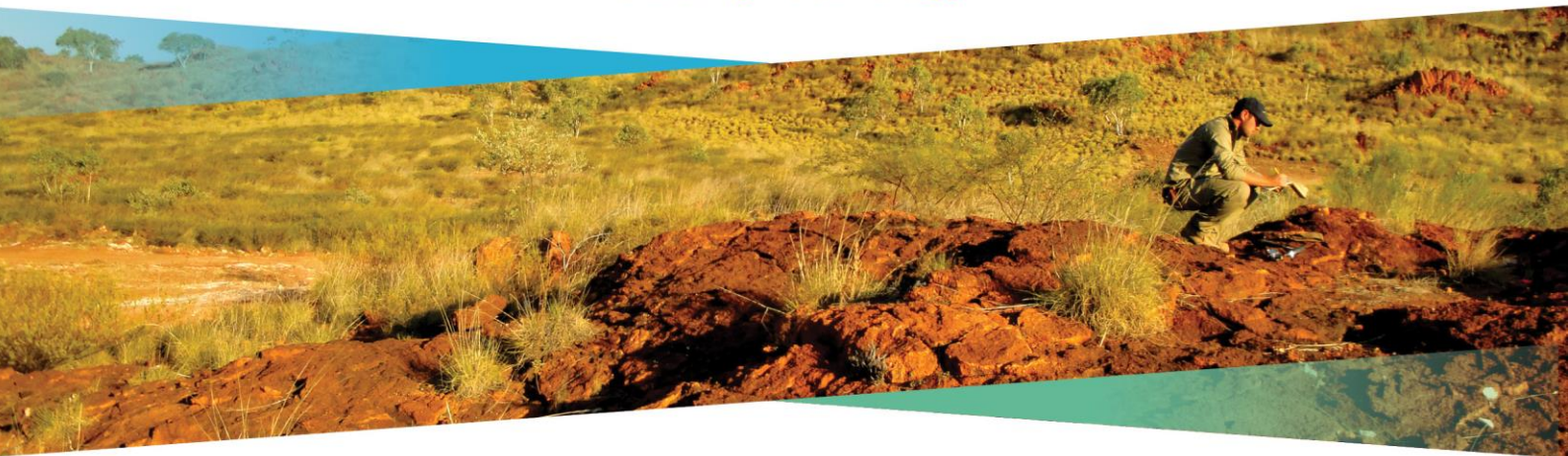




NORTHERN MINERALS

Powering Technology.



Quarterly Activities Report

JUNE 2015

During the quarter Northern Minerals has moved closer toward completion of the \$49.5M funding package with Jien Mining and following the successful DFS, has commenced planning for detailed design, project execution and commissioning to take the Browns Range Project into production.



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. Construction is anticipated to commence at Browns Range 2016, with commissioning in 2017.

Corporate Overview

Highlights

FINANCE

- Shareholder approval of the \$49.5 million funding package with Jien Mining Pty Ltd (Jien Mining).
- Successful completion of due diligence by Jien Mining, confirming the quality of the Browns Range Project and its economics.
- Discussions with Jien Mining extended to also include potential project finance and offtake solutions.
- 2014/15 Research and Development (R&D) rebate submitted for \$5.0 million to Australian Tax Office.

PROJECT DEVELOPMENT – BROWNS RANGE PROJECT

- Commenced planning for detailed design, project execution and commissioning to take the Browns Range Project into production.
- Subordinate approvals well progressed.
- Ongoing metallurgical testwork indicates further refinement and optimisation potential for the process flowsheet to reduce operating cost.

EXPLORATION – BROWNS RANGE PROJECT

- Plans in place for next phase of exploration, targeting expansion of Mineral Resource and extension of mine life.
- Funding support secured from State Government Exploration Incentive Scheme for drilling at the new Iceman and Dazzler prospects at the Browns Range Project.

JOHN GALT PROJECT

- Northern Minerals acquires 100% ownership.



FINANCE

Shareholder approval for the Jien Mining transaction and completion of successful due diligence by Jien Mining were major achievements for financing during the quarter.

A primary focus for the quarter has been completing the requirements for the execution of the proposed funding package with Jien Mining. Announced in February 2015, Jien Mining is intending to subscribe for shares and options, which will deliver \$49.5 million for the development of the Browns Range Project (the Project). This package included a \$5 million convertible note facility, which has been executed, with Northern Minerals Limited (Northern Minerals or the Company) receiving the funds last quarter.

Once complete, the deal will secure a funding partner with significant financial and technical strength. The funding will facilitate detailed engineering design and further exploration work. The structure of the transaction will also preserve Northern Minerals' 100% ownership of the Project.

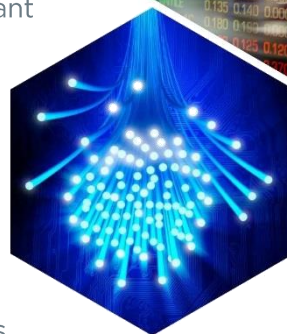
Jien Mining is the Australian based subsidiary of Jilin Jien Nickel Industry Ltd (Jilin Jien), a large scale Chinese resource firm, and one of the world's largest producers of nickel sulphate. Jilin Jien is listed on the Shanghai Stock Exchange, with a market capitalisation of more than \$4 billion and is focussed on nonferrous metals production and processing, and new energy material development.

Work during the quarter has advanced the proposed funding package toward completion, and a number of key milestones have now been delivered. In April, a joint meeting of Northern Minerals' and Jien Mining's executive team was held in China, which was followed by the signing of the Subscription Agreement for the issue of 85 million shares and 110 million options.

Northern Minerals' shareholders approved the funding package at an Extraordinary General Meeting in May. The resolution was supported by more than 99% to voting shareholders. The majority clearly demonstrates shareholders' strong support for the transaction and Jien Mining becoming a future significant funding partner.

Following the signing of the agreement, Jien Mining also entered into discussions with Northern Minerals regarding possible offtake and potential support for project financing. This provides a significant opportunity for Northern Minerals and the development of the Project. Any agreement for offtake or project financing will be on commercial terms.

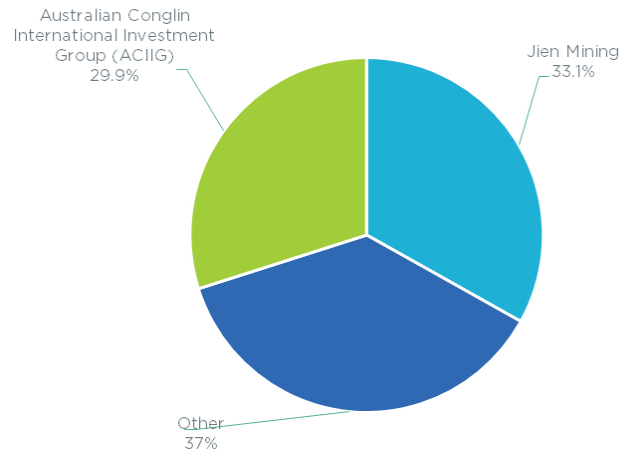
In July, Jien Mining advised it had successfully completed its due diligence for the completion of the funding package, and subject to finalisation of the outstanding conditions being satisfied, it intends to proceed with the transaction. This provided further validation of the quality of the Project, and Northern Minerals' strategy to develop it.



The key outstanding conditions for completion of the funding package are FIRB and PRC regulatory approvals. Jien Mining has informed Northern Minerals that all necessary material has been lodged with the relevant government authorities in both Australia and China for these approvals. When the initial transaction is finalised and the first tranche of 110 million shares are issued, Jien Mining will have a 19% holding in Northern Minerals. If Jien Mining exercises all of its 110 million options, Jien Mining will become Northern Minerals' largest shareholder with a 33.1% holding (Figure 4).

The Company has completed its 2014/15 income tax return and lodged its 2014/15 R&D rebate for \$5.0 million, which it expects to receive in the coming month. From this, \$2.5 million will be used to retire the Macquarie Bank Limited draw down loan facility.

Figure 4: Shareholder base following completion of transaction



PROJECT DEVELOPMENT

BROWNS RANGE PROJECT

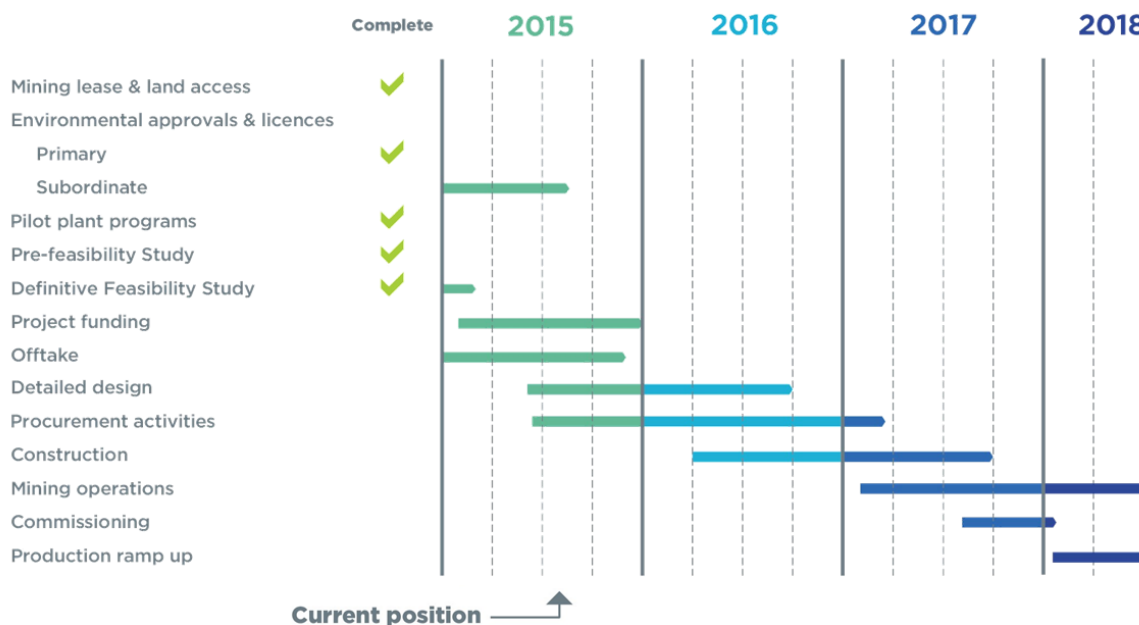
Project optimisation and development planning has been a major focus of the Project team during the quarter.

Following the completion of the Definitive Feasibility Study (DFS) in March, project optimisation, and development planning work has now commenced for the Project. The DFS confirmed the Project is economically and technically viable, and with primary approvals in place paves the way forward to production. It also confirms the Project is on track to becoming the world's first significant dysprosium supplier outside of China.

As per the DFS, the Project will be based on a conventional mining operation involving both open cut and underground, with a relatively simple processing flowsheet. It has a projected production rate of 279,000kg¹ of dysprosium per annum contained within 3,098,000kg¹ of total rare earth (TREO) per annum. The DFS delivered an 11 year project mine life based on the current mineral inventory and Northern Minerals is continuing to explore two options to take the Project's product to market. That is, either selling a mixed rare earth carbonate (REC) to offtake partners which have access to separation capacity, or selling individual oxides via a toll separation arrangement. The Company's ability to produce multiple end products increases the flexibility for discussions with offtake partners. Northern Minerals has developed a project schedule for the Project (Figure 1), which would see it reach first production in the second half of 2017.

¹ 5.19.1 – the subsequent public report cross-references the initial public report (the DFS announcement of 2 March 2015) made in accordance with 5.16 and/or 5.17. 5.19.2 – The entity confirms in the subsequent public report that all the material assumptions underpinning the +production target, or the forecast financial information derived from a +production target, in the initial public report referred to in rule 5.16 or rule 5.17 (as the case may be) continue to apply and have not materially changed.

Figure 1: Pathway to production

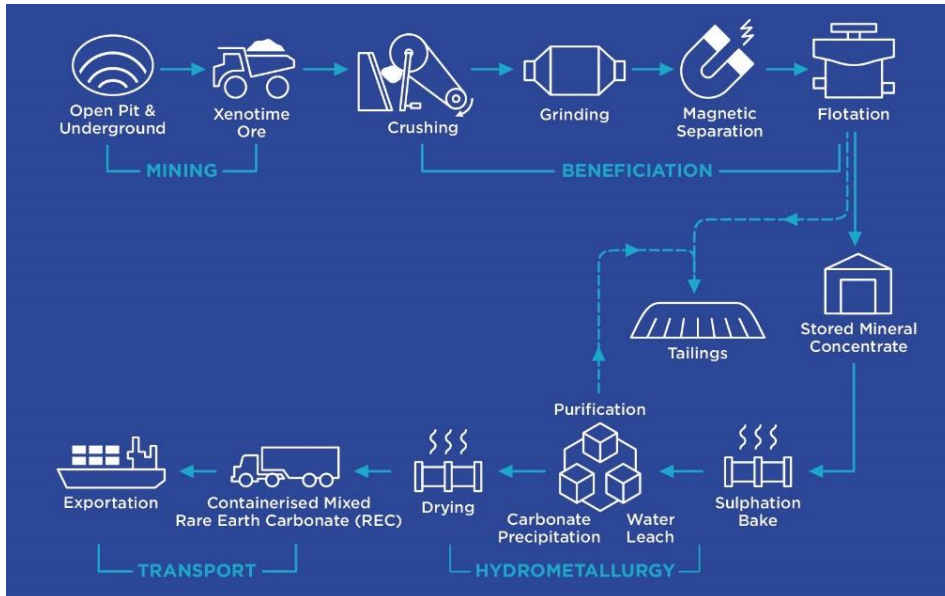


Following the completion of the DFS, the project development focus has moved into planning for early works engineering and detailed design as well as planning procurement activities and strategies. Full ramp up of these activities will take place following completion of the funding.

The Company will implement the Project on an engineering, procurement and construction management (EPCM) basis. This will include appointment of an EPCM consultant in the second half of 2015, dependent on funding, to undertake the full detailed design and procurement activities required. In line with this, detailed design is expected to be well advanced and the procurement process for long lead items is expected to be largely complete by the end of 2015. This will support the planned rapid ramp up of construction activities after the 2015/2016 wet season. During the construction phase, the operational readiness plan will be further developed to ensure a smooth transition from detailed design, through construction and commissioning to operations. Optimisation of mine designs and schedules will also continue during the detailed engineering design and construction phases.

The Project team has also been working to further refine and optimise the process flowsheet (Figure 2). The Company has made continual improvements to its processing outcomes in the past 12 months. During the DFS, this delivered a significant improvement in metal recoveries, particularly in the hydrometallurgical plant, where pilot testwork improved recoveries from 88% to 92%. Ongoing data analysis has identified additional opportunities for improvement in operating cost, which will be further tested later in the year.

Figure 2: Mining and production process



Primary environmental approval was received in October 2014 with the granting of *Ministerial Statement 986*. The approval, together with the requisite project tenure under the *Mining Act 1978*, allows for permits and licences to be issued under subordinate legislation. These include permits and licences required under the *Mining Act 1978*, the *Environmental Protection Act 1986* and the *Rights in Water and Irrigation Act 1914*. Northern Minerals has implemented a staged program for its subordinate approvals. Applications commenced last quarter, with further applications to be lodged with relevant government agencies in line with the project development schedule (Figure 1). Subordinate approvals are expected to be granted well in advance of the commencement of construction.

During the quarter the Company signed a Water Sharing Agreement with Heytesbury Cattle Company (Heytesbury) which will allow for the construction and operation of water bores along Heytesbury's pastoral leases to support the upgrade, and maintenance of the public roads which provide access to the Project.

A heritage survey with the Jaru people is scheduled for the first week of August 2015. The survey's focus is to clear project areas ready for construction including key support infrastructure areas such as roads, water borefields and communications towers, and additional exploration areas as required.

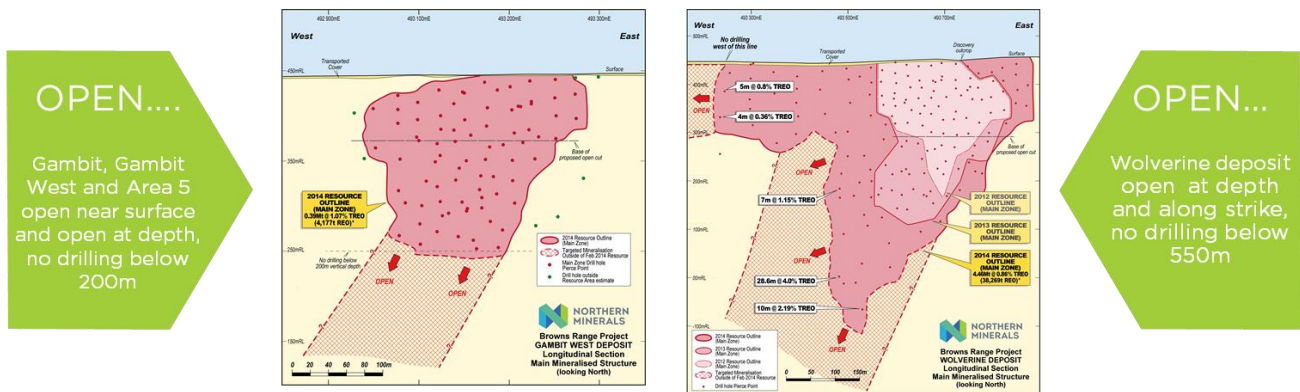
EXPLORATION

BROWNS RANGE PROJECT

Planning for the current work season continued with the aim to expand the current mineral inventory at the Project and test recently identified new targets.

Exploration work continued during the quarter, with planning for a further on-ground program of work for the current season. The focus for the program is to expand the current mineral inventory, through both in-fill drilling and testing of recently identified targets, and potential new target areas.

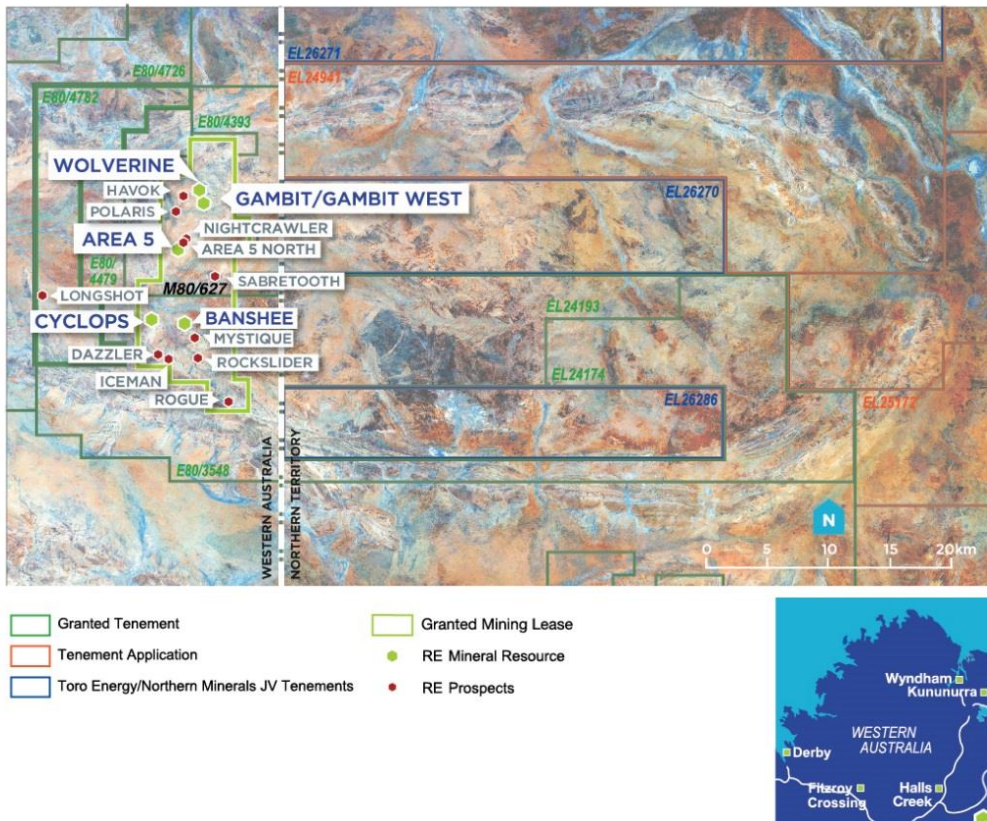
Figure 3: Extend mine life by increasing resources



The proposed program will target extensional drilling at Gambit, Gambit West and Area 5, where mineralisation remains open near surface and at depth, with previous drilling programs not having tested below 200m. The flagship Wolverine deposit will also be a target for further drilling, with the resource remaining open at both depth and along strike (Figure 3).

Drill testing of both the Iceman and Dazzler prospects are planned. This program will be supported by State Government funding through its Exploration Incentive Scheme. In April, the Company was advised it was successful in securing \$60,000 of funding from the Co-funded Drilling Program.

Figure 4: Browns Range Dome



SALES AND MARKETING

Discussions continue with several parties to progress options for offtake to take the Project's product to market.

Marketing is a key focus for 2015, with Northern Minerals continuing to explore two avenues to take product to market; either selling a mixed rare earth carbonate (RE), and/or selling individual oxides via a toll separation agreement. Both supply options have advantages for Northern Minerals as it allows it to diversify its potential customer base and provide flexibility when evaluating offtake options. Certain separated oxides are required to be converted into metals to supply the NdDyFeB permanent magnet market and the Company has identified facilities with capability to do this via tolling arrangements.

A marketing trip to south east Asia was held during April to continue discussions with potential offtake partners and toll-separators. The Marketing team met with a number of previously identified potential partners including Sumitomo, as well as a number of new potential partners, including magnet manufacturers in both China and Japan.

Following this trip the Marketing team participated in a two day workshop to review Northern Minerals' marketing and sales strategy, and the plan going forward in light of the information received through these discussions.

In addition, Northern Minerals also extended its discussions with Jien Mining to include potential offtake from the Project. An anticipated outcome of these discussions, is the signing of an offtake Memorandum of Understanding (MoU) as part of the funding package agreement.

Northern Minerals continues to receive strong interest downstream as a potential new source of dysprosium and other heavy rare earth elements. The heavy rare earth spectrum, and particularly elements such as dysprosium, terbium and lutetium remain characterised by a lack of new or alternate supply options.

Revenue from dysprosium production is expected to account for more than 60% of total revenue (Figure 5) from the Project. The key market driver for dysprosium is the growing demand for NdDyFeB permanent magnets, which is forecast to increase at a cumulated annual growth rate (CAGR) of 7.1% from 2014 to 2020. As a result of this strong growth, it is forecast that dysprosium demand will increase at a CAGR of 4.1% from 2014 to 2020. This annual growth, and the increasing pressure on reducing illegal production in China, will see continual supply deficits from now until 2020, and beyond, unless a stable legal supply comes on line (Figure 6). The cumulative annual under-supply of dysprosium oxide from 2014 through 2020 will total 4,334 tonnes

Northern Minerals also attended the Argus Rare Earth conference in the United States where it met with a number of industry experts and potential customers, and toured Molycorp's Mountain Pass project.

Figure 5: Project revenue distribution

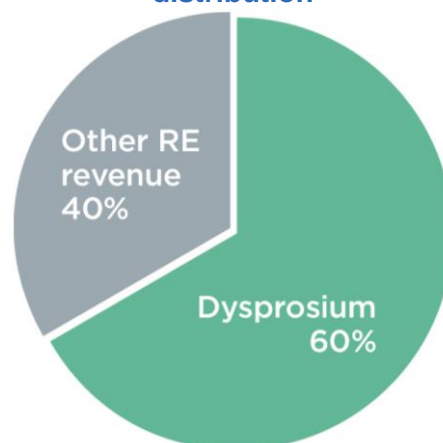
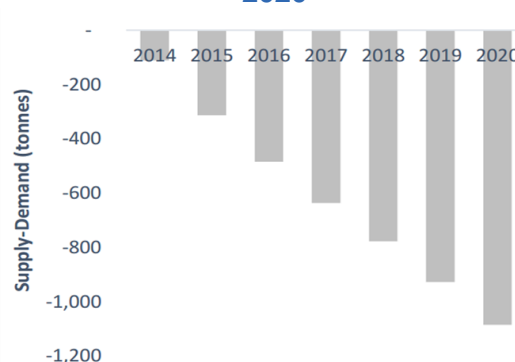


Figure 6: Forecast market balance and price of dysprosium oxide from 2014 to 2020



Source: Adamas Intelligence 2014



STAKEHOLDER ENGAGEMENT

Northern Minerals coordinated an investor roadshow with shareholder briefings held in Perth, Brisbane, Sydney, Melbourne and Adelaide. While the roadshow provided an opportunity to discuss the outcomes of the DFS, a large part of the discussion with shareholders was focussed around the Jien Mining transaction. Northern Minerals was pleased that representatives from Jien Mining attended the briefings held in Perth, Brisbane, Sydney and Melbourne to engage with shareholders one on one about Jien Mining's decision to invest in Northern Minerals, and answer any questions regarding its intentions, and the transaction. While on the roadshow Northern Minerals met with several financial institutions and brokers, in addition to representatives of the Australian media.

A Co-existence Agreement Implementation Committee was held in Broome where the committee discussed Northern Minerals' draft local employment and training, and business development strategies for the construction phase of the Project. The Committee brainstormed ideas around how best to achieve local outcomes during this stage of development. The meeting also included discussions relating to cultural awareness training and Jaru support for implementation of the agreement. While in Broome the Company provided a project update to the Jaru Governance Committee, which included an overview of the upcoming heritage survey in August.

Northern Minerals met with a local service providers and community members in Halls Creek and Kununurra, while also attending the annual Kimberley Moon Festival with a number of senior government and community representatives. A Chamber of Minerals and Energy Regional Council meeting was chaired by George Bauk in Broome, where he also participated in the resources sector panel at the Committee for Economic Development of Australia's (CEDA), WA State of the Regions Series, Future of the Kimberley event, which attracted over 200 government, industry and community representatives with interests in the Kimberley region. The Company also provided project updates to several Members of Parliament, including the Member for the Kimberley and Members for the Mining and Pastoral regions.

Northern Minerals presented at on country meeting held in the Northern Territory by the Central Kimberley Land Council. The purpose of the meeting was to engage with the traditional owners of the areas of which Northern Minerals holds tenements to provide a Company update and overview of its plans and work program for 2015.

George Bauk, MD/CEO
presenting at the CEDA
event in Broome



George Bauk, MD/CEO
presenting to shareholders
in Brisbane



JOHN GALT PROJECT

The completion of the transaction with Arnhem Resources now means Northern Minerals has 100% ownership of the highly prospective John Galt Project.

John Galt remains an exciting exploration proposition for Northern Minerals, to support longer term heavy rare earth production in northern Western Australia. The John Galt Project is located about 28km south of Warman and 35km from the Great Northern Highway, and covers an area of 65km² within tenement E80/4298. The John Galt Project is complementary to the Browns Range Project, containing a similar style of xenotime mineralisation with a high proportion of heavy rare earths.

In 2010, following a successful due diligence process, Northern Minerals signed an agreement with the tenement holder, Arnhem Resources, for the right to acquire the John Galt Project within a four year period. This was completed during the quarter, with Northern Minerals now owning 100% of the John Galt Project, following promising exploration results, and completion of a number of the commitments under the Agreement including a combination of cash payments and share distribution to Arnhem Resources.



INFORMATION REQUIRED BY LISTING RULE 5.3.3

Project	Location	Tenement ID	State	Change of Status in Quarter	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	EL24193	NT		Granted	Northern Minerals	100%
Browns Range NT	Browns Range	EL24174	NT		Granted	Northern Minerals	100%
	Browns Range	EL24941	NT		Moratorium	Northern Minerals	100%
John Galt	John Galt	E80/4298	WA	100% acquired by NTU	Granted	Northern Minerals	100%
	John Galt	E80/4671	WA		Granted	Northern Minerals	100%
	John Galt	E80/4779	WA		Granted	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%
	Parguee	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		Moratorium	Northern Minerals	100%
	Ware Range	EL24179	NT		Application	Northern Minerals	100%
	Boulder Ridge	EL24849	NT		Moratorium	Northern Minerals	100%

QUARTERLY ACTIVITIES REPORT

June 2015



Project	Location	Tenement ID	State	Change of Status in Quarter	Status	Holder Application	Interest
	Boulder Ridge	EL24935	NT		Moratorium	Northern Minerals	100%
	Ware Range	EL24947	NT		Application	Northern Minerals	100%
	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%
	Tanami	EL29630	NT	Surrendered	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		Moratorium	Northern Minerals	100%
	Rabbit Flats 2	EL25158	NT		Moratorium	Northern Minerals	100%
	Rabbit Flats 3	EL25159	NT		Moratorium	Northern Minerals	100%
	Rabbit Flats 4	EL25160	NT		Moratorium	Northern Minerals	100%
	Rabbit Flats 5	EL23935	NT		Moratorium	Northern Minerals	100%
Yarawindah	Yarawindah	E70/3080	WA		Granted	Northern Minerals	80%





NORTHERN MINERALS

Powering Technology.

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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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