

ASX ANNOUNCEMENT
28 July 2011

First drill results from Browns Range confirm significant, high value, heavy REE

Highlights:

- **Outstanding assay results from Area 5 North, confirm significant HREE mineralisation**
- **Results including 5m @ 3.49% TREO (0.32% dysprosium oxide)**
- **Preliminary portable XRF analyses on drill samples from Gambit prospect return highly promising results over approximately 300m strike length – full assays underway**
- **Metallurgy results from the mineralisation type support low cost processing options**
- **10,000m RC program continuing, follow up diamond drilling program being planned**
- **Sharp price rises for HREE with dysprosium at US\$2,840/kg (FOB China), up from US\$400/kg since the start of 2011**

Northern Minerals (ASX: NTU) is pleased to announce exciting initial results from its 10,000m RC drilling program at the Browns Range Project in northern Western Australia.

The results are particularly significant because of the nature of the mineralisation found at Browns Range and the strong global demand and prices of the contained Heavy Rare Earth Element (HREE). The host mineralisation is hydrothermal xenotime which is a REE phosphate mineral notable for having a high proportion of yttrium and HREE, the most important being dysprosium which is a critical element in terms of its use and economic importance when viewed from the perspective of global demand and supply forecasts for rare earths.

To date only two of the four prospects located in the northwest sector of the Browns Range Dome have been drilled (Area 5 North and Gambit – see Figure 1), with assay results from only the first 11 holes received to date. Area 5 and the Wolverine prospects have yet to be drilled and additional prospects in the southwest sector of the Browns Range Dome will be outlined by soil sampling prior to drilling. The Company's mining tenements within the eastern sector, in the Northern Territory, have not yet been explored for HREE.

Assay results from the first 11 holes drilled at the Area 5 North prospect, have produced significant intersections, confirming that the high grade xenotime mineralisation is present sub-surface. The results include:

- **12m @ 1.73% TREO including 5m @ 3.49% TREO (5m @ 0.32% dysprosium oxide)**
- **5m @ 0.96% TREO including 2m @ 2.0% TREO (2m @ 0.16% dysprosium oxide)**

(see full table of results below)

A portable XRF unit was used at Area 5 North to assess samples prior to assaying based on yttrium measurements. The Company has also been undertaking yttrium measurements using the XRF unit on samples from the early stage drilling on the Gambit prospect and has seen highly promising yttrium indications. The anomalous yttrium values at Gambit occur along an approximate east-west trend over a strike length of approximately 300m.

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Commenting on the results Managing Director George Bauk said: “while these are only the first assay results from the drilling program, they confirm a very exciting HREE potential.”

“The assays have delivered significant intersections of high grade HREE. We are also very excited by what we have seen in the early assessment of Gambit drilling, which presents considerable potential for an even higher value HREE prospect than Area 5 North,” Mr Bauk said.

“What makes it all the more exciting is the mineralogy, which indicates we can produce a concentrate, quickly, easily and relatively cheaply. This is a significant hurdle that the Company cleared at a relatively early stage in the evaluation of the project,” he said.

Mr Bauk also said “the results from the first 11 holes at Area 5 North included a strong spread of the high value heavy rare elements, including dysprosium, yttrium, terbium, erbium and gadolinium.”

“At current REO prices the mix of high value HREE at Browns Range has an estimated value of US\$4,800/t for every 1% TREO,” he said.

Mr Bauk said the Company was now fast-tracking assay results from Gambit, and was planning follow up diamond drilling to define potential resources and to obtain samples for further metallurgical testwork.

Area 5 North Prospect – Outstanding results from assays for first 11 holes

Drilling at the Area 5 North prospect commenced on 21 June 2011, with 33 holes (NMBRRC001-NMBRRC033) drilled for a total of 2,045m. The Area 5 North collars are 25 metres apart on sections nominally 35 metres apart. The holes are directed alternately NE and SW perpendicular to structures and the interpreted trends of the soil geochemical anomaly.

The drilling at the Area 5 North prospect has mostly intersected what is interpreted to be weathered arkose. Intense silica and hematite alteration occurs throughout the drilling area. The rare earth mineralisation is commonly associated with quartz veining and hematitic alteration.

Details of the drilling completed at Area 5 North are included in Table 2 below (see Figure 2 below). Only assay results for samples from the first 11 holes have been received to date. Samples from the remaining 22 holes at Area 5 North have been submitted and assay results are expected in the next 3 to 4 weeks.

Gambit Prospect

At Area 5 North, analysis of the correlation between yttrium values measured by the portable XRF unit and the recently received yttrium assay results have demonstrated the portable XRF yttrium measurements to be relatively reliable. Initial portable XRF analysis on drill samples at the Gambit Prospect has returned numerous significant yttrium readings. The anomalous yttrium occurs along an approximate east-west trend over a strike length of 300m.

To date, a total of 37 drill holes (NMBRRC034 – 070) have been completed at the Gambit prospect, with holes on approximate 50m x 25m centres. Samples from 16 of the completed drill holes have been submitted to the assay laboratory for analysis, and results are expected in 4 to 5 weeks time.

Metallurgy- results support easy, low cost concentrate processing

Previous testing has confirmed the dominance of xenotime mineralisation. Metallurgical work is ongoing, with preliminary results from test work on samples from the Gambit and Wolverine prospects, indicating the ability to produce concentrate grades of greater than 40%. This reinforces the early indications that the ore is amenable to a relatively simple flow sheet, incorporating crushing, grinding, magnetic separation and flotation.



Market and Prices – further price rises, particularly for heavy rare earth elements

The REE market, and the HREE market in particular, continues to be characterised by increasing prices, driven by concerns of security and sustainability of supply outside of China. Earlier this year China (which currently produces 99% of global HREE supply) set the production quota for rare earths at 93,800 tonnes REO for 2011, which is significantly less than 2010 demand of 125,000 tonnes REO. More recently, China has continued to constrain the supply of rare earths through industry consolidation and increasing the scope of export quotas.

The impact of constrained supply has been most evident in the values for HREE such as dysprosium, which has increased to US\$2,840 per kilogram (FOB China), up from US\$400/kg since the start of 2011 – almost doubling in the past month alone. Over the same period, yttrium has increased from US\$90/kg to US\$179/kg.

The current HREE prices of particular relevance to Northern Minerals, based on drill results above, are:

- dysprosium US\$2,840/kg
- yttrium US\$179/kg
- terbium US\$4,510/kg
- erbium US\$100/kg
- gadolinium US\$200/kg

Dysprosium is an important additive in neodymium-iron-boron magnets, which are increasingly used in clean energy applications. Demand for dysprosium is expected to increase significantly with only negligible forecast increases in ROW supply. Similarly yttrium is found in minimal quantities outside China, and is used to make phosphors for use in fluorescent lighting, television displays and computer monitors as well as in yttria stabilized zirconia, (an important wear resistant ceramic).

The development of alternative sources of rare earths supply to China remains the focus of the Rest of World (ROW) consumers. While the ROW will be able to meet 60-80% of its light rare earths needs in 2015, it will remain seriously deficient in the supply of heavy rare earths. Given the time required to bring a new rare earths project on line, the Industrial Minerals Company of Australia (IMCOA) believes that ROW will be able to meet only 10% (at best) of its heavy rare earths needs in 2015.

Table 1 – Area 5 North Prospect: Significant drillhole intersections (TREO > 0.2%)(NMBRRC001-011)

Hole Id	From (m)	To (m)	Width (m)	TREO* (%)	Dy2O3 (ppm)
NMBRRC011	7	19	12	1.73	1559
including	10	15	5	3.49	3205
NMBRRC011	24	27	3	0.25	123
NMBRRC004	0	5	5	0.96	728
including	1	3	2	2.00	1575
NMBRRC004	11	13	2	0.58	434
NMBRRC001	12	13	1	0.81	623
NMBRRC001	28	29	1	0.30	252
NMBRRC005	28	29	1	0.50	202
NMBRRC006	21	22	1	0.23	42
NMBRRC008	1	6	5	0.28	105
NMBRRC008	42	43	1	0.26	14
NMBRRC009	4	9	5	0.24	204
NMBRRC009	14	15	1	0.26	233
NMBRRC010	6	8	2	0.30	233

NB – TREO: Total Rare Earth Elements – Total of La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃

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Table 2 – Drillhole collar details from Area 5 North Prospect

Hole Id	North	East	Azimuth	Inclination	Depth
NMBRRC001	7910319	492520	40	-60	40
NMBRRC002	7910341	492539	45	-60	40
NMBRRC003	7910392	492494	45	-60	43
NMBRRC004	7910346	492507	40	-60	40
NMBRRC005	7910373	492444	40	-60	43
NMBRRC006	7910388	492461	40	-60	40
NMBRRC007	7910407	492475	40	-60	40
NMBRRC008	7910399	492421	40	-60	58
NMBRRC009	7910421	492442	220	-60	40
NMBRRC010	7910440	492459	220	-60	40
NMBRRC011	7910431	492428	0	-90	79
NMBRRC012	7910421	492388	40	-60	73
NMBRRC013	7910438	492406	0	-90	90
NMBRRC014	7910452	492423	220	-60	82
NMBRRC015	7910470	492441	220	-60	129
NMBRRC016	7910429	492330	40	-60	115
NMBRRC017	7910447	492346	40	-60	49
NMBRRC018	7910474	492372	40	-60	50
NMBRRC019	7910483	492383	40	-60	49
NMBRRC020	7910502	492400	40	-60	55
NMBRRC021	7910522	492419	220	-60	130
NMBRRC022	7910533	492429	220	-60	62
NMBRRC023	7910470	492318	220	-60	49
NMBRRC024	7910483	492333	220	-60	82
NMBRRC025	7910496	492344	220	-60	79
NMBRRC026	7910509	492356	220	-60	67
NMBRRC027	7910524	492369	220	-60	51
NMBRRC028	7910515	492359	40	-60	64
NMBRRC029	7910483	492287	40	-60	58
NMBRRC030	7910503	492306	40	-60	61
NMBRRC031	7910519	492318	40	-60	49
NMBRRC032	7910528	492326	40	-60	40
NMBRRC033	7910483	492289	220	-60	64

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About Northern Minerals

Northern Minerals Limited (ASX: NTU) is focused on exploration and development of rare earth elements (REE) and uranium, with a large and prospective landholding in Western Australia and the Northern Territory.

The Company has identified high value, heavy rare earth elements (HREE) at its Browns Range project. The discovery is particularly significant due to the nature of the mineralisation (xenotime), and the strong global demand and price for the HREE it contains. Northern Minerals currently has fully funded HREE exploration programs underway at Browns Range and the geologically similar John Galt project.

Northern Mineral's uranium program is focussed on the Gardiner-Tanami project and Gardner Range JV, which comprise 10,500km² on the WA-NT border. Exploration is focused on high grade unconformity-related uranium targets. The area is compared favourably to the Alligator Rivers region in the NT which hosts the Ranger mine (Australia's largest operating uranium mine), and the Athabasca Basin in Canada, host to the world's highest-grade unconformity-related uranium deposits.

For more information, visit www.northernminerals.com.au

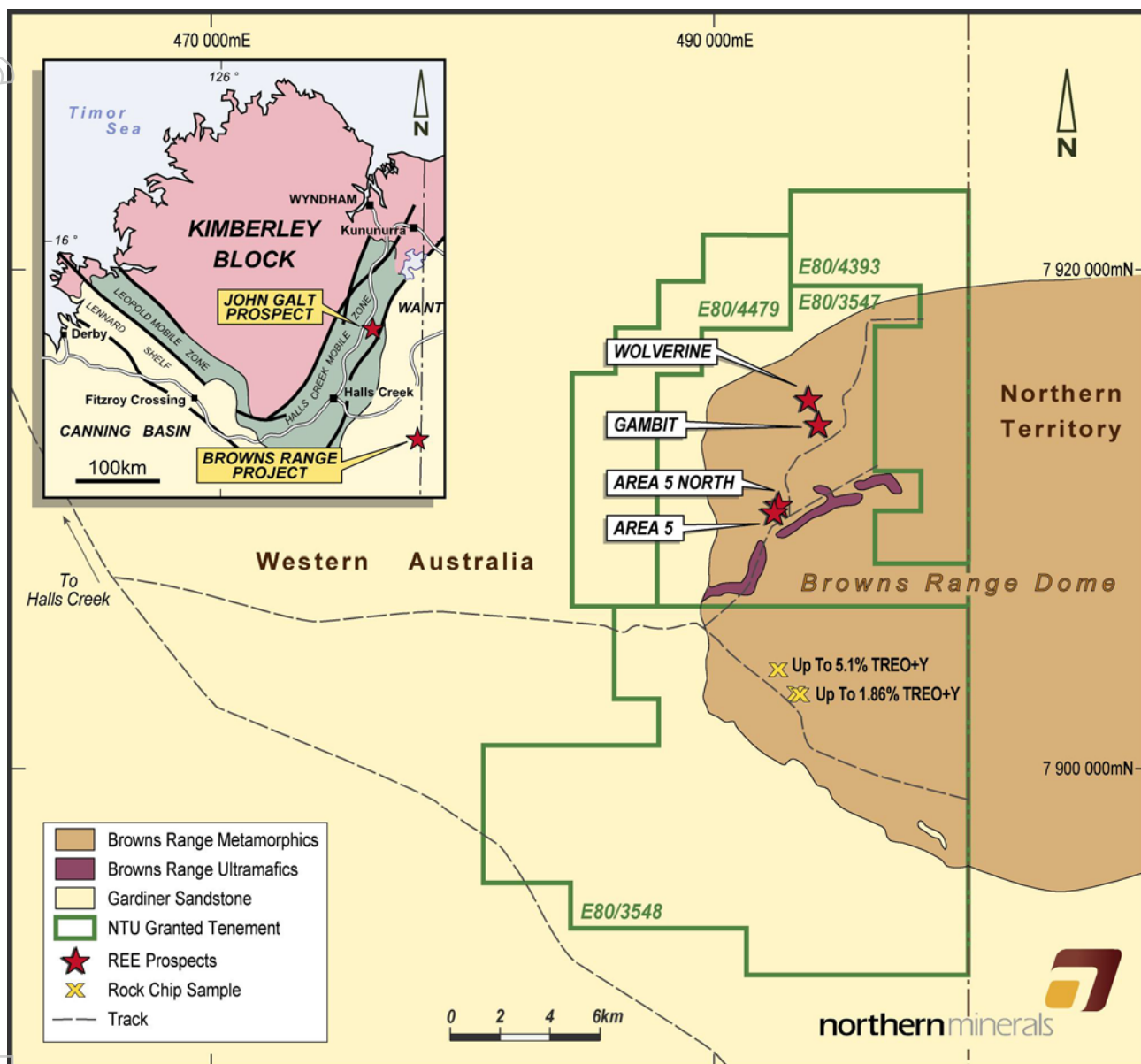
Competent Person Declaration

The information in this report accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by Mr R Wilson, an employee of the Company who is a Member of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting. Mr Wilson has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



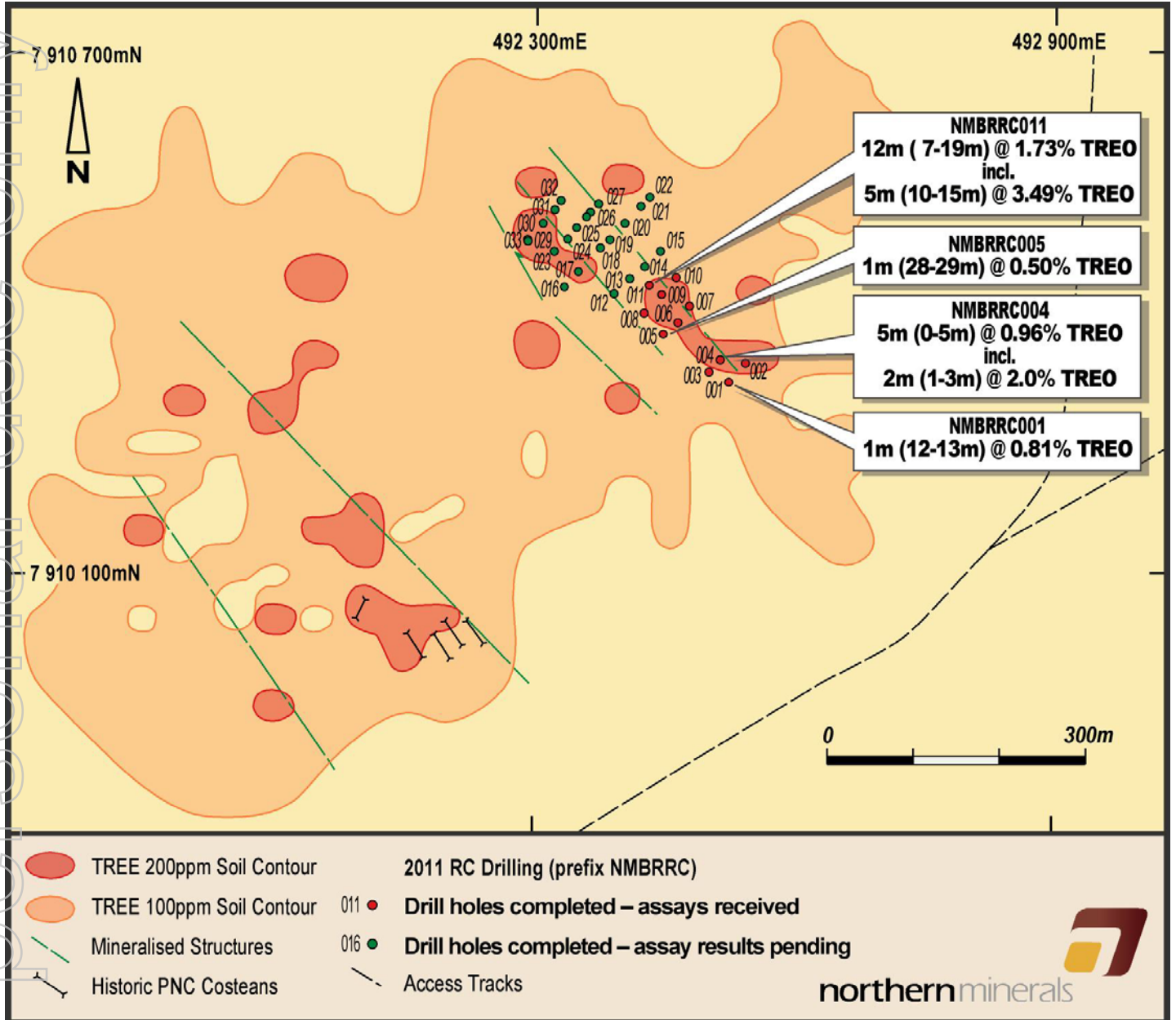
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Figure 1 – Browns Range Project – Prospect location



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Figure 2 – Area 5 North – Drill hole location plan



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Figure 3 – Gambit Prospect – Drill hole collar location plan

