

Updated Announcement Regarding \$27 Million Funding Package

Australian heavy rare earths producer, Northern Minerals Limited (ASX: NTU) (the **Company**) refers to its announcement regarding a \$27 million funding package that was released to ASX on 15 October 2018.

The updated announcement includes some minor additional information in relation to the \$2 million subscription that was not included in the original announcement. Also, since the release of that announcement, NRE Industrial Group has provided the Company with updated information about itself and its business activities which the Company wishes to provide to the market.

A fresh copy of the announcement containing this updated information is attached.

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\$27 Million Funding Package

Highlights

- \$25 million subscription agreement executed with new investor
- \$1 million subscription amount for initial tranche received
- Second, third and fourth tranches of \$1 million, \$10 million and \$13 million (respectively) due end of October, November and December (respectively), subject to conditions precedent
- Additional \$2 million subscription agreement executed with new investor
- Funds to be applied towards further development of the Browns Range Heavy Rare Earth Pilot Plant Project and exploration

Australian heavy rare earths producer, Northern Minerals Limited (ASX: NTU) (**the Company**) is pleased to advise that it has entered into a subscription agreement with NRE Industrial Group Limited (**NRE**) to raise \$25 million. NRE is a specialist rare earth separation company based in China. The Company also executed a further \$2 million subscription agreement with a private sophisticated investor for the subscription of 22,222,222 shares at 9 cents per share with funds to be received by 31 October 2018.

The \$25 million subscription is comprised of four tranches, as detailed below:

Tranche	Subscription Shares	Issue Price per Share	Subscription Amount	Completion Date
Tranche 1	11,111,111	\$0.09	\$1,000,000	15 October 2018
Tranche 2	11,111,111	\$0.09	\$1,000,000	31 October 2018
Tranche 3	100,000,000	\$0.10	\$10,000,000	30 November 2018
Tranche 4	118,181,818	\$0.11	\$13,000,000	31 December 2018
Total	240,404,040		\$25,000,000	

NRE may nominate a nominee to be issued the relevant Subscription Shares.

The Company has received the Subscription Amount for Tranche 1 and will issue 11,111,111 Shares to NRE or NRE's nominated entity out of the Company's existing placement capacity under Listing Rule 7.1. An Appendix 3B will follow this announcement.

The issue of Subscription Shares under Tranche 2 will also be issued out of the Company's existing placement capacity under the Listing Rules and is subject to all Chinese regulatory (and other) approvals being obtained.

The issue of Subscription Shares under Tranche 3 and Tranche 4 is subject to the approval of the Company's shareholders, NRE's due diligence on the Company and all Chinese regulatory (and other) approvals being obtained. Tranche 4 is also subject to NRE obtaining Australian Foreign Investment Review Board approval for the subscription. The Company will seek shareholder approval for the issue of Subscription Shares under Tranche 3 and Tranche 4 at its Annual General Meeting in November and a notice of meeting will be despatched shortly in this regard.

All shares issued under the Subscription Agreement will be fully paid ordinary shares on the same terms as the Company's existing shares on issue.

Assuming completion of all four tranches under the Subscription Agreement occurs, NRE will hold an interest of approximately 17.2% in the Company (calculated as at the date of this announcement and assuming no other shares are issued).

Funds raised under the Subscription Agreement will be used to progress development of the Company's Browns Range Heavy Rare Earth Pilot Plant Project and to accelerate the Company's enhancement initiatives for Browns Range, exploration efforts at Browns Range as well as for general working capital.

Northern Minerals' Managing Director and CEO, George Bauk, said "*We welcome this new investment by NRE, which followed a non-solicited approach to the Company.*"

With Browns Range now in the commissioning phase and commencing the production of mixed rare earth carbonates, we are investigating ways of enhancing the project to deliver better outcomes for our shareholders."

In relation to the \$2 million subscription, 22,222,222 shares will be issued out of the Company's existing placement capacity under the Listing Rules and all shares issued will be fully paid ordinary shares on the same terms as the Company's existing shares on issue. Funds raised under the \$2 million subscription will be used for the same purpose as described above.

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About Northern Minerals:

Northern Minerals Limited (ASX: NTU; Northern Minerals or the Company) has commenced commissioning of the Browns Range Heavy Rare Earth Pilot Plant Project in northern Western Australia.

Through the development of its flagship project, the Browns Range Project (the Project), Northern Minerals aims to be 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.

The three-year R&D pilot plant project has commenced first production of heavy rare earth carbonate (refer to the Company's announcement dated 8 October 2018). The pilot plant development provides the opportunity to gain production experience, surety of supply for our offtake partner and assess the economic and technical feasibility of the larger full-scale development.

For more information: northernminerals.com.au.

About NRE Industrial Group:

Brief introduction of NRE Industrial Group (生一伦稀土产业集团) as provided to the Company by NRE.

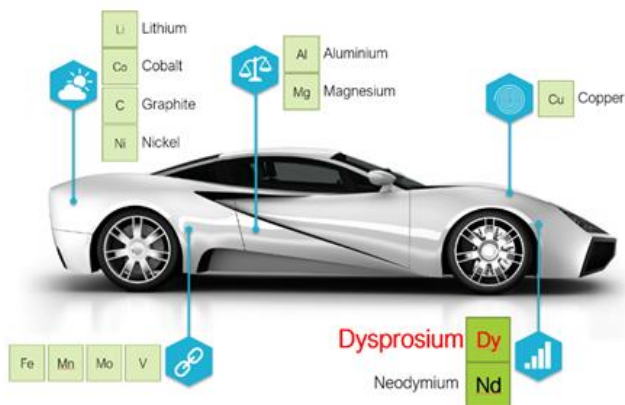
“Founded in 2005, NRE diversified into a group which centres on technology innovation and deals in manufacturing, trading and distribution of rare-earth products not only oxide and metal products but also new materials and permanent magnetic motors. Over the past decade, NRE had developed and invented the most advanced and cutting-edge technologies in RE separation field and NRE has become a major player in RE industry.

Accordingly, after the nationwide integration process of RE industry required by the government, NRE has completed the filing procedures of the Ministry of Industry and Information Technology of the People's Republic of China in August 2017. Now, NRE's production lines are capable of producing all of the RE elements (both light and heavy rare earth elements) and only manufacture the highest quality products which achieve 4N level of purity even before the purification process. With the most advance rare earth separation production lines, currently, NRE has a separation capacity of 20,000 tons of rare earth carbonate per year.

NRE will continue expanding and participating in the whole RE industrial chain, from RE resources (Northern Rare Earth SYL Mining Co., Ltd.), RE separation (Northern Rare Earth SYL High-Tech Co., Ltd.), RE Magnet (NRE Magnetics Co., Ltd.), to financial platform (Carrie financial holding) and the R&D supports (NRE Clean Energy and Advanced Materials Research Institute), finally to the high-end RE applications. NRE will not only concentrate on rare earth permanent magnetic motor, but also amplify the use of lanthanum and cerium.”

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ASX Code:	NTU	Market Capitalisation:	A\$91m
Issued Shares:	1,161m	Cash (as at 30 June 2018):	A\$10.4m