

Northern Minerals Limited

ABN 61 119 966 353

**NOTICE OF MEETING
AND
EXPLANATORY MEMORANDUM
AND
PROXY FORM**

Date of Meeting

9 May 2014

Time of Meeting

11 am (Perth time)

Place of Meeting

Level 1
675 Murray Street
West Perth
Western Australia

Please read the Notice of Meeting and Explanatory Memorandum carefully.
If you are unable to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions.

NOTICE IS HEREBY GIVEN THAT A MEETING OF SHAREHOLDERS OF NORTHERN MINERALS LIMITED ABN 61 119 966 353 ("COMPANY") WILL BE HELD AT LEVEL 1, 675 MURRAY STREET, WEST PERTH WESTERN AUSTRALIA ON 9 MAY 2014 AT 11 AM (PERTH TIME)

AGENDA FOR MEETING

Resolution 1 – Ratification of Previous Issue of 16,111,111 Shares to professional or sophisticated investors for purpose of Listing Rule 7.4

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the previous issue of 16,111,111 Shares to professional or sophisticated investors, for the purpose and on the terms set out in the Explanatory Memorandum.

VOTING EXCLUSIONS FOR THE PURPOSES OF RESOLUTION 1

The Company will disregard any votes cast on the resolution by any person who participated in the issue of Equity Securities as described in the Explanatory Memorandum or any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Issue of Shares to Australian Conglin International Investment Group Pty Ltd, a related party of the Company

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

That approval is given for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, the issue of 13,447,444 fully paid ordinary shares in the Company to Australia Conglin International Investment Group Pty Ltd on the terms set out in the Explanatory Memorandum.

VOTING EXCLUSIONS FOR THE PURPOSES OF RESOLUTION 2

Under Section 224 of the Corporations Act and Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 2 by:

- (a) ACIIG; and
- (b) an associate of that person which includes the directors of ACIIG, Mr Conglin Yue and Ms Yanchun Wang.

However, under Listing Rule 14.11 the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Under sub-section 224(2) of the Corporations Act 2001 the restriction above does not prevent the casting of a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of ACIIG or any of its associates (as defined in the Corporations Act 2001).

The associates of ACIIG for the purposes of Section 224 of the Corporations Act 2001 include Mr Yue and Ms Yanchun Wang as directors of ACIIG.

Resolution 3 – Issue of 100,000 Employee Plan Shares to Mr Bin Cai

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

That approval is given for the purposes of Section 208(1)(a) of the Corporations Act and of Listing Rule 10.14.1 and for all other purposes, for the grant of 100,000 Employee Plan Shares to Mr Bin Cai on the terms set out in the Explanatory Memorandum.

Resolution 4 – Issue of 1,000,000 Performance Rights to Mr Bin Cai

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

That approval is given for the purposes of Sections 200B and 200E and Chapter 2E of the Corporations Act and of Listing Rule 10.11 and for all other purposes, for the grant of 1,000,000 Performance Rights for no consideration to Mr Bin Cai, and the issue of shares under the Performance Rights, on the terms set out in the Explanatory Memorandum.

VOTING EXCLUSIONS FOR THE PURPOSES OF RESOLUTIONS 3 and 4

Under Sub-section 224(1) of the Corporations Act the Company will disregard any votes cast on the resolution by Bin Cai or any of his associates. However, Sub-Section 224(1) of the Corporations Act does not prevent the casting of a vote if it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of Bin Cai or any associate.

Under Listing Rule 14.11 the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To transact any other business that may be legally brought before the meeting.

EXPLANATORY MEMORANDUM

Shareholders should read the Explanatory Memorandum which accompanies this Notice of Meeting. The Explanatory Memorandum explains the resolutions which are to be put to Shareholders at the Meeting.

Capitalised terms in this Notice of Meeting and in the Explanatory Memorandum are defined in the Glossary of the Explanatory Memorandum.

ENTITLEMENT TO VOTE

In accordance with regulation 7.11.37 of the Corporations regulations 2001 (Cth), the Company may specify a time, not more than 48 hours before the meeting, at which a “snapshot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. The Company’s directors have determined that all shares of the Company that are quoted on ASX at 5pm (Perth time) on 30 April 2014 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the shares at that time.

Holders of options issued by the Company who are not also Shareholders but who wish to vote as Shareholders at the Meeting are requested to lodge valid option exercise notices with the Company no later than 1 week before the Meeting, to allow sufficient time for the Shares to be issued by the Company.

CHAIR OF THE MEETING

It is proposed that the Chairman of the Meeting be Mr Kevin Schultz.

It is the Chairman’s intention to vote undirected proxies (ie. open proxies) which he holds as proxy in favour of all resolutions.

PROXIES

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Members are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member’s voting rights.

The Proxy Form and the Power of Attorney (if any) or the instrument appointing the proxy and power of attorney (if any) under which it is signed (or an office copy or certified copy certified by a notary) must be deposited at the Registered Office of the Company at Level 1, 675 Murray Street, West Perth at least 48 hours prior to the time of holding of the Meeting (and at any adjournment thereof), at which the individual named in the Proxy Form proposes to vote.

A proxy must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, under its common seal or under the hand of an authorised officer or attorney.

CORPORATE REPRESENTATION

A company may only vote by proxy, power of attorney or by appointment of a corporate representative. The instrument appointing a proxy is not valid unless the original instrument and the power of attorney or other authority (if any) under which the instrument is signed (duly stamped where necessary) or a copy or facsimile which appears on its face to be an authentic copy of that proxy, or power of attorney is submitted to the Registered Office within the time set out herein. A company must sign a proxy under common seal in accordance with its Constitution or otherwise in accordance with the Corporations Act or under power of attorney which must be produced with the Proxy Form.

If the shares are registered in the name of more than one person, all such holders must sign the Proxy Form.

To be valid a Proxy Form and the Power of Attorney under which it is signed or proof thereof must be to the satisfaction of the Directors.

RESOLUTIONS ARE NOT INTERDEPENDENT

The resolutions in this Notice of Meeting are not interdependent. This means that a resolution may be passed by Shareholders notwithstanding that the other resolution is not passed by Shareholders.

By order of the Board of Directors

Kevin Schultz
Director
27 March 2014

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Introduction to Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. Shareholders should read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The Glossary at the end of this Explanatory Memorandum contains the definitions of the capitalised terms in this Notice of Meeting and this part of the Explanatory Memorandum.

If any Shareholder is in doubt as to how they should vote, then they should seek advice from a professional adviser before voting.

In order to continue funding pre-feasibility and feasibility work in relation to the Company's Brown's Range Project, the Company has undertaken a Placement of Shares to professional and sophisticated investors. 16,111,111 Shares were issued on 19 March 2014 at a price of \$0.18 per Share, raising \$2,899,999.98.

ACIIG, a company controlled by Mr Conglin Yue (who is a Director of the Company), currently holds Shares representing a 45.4943% interest in the Company. ACIIG has agreed to subscribe for such number of Shares that would allow it to maintain (but not exceed) its current percentage holding in the Company after completion of the Placement.

Resolution 1: Ratification of Previous Issue of 16,111,111 Shares to professional or sophisticated investors for purpose of Listing Rule 7.4

General

On 19 March 2014, the Company issued Shares to professional or sophisticated investors, as detailed below.

Listing Rule 7.1 provides that a listed company must not, without prior approval of shareholders, issue Equity Securities if the securities will in themselves or, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's shareholders subsequently approve it.

Under this Resolution 1, the Company seeks from Shareholders approval for, and ratification of, the issue of Equity Securities set out below to allow the Company to make further issues of Equity Securities during the next 12 months up to 15% of Equity Securities on issue.

Details of the Shares issued are set out in the table below.

Information Required by Listing Rule 7.5

Listing Rule 7.5 requires the following information to be given to Shareholders in relation to Resolution 1.

Date of issue of Shares	19 March 2014
Number of Shares issued	16,111,111
Issue price of Shares	\$0.18
Funds raised	\$2,899,999.98
Terms of the shares	Fully paid ordinary shares
Persons to whom Shares were issued	Professional and sophisticated investors
Intended use of funds	For working capital and continued exploration and development of the Browns Range Project

The Board believes that the ratification of this issue is beneficial to the Company. The Board recommends Shareholders vote in favour of the Resolution as it allows the Company to ratify the above issue of securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

Resolution 1 is an ordinary resolution.

The Chairman intends exercising all available proxies which the Chairman holds in favour of Resolution 1.

If Resolution 1 is not passed, then this will reduce the company's flexibility to issue to further securities up to 15% of the Company's share capital during the next 12 months.

Resolution 2: Approval of Issue of Shares to a Related Party of the Company

General

ACIIG has offered to subscribe for Shares in an amount that will maintain, but not exceed, the current 45.4943% shareholding in the Company of ACIIG and its related parties (being Mr Conglin Yue, Ms Yanchun Wang and Mr Bin Cai) after completion of the Placement. These Shares will be at a price per share of \$0.18 being the same price Shares were issued under the Placement.

Approvals required

This shareholder approval is required under Listing Rule 10.11 which permits a related party to be issued new securities of the Company if shareholder approval is obtained.

Further, Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Shares issued under this resolution would fall within an exception. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

One of the effects of the resolution will be to allow the Company to grant the Shares proposed to be granted without using the Company's 15% annual placement capacity.

Information required by ASXLR 10.13:

Listing Rule 10.13 requires the following information to be given to Shareholders in relation to Resolution 2.

Date of issue of Shares:	Within 1 month after the date of the Meeting
Number of Shares to be issued	13,447,444
Issue price of Shares	\$0.18
Funds raised	\$2,420,539.92
Terms of Shares	Fully paid ordinary shares
Persons to whom Shares will be issued	ACIIG
Intended use of funds	For working capital and continued exploration and development of the Browns Range Project

ACIIG is an Australian incorporated company controlled by Mr Conglin Yue, Ms Yanchun Wang and Mr Bin Cai who are Directors.

Resolution 2 is an ordinary resolution.

The Chairman intends exercising all available proxies in favour of Resolution 2.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision by a public company of a “financial benefit” to a “related party”. Section 208 of the Corporations Act prohibits:

- (1) a public company giving a financial benefit to a related party; or
- (2) a company which is controlled by the public company giving a financial benefit to a related party,

unless one of a number of exceptions applies, or shareholder approval is obtained.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a company issuing shares to a person or granting options to a person.

A “related party” is defined in Section 228 of the Corporations Act and includes a Director of the Company and any entity which the Director controls.

Information Provided to Shareholders in relation to Resolution 2

The following information is provided to Shareholders in relation to Resolution 2 in accordance with the requirements of Section 219 of the Corporations Act:

(a) The related party under Resolution 2

Mr Conglin Yue is a Director of Northern Minerals Ltd and he controls ACIIG.

The related party which will receive the financial benefit is ACIIG.

The directors of ACIIG are Mr Conglin Yue, Ms Yanchun Wang and Mr Bin Cai. Ms Yanchun Wang is Mr Conglin Yue’s spouse.

The shareholders of ACIIG are Mr Conglin Yue and Ms Yanchun Wang.

(b) The proposed financial benefit

The proposed financial benefit is for the Company to issue up to 13,447,444 fully paid ordinary shares in the Company to ACIIG at an issue price of \$0.18 per share.

The maximum market price for shares in the Company traded on ASX over the 30 days prior to the date of this Notice is \$0.19. The minimum price during that period was \$0.14.

(c) Consideration

The consideration payable for the financial benefit by ACIIG is \$0.18 per share.

(d) Reasons for giving the financial benefits

The reason for giving the financial benefit is that the Company will raise additional funds of up to \$2,420,539.92 and ACIIG's percentage holding of Shares will be maintained but not increased.

(e) Dilution

As at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	412,909,988
ASX Quoted Options	66,590,127
Performance Rights	18,085,000

If Resolution 2 is passed and the Shares are issued, existing shareholders will be diluted by 2.7 %.

(f) Recommendation of each director

The Directors are George Bauk (Managing Director), Kevin Schultz (Non-Executive Director), Adrian Griffiths (Non-Executive Director), Colin McCavana (Non-Executive Director), Yanchun Wang (Non-Executive Director) and Conglin Yue (Chairman).

Each of the directors (other than Mr Yue and Ms Wang) recommends that Shareholders vote in favour of Resolution 2, for the reasons set out under (d) above.

Mr Yue and Ms Wang have an interest in the resolution and for that reason does not make a recommendation to Shareholders.

(g) Interests of directors in outcome of Resolution 2

Each Director (other than Mr Yue, Ms Wang and Mr Cai) has no interest in the outcome of Resolution 2 other than in their capacity as a Shareholder. Mr Yue, Ms Wang and Mr Cai have an interest in the outcome of Resolution 2 because they control ACIIG.

The number of Shares and options in which each Director has an interest is set out below (as at the date of the Notice of Meeting):

Director	Shares Held Directly or Indirectly	Options Held Directly or Indirectly	Performance Rights
Kevin Schultz	402,500	-	2,000,000
George Bauk	6,975,238	-	3,000,000
Adrian Griffin	2,744,150	-	2,000,000
Colin McCavana	3,200,000	-	2,000,000
ConglinYue	185,163,554	66,091,644	2,000,000
Yanchun Wang	185,163,554	66,091,644	2,000,000
Bin Cai (Alternate Director)	-	-	-

(h) Date of Issuing New Shares

If Resolution 2 is passed, then the Company intends to issue the Shares within 1 month after the date of the meeting.

(i) Intended Use of Funds Raised from Issue of New Shares

The intended use of the funds raised from the issue of the Shares is set out above.

(j) Valuation of Financial Benefit and Company's Trading History

The highest and lowest market sale prices of the Company's Shares on the ASX during the 12 months immediately preceding the date of the Notice of Meeting (and the respective dates of those sales) were:

Highest: \$0.285 on 6 August 2013.

Lowest: \$0.098 on 27 and 28 May 2013.

The latest available market sale price of the Company's Shares on the ASX prior to the date of the Notice of Meeting was \$0.155 on 26 March 2014.

Using this price, the 13,447,444 shares would have a total value of \$2,084,353.82.

ACIIG will pay \$2,420,539.92 to the Company for the issue of the Shares.

(k) Tax Consequences

The Company believes that there will be no tax consequences resulting from the issue of the Shares.

(l) Opportunity Costs and Benefits Foregone

The Company does not consider that there are any opportunity costs to the Company, or benefits forgone by the Company, as a result of issuing the Shares.

Resolutions 3 - Approval of issue of 100,000 Shares to Mr Bin Cai

Subject to the approval of Shareholders, the Company proposes to issue to Mr Bin Cai under the Company's existing employee share plan 100,000 Shares at a share issue price of \$0.165.

Under the terms of the Employee Share Plan:

- (a) the Company will provide a loan to Mr Bin Cai to enable him to subscribe for the Shares referred to above; and
- (b) the Shares do not vest unless and until the loan relating to the shares is first repaid in full by Mr Bin Cai.

Approvals required

This shareholder approval is required under Listing Rule 10.14.1 which permits a Director to be issued new securities of the Company under the Employee Plan if shareholder approval is obtained.

Further, Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Shares issued under this resolution would fall within an exception. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

One of the effects of the resolution will be to allow the Company to grant the Shares proposed to be granted without using the Company's 15% annual placement capacity.

Information required by ASXLR 10.15:

Listing Rule 10.15 requires the following information to be given to Shareholders in relation to Resolution 3.

Date of issue of Shares:	Within 1 month after the date of the Meeting
Number of Shares to be issued	100,000
Issue price of Shares	\$0.165
Funds raised	Nil
Terms of Shares	Fully paid ordinary shares
Persons to whom Shares will be issued:	Mr Bin Cai, an alternate Director

Resolution 3 is an ordinary resolution.

The Chairman intends exercising all available proxies in favour of Resolution 3.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision by a public company of a "financial benefit" to a "related party". Section 208 of the Corporations Act prohibits:

- (1) a public company giving a financial benefit to a related party; or
- (2) a company which is controlled by the public company giving a financial benefit to a related party,

unless one of a number of exceptions applies, or shareholder approval is obtained.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a company issuing shares to a person or granting options to a person.

A "related party" is defined in Section 228 of the Corporations Act and includes a Director of the Company and any entity which the Director controls.

Information Provided to Shareholders in relation to Resolution 3

The following information is provided to Shareholders in relation to Resolution 2 in accordance with the requirements of Section 219 of the Corporations Act:

(a) The related party under Resolution 3

Mr Bin Cai is an alternate Director of Northern Minerals Ltd.

The related party who will receive the financial benefit is Mr Bin Cai.

(b) The proposed financial benefit

The proposed financial benefit is for the Company to issue 100,000 fully paid ordinary shares in the Company to Mr Bin Cai at an issue price of \$0.165 per share.

The maximum market price for shares in the Company traded on ASX over the 30 days prior to the date of this Notice is \$0.19. The minimum price during that period was \$0.14.

(c) Consideration

The Company will advance a loan of \$16,500 to Mr Bin Cai for the Shares which must be repaid within three years. The Shares do not vest until the loan is repaid in full. The consideration for the Shares is \$16,500.

(d) Reasons for giving the financial benefits

The reason for giving the financial benefit is to provide an incentive to Mr Bin Cai.

(e) Dilution

The capital structure of the Company as at the date of this Notice is set out above.

If Resolution 3 is passed and the Shares are issued, existing Shareholders will occur be diluted by 0.02%.

(f) Recommendation of each director

The Directors are George Bauk (Managing Director), Kevin Schultz (Non-Executive Director), Adrian Griffiths (Non- Executive Director), Colin McCavana (Non-Executive Director), Yanchun Wang (Non-Executive Director) and Conglin Yue (Chairman).

Each of the Directors recommends that Shareholders vote in favour of Resolution 3, for the reasons set out under (d) above.

(g) Interests of directors in outcome of Resolution 3

Each Director has no interest in the outcome of Resolution 3 other than in their capacity as a Shareholder.

The number of Shares and options in which each Director has an interest is set out above.

(h) Date of Issuing New Shares

If Resolution 3 is passed, then the Company intends to issue the Shares within 1 month after the date of the meeting.

(i) Intended Use of Funds Raised from Issue of New Shares

Upon repayment of the loan advanced to Mr Bin Cai, the sum of \$16,500 will have been raised by the issue of the Shares.

(j) Valuation of Financial Benefit and Company's Trading History

The highest and lowest market sale prices of the Company's Shares on the ASX during the 12 months immediately preceding the date of the Notice of Meeting is set out above.

The latest available market sale price of the Company's Shares on the ASX prior to the date of the Notice of Meeting was \$0.155 on 26 March 2014.

Using this closing price, the 100,000 Shares would have a total value of \$15,500.

(k) Tax Consequences

The Company believes that there will be no tax consequences resulting from the issue of the Shares.

(l) Opportunity Costs and Benefits Foregone

The Company will incur no liabilities or costs in respect of the proposed issue of the Shares to the Mr Bin Cai other than:

- (a) the fees payable to ASX for quotation of the Shares. At the rates applying at the date of this Explanatory Memorandum, these fees would be approximately \$1,575; and
- (b) for the purposes of the Pay-roll Tax Act 2002 (WA), Pay-roll Tax Assessment Act 2002 (WA) and the Taxation Administration Act 2003(WA) the definition of "wages" in the Act includes the grant of a share, or an option to acquire a share, by an employer to an employee in respect of services performed by the employee or the appointment of an employee (see section 9DA(1)). Section 9DD(3) provides that market value is to be determined in accordance with the relevant provisions under Division 83A of the Income Tax Assessment Act 1997 (Cwth). If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction.

Resolution 4: Approval of issue of 1,000,000 Performance Rights to Mr Bin Cai

Subject to the approval of Shareholders, the Company proposes to issue a total of 1,000,000 Performance Rights to Mr Bin Cai who is an alternate Director for Mr Conglin Yue and an employee in the capacity of Executive Manager – Asia Pacific. He is also a director of ACIIG. The Performance Rights will be issued for no consideration.

Mr Bin Cai is an alternate director for Mr Conglin Yue and accordingly is a "related party" of the Company.

Terms of Grant of Performance Rights

The full terms of grant of the Performance Rights are set out in Annexure A. Key conditions of the terms of issue include:

- (a) The Performance Rights issued will not vest until and unless the first commercial shipment, being a shipment or shipments in aggregate, of 250 tonnes of mixed rare earth product to one or more customers from any of the Company's rare earth projects to a buyer or buyers on normal commercial terms prior to 30 June 2017 (in which case all the Performance Rights vest) or by 31 December 2017 (in which case half of the Performance Rights vest).

- (b) The Performance Rights are exercisable for no consideration.
- (c) If the Director resigns then the right to the underlying shares is forfeited.
- (d) If Mr Cai's office as Executive Manager – Asia Pacific is terminated, then the Performance Rights vest immediately upon the date of termination.
- (e) Performance Rights will be issued on the terms of issue set out in Annexure A, and the shares issued upon vesting will be fully paid ordinary shares in the capital of the Company issued on the same terms as the Company's existing Shares; and
- (f) no funds will be raised by the issue of the Shares.

Approvals required

This shareholder approval is required under Listing Rule 10.11 which permits a Director to be issued new securities of the Company if shareholder approval is obtained.

Further, Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as Performance Rights), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Shares issued under this resolution would fall within an exception. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

One of the effects of the resolution will be to allow the Company to grant the Performance Rights proposed to be granted without using the Company's 15% annual placement capacity.

Date of issue of Shares:	Within 1 month after the date of the Meeting
Number of Performance Rights to be issued	1,000,000
Issue price of the Performance Rights	Nil
Issue price of Shares	Nil
Funds raised	Nil
Terms of Shares	Fully paid ordinary shares
Persons to whom Shares will be issued:	Mr Bin Cai

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Bin Cai is a "related party" and the issue of the shares to him constitutes the giving of a financial benefit.

Accordingly, Shareholder approval is required.

Information Provided to Shareholders in relation to Resolution 4

(a) The related party to whom the proposed resolutions would permit the financial benefit to be given

The related party who will receive the financial benefit is Mr Bin Cai.

(b) The proposed financial benefit

The nature of the financial benefit to be given to Mr Bin Cai is the issue to him of 1,000,000 Performance Rights for no consideration.

No funds will be raised by the issue of the Performance Rights.

The particular, specific number of Performance Rights for Mr Bin Cai was chosen by the Board (other than Mr Bin Cai) as an appropriate number to retain Mr Bin Cai's skills and experience, and to provide a realistic and meaningful incentive to Mr Bin Cai.

(c) Reason for giving the financial benefit

The Performance Rights are given to Mr Bin Cai as an incentive.

(d) Dilution

The capital structure of the Company is set out above.

If Shareholders approve the Resolution, the issued capital of the Company would be as follows:

Capital	Number
Ordinary Shares	412,909,988
ASX Quoted Options	66,590,127
Performance Rights	19,085,000

If the Performance Rights vest and shares are issued, then dilution of existing shareholders will occur. The effect will be to dilute the shareholding of existing members by approximately 0.2%, based on the existing number of Shares and Options as at the date of this Notice.

(e) Recommendation of each Director

Each Director (other than Mr Bin Cai) recommends that Shareholders approve Resolution 4 for the reasons set out in this Explanatory Memorandum, including the reasons set out in paragraph (c) above. The Directors other than Mr Bin Cai have no interest in the outcome of Resolution 4. Mr Bin Cai has a material personal interest in the outcome of Resolution 4 and therefore does not wish to make a recommendation to Shareholders about the Resolution.

(f) Total remuneration package

Details of Mr Bin Cai's remuneration for the year ended 30 June 2013 are as follows:

Cash, salary and fees	Super- annuation	Total
-	-	-

Details of Mr Bin Cai's remuneration for the current financial year ending 30 June 2014 is as follows:

Cash, salary and fees	Super- annuation	Total
\$146,664	-	\$146,664

(g) Existing relevant interest

Mr Bin Cai has no existing interests in securities of the Company other than indirectly through his directorship of ACIIG as follows:

Shares Held Directly or Indirectly	Options Held Directly or Indirectly	Performance Rights
132,183,287	66,091,644	-

(h) Trading History

The trading history for the Company's shares is set out above.

(i) Valuation of Performance Rights

The initial undiscounted value of the Performance Rights is the value of an underlying share in the Company as traded on ASX at the date of deemed date of grant of the Performance Right. As the performance conditions are not market based performance conditions, under International Financial Reporting Standards (IFRS), no discount is applied.

An indicative valuation for each Performance Right as at 26 March 2014 has been calculated in accordance with the principles of AASB 2 and based on certain assumptions and has been determined to be 15.5 cents.

The valuation took into account the following matters:

- The valuation of Performance Rights assumes that the exercise of a right does not affect the value of the underlying asset.
- Under AASB 2 'Share Based Payments' and option valuation theory, no discount is made to the fundamental value for unlisted rights over listed Shares.

- The performance conditions determine the number of Performance Rights to be issued; they do not have an effect on the value of each Performance Right.
- Given that the Performance Rights are to be issued for no consideration, the value of the Performance Rights is reflected in the underlying Share price at the valuation date.

Based on the above valuation, the total value of 1,000,000 Performance Rights would be \$155,000.

(j) Other information

The Company will incur no liabilities or costs in respect of the proposed issue of the Performance Rights or the underlying Shares to Mr Bin Cai other than:

- (a) the fees payable to ASX for quotation of the Shares. At the rates applying at the date of this Explanatory Memorandum, these fees would be approximately \$1,843; and
- (b) for the purposes of the Pay-roll Tax Act 2002 (WA), Pay-roll Tax Assessment Act 2002 (WA) and the Taxation Administration Act 2003(WA) the definition of “wages” in the Act includes the grant of a share, or an option to acquire a share, by an employer to an employee in respect of services performed by the employee or the appointment of an employee (see section 9DA(1)). Section 9DD(3) provides that market value is to be determined in accordance with the relevant provisions under Division 83A of the Income Tax Assessment Act 1997 (Cwth). If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction.

Benefit Provided Upon Termination and Sections 200B and 200E of the Corporations Act

One of the key conditions of the Performance Rights is that if the director’s office as director is terminated, then the Performance Rights vest immediately upon the date of termination.

Section 200B of the Corporations Act prevents a company from giving a benefit to a director in connection with the director’s retirement or removal unless the company’s shareholders approve the benefit under Section 200E of the Corporations Act or the benefit falls within certain exceptions set out in the Corporations Act.

Shareholder approval is sought for the condition of the Performance Rights that if the director’s office as director is terminated, then the Performance Rights vest immediately upon the date of termination. The money value of the benefit would depend on the value of the underlying shares at the date of termination. The manner in which the value of the benefit is to be calculated is 1,000,000 shares multiplied by their market value at the time of termination. On 26 March 2014, the last trading day before this Notice was lodged with ASIC, the Shares closed at a price of 15.5 cents per Share. Using this closing price, 1,000,000 Shares at 15.5 cents equals an amount of \$155,000.

General Information

Shareholders who require further information regarding the Meeting should contact the Company Secretary prior to the Meeting on (+61 8) (08) 9482 2200 during normal business hours in Western Australia.

Glossary

In the Notice of Meeting and in this Explanatory Memorandum:

ACIIG means Australia Conglin International Investment Group Pty Ltd ACN 133 767 665 of Level 24, 71 Eagle Street, Brisbane, Queensland, 4000.

ASX means ASX Limited ACN 008 624 691 or the securities exchange operated by it, as the context requires.

Board means the Board of Directors of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Employee Plan means the Company's employee share plan approved by Shareholders on 29 November 2013.

Equity Securities has the meaning given to that phrase in Chapter 19 of the Listing Rules.

Explanatory Memorandum means this Explanatory Memorandum accompanying the Notice of Meeting.

Listing Rules means the listing rules published by the ASX.

Meeting means the Meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of Meeting (and any adjournment of the meeting).

Notice of Meeting means the notice convening the Meeting and which accompanies this Explanatory Memorandum.

Placement means the issue of 16,111,111 Shares to professional and sophisticated investors on 19 March 2014 at a price of \$0.18 each Share.

Proxy Form means the proxy form accompanying the Notice of Meeting.

Related Body Corporate is defined in section 50 of the Corporations Act.

Share means a fully paid ordinary share in the Company and **Shares** has a corresponding meaning.

Shareholder means a person recorded in the Company's register as a holder of a Share or Shares.

Shareholder Approval means, the approval sought in respect of the Resolutions, as set out in the Notice of Meeting.

ANNEXURE A

Terms of issue of Performance Rights

The terms of issue of the Performance Rights are:

- (a) Each Performance Right entitles the holder to be issued one Share on these terms of issue including the vesting conditions and the performance conditions.
- (b) The Performance Rights will be issued for free and subject to the achievement of the vesting conditions and the performance conditions set out below.
- (c) The Applicant may apply for the number of Performance Rights specified in an Invitation by sending to the Company (marked for the attention of the Company Secretary) a duly signed and completed application (in the form attached to the Invitation).
- (d) A Performance Right does not confer on the holder the right to receive dividends.
- (e) The Performance Rights will not vest and the underlying Shares will not be issued unless the following performance conditions have been satisfied:-
 - **1,000,000** Shares if the first commercial shipment of mixed rare earth product to a buyer occurs on normal commercial terms prior to 30 June 2017;
or
 - **500,000** Shares if the first commercial shipment of mixed rare earth product to a buyer occurs on normal commercial terms subsequent to 30 June 2017 but prior to 31 December 2017.

Should the first commercial shipment of mixed rare earth product to a buyer not occur on normal commercial terms prior to 30 June 2017, then the holder will be entitled to 500,000 Shares, provided the first commercial shipment of mixed rare earth mineral product to a buyer occurs on normal commercial terms subsequent to 30 June 2017 but prior to 31 December 2017.

For the purposes of the conditions, a “**commercial shipment**” of the product is regarded as a shipment of 250 tonnes or more per individual shipment.
- (f) If the above performance conditions are not met, 500,000 Performance Rights will expire on 30 June 2017 and 500,000 Performance Rights will expire on 31 December 2017.
- (g) Should the holder resign all Performance Rights will automatically lapse.
- (h) If the director's office as director is terminated, then the Performance Rights vest immediately upon the date of termination.
- (i) Performance Rights automatically convert to Shares on the vesting date with no exercise price being payable and the Company will allot and issue the number of Shares specified in the notice of exercise within the time prescribed by the ASX Listing Rules.
- (j) All Performance Rights issued immediately vest (to the extent they have not already vested or lapsed) and are immediately exercisable if:
 - (a) a takeover bid (as defined in the Corporations Act) to acquire Shares becomes, or is declared to be, unconditional, irrespective of whether or not the takeover bid extends to Shares issued and allotted after the date of the takeover bid;

- (b) a change of Control of the Company occurs; or
 - (c) a merger by scheme of arrangement under the Corporations Act is approved by the court under section 411(4)(b) of the Corporations Act.
- (k) If the Company is required under relevant tax legislation to make withholdings on account of tax upon:
 - (a) the exercise of Performance Rights; or
 - (b) the automatic conversion of Performance Rights to Shares,
the Board must sell sufficient of the Shares which would otherwise be issued so that the net proceeds of sale equal the payment which the Company is required to pay to the appropriate authorities. This arrangement does not apply if the Participant makes an alternative arrangement to the satisfaction of the Company.
- (l) If a participant ceases to be an eligible person after the vesting date due to the occurrence of any of the following events (each a Prescribed Event), the Performance Rights held by that participant in respect of which an exercise price is payable will lapse 6 months after the occurrence of that Prescribed Event (or such longer period as the Board may determine) or on the Expiry Date applicable to those Performance Rights, whichever occurs first:
 - (a) retirement or retrenchment of the participant, or if the participant is not an employee, the retirement or retrenchment of the employee by virtue of whom an eligible person holds Performance Rights; or
 - (b) bankruptcy of the participant, or commencement of winding up or deregistration in respect of the participant; or
 - (c) the death of the participant, or if the participant is not an employee, the death of the employee by virtue of whom an eligible person holds Performance Rights.

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrat@securitytransfer.com.au
W: www.securitytransfer.com.au

Holder Number:

My/Our contact details in case of enquiries are:

NAME

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TELEPHONE NUMBER

(			)																
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NOTES

1. Name and Address

This is the name and address on the Share Register of NORTHERN MINERALS LIMITED. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of NORTHERN MINERALS LIMITED.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 11:00am WST on Wednesday 7 May 2014, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.