Notice under section 708A(12C)(e) of the Corporations Act 2001 (Cth) for the purposes of ASIC Class Order [CO 10/322]

On 20 March 2015, Northern Minerals Limited (the **Company**) issued 1,000,000 convertible notes (**Convertible Notes**) at a face value of $1.00 per Convertible Note to Jien Mining Pty Ltd ACN 110 986 797, under the exceptions contained in section 708 of the *Corporations Act 2001* (Cth) (the **Act**).

The Company provides the following notice under section 708A(12C)(e) of the Act (as inserted by ASIC Class Order CO [10/322]).

1. Effect of the issue and conversion of the Convertible Notes on the Company

Issue of Convertible Notes

The table below sets out the capital structure of the Company following the issue of the Convertible Notes:

Fully paid ordinary shares*	444,402,658
Convertible notes**	5,000,000 (convertible into 25,000,000 fully paid ordinary shares)
Listed options	66,590,127
Unlisted options	12,812,470
Performance rights	14,150,000

*includes 12,435,400 shares subject to escrow and 135,000 shares released from escrow.

**includes 4,000,000 convertible notes (convertible into 20,000,000 fully paid ordinary shares) that were issued to Jien Mining Pty Ltd on 18 February 2015 and 4 March 2015.

The Company's cash at bank will increase by $1,000,000 as a result of the issue of the Convertible Notes. The Company will have a liability to repay the face value of the Convertible Notes (being $1,000,000) plus interest at a rate of 6% per annum if the Convertible Notes are not converted into fully paid ordinary shares in the capital of the Company in accordance with the terms of issue.

Conversion of Convertible Notes

Assuming full conversion of the 1,000,000 Convertible Notes (and no adjustment of the conversion price), there would be an issue of 5,000,000 new fully paid ordinary shares in the capital of the Company on conversion of the Convertible Notes.

The table below sets out the capital structure of the Company following the conversion of all of the Convertible Notes on issue in the Company (assuming that no options or performance rights have been exercised by the time of conversion):

Fully paid ordinary shares*	469,402,658*
Listed options	66,590,127
Unlisted options	12,812,470
Performance rights	14,150,000

*includes 12,435,400 shares subject to escrow, 135,000 shares released from escrow and 20,000,000 shares to be issued on conversion of the convertible notes that were issued to Jien Mining Pty Ltd on 18 February 2015 and 4 March 2015.

The Company will no longer have a liability to repay the face value of the Convertible Notes once the Convertible Notes are converted, but on the conversion date it must pay interest at a rate of 6% per annum in accordance with the terms of issue.

2. Rights and liabilities attaching to the Convertible Notes

The key terms of the Convertible Notes are set out in the following table:

Noteholder	Jien Mining Pty Ltd
Amount	1,000,000 Convertible Notes (unlisted)
Face value	$1.00 per Convertible Note
Convertible price	Each Convertible Note is convertible into 5 fully paid ordinary shares in the capital of the Company at an issue price of $0.20 per share, subject to adjustments
Maturity date	14 February 2016
Interest rate	6% per annum

Repayment/redemption	On the maturity date or within 60 days of a prescribed event of default occurring
Conversion	At any time prior to the maturity date, subject to FIRB approval (if required)

The full terms of the Convertible Notes are set out in Annexure A.

3. Rights and liabilities attaching to shares issued on conversion of the Convertible Notes

The shares to be issued upon conversion of the Convertible Notes will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with existing fully paid ordinary shares in the capital of the Company.

The key rights and liabilities attaching to the shares that will be issued on conversion of the Convertible Notes are summarised in Annexure B.

Full details of the rights and liabilities attaching to the shares in the Company are set out in the Company's constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

4. Compliance with continuous disclosure obligations

The Company is a disclosing entity as defined in section 111AC of the Act and, as such, is subject to regular reporting and disclosure obligations under the Act. These obligations include compliance with the requirements of the ASX Listing Rules and the Act concerning notification of information to the ASX.

As at the date of this notice, the Company has complied with:

(a) the provisions of Chapter 2M of the Act, as they apply to the Company; and
(b) section 674 of the Act, as it applies to Company.

Copies of documents lodged with the Australian Securities and Investments Commission (**ASIC**) in relation to the Company may be obtained from, or inspected at, an office of ASIC. Copies of announcements made to the ASX by the Company may be viewed on the ASX website at www.asx.com.au.

The Company will provide a copy of any of the following documents free of charge, to any person on request during normal business hours:

(a) the annual financial report of the Company for the financial year ended 30 June 2014 (**2014 Annual Report**), being the most recent annual financial report of the Company lodged with ASIC before the issue of this cleansing notice;

(b) any half year financial report lodged with ASIC by the Company after the lodgment of the 2014 Annual Report and before lodgment of this cleansing notice; and
(c) any continuous disclosure notices given by the Company after lodgment of the 2014 Annual Report and before the lodgment of this cleansing notice.

5. Information excluded from continuous disclosure notices

As at the date of this cleansing notice, the Company is not aware of any other information that:

(a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
(b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
   i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
   ii. the rights and liabilities attaching to the Convertible Notes or the shares to be issued on conversion of the Convertible Notes.

Yours sincerely

Mark Tory
Company Secretary
Northern Minerals Limited

Annexure A

Terms and Conditions of the Convertible Notes

In this Annexure unless the context or subject matter otherwise indicates or requires:

(a) **Act** means the *Corporations Act 2001* (Cth);

(b) **ASX** means ASX Limited ACN 008 624 691 or the market operated by it (as the context requires);

(c) **Bonus Issue** means a pro rata issue of securities to holders of Shares for which no consideration is payable by them;

(d) **Bonus Share** means a Share issued pursuant to a Bonus Issue;

(e) **Business Day** means a day in which the banks are open for general **business** in Perth, Western Australia and Beijing, China;

(f) **Company** means Northern Minerals Ltd;

(g) **Conversion Date** means the date on which one or more of the Notes are converted into Shares in accordance with clause 1.2 of these Terms;

(h) **Conversion Period** has the meaning given in clause 1.1(a) of these Terms;

(i) **Conversion Price** means A$0.20 per Share, subject to adjustments under clause 6 of these Terms;

(j) **Conversion Right** has the meaning given in clause 1.1(a) of these Terms;

(k) **Current Market Price** means the Volume Weighted Average Price of the Shares over the 30 trading days on ASX preceding the announcement of an event resulting in an adjustment to the Conversion Price in accordance with clause 6 of these Terms;

(l) **Conversion Notice** means a notice substantially in the form set out in Schedule 3 of the Deed;

(m) **Deed** means the Convertible Note Deed dated 16 February 2015 between the Company and the Noteholder;

(n) **Event of Default** means any one of the following events:

(i) *a Material Adverse Change occurring;*

(ii) *an Insolvency Event occurring;*

(iii) *the Company being in breach of the Deed or the Memorandum of Understanding;*

(iv) *the Company ceasing to directly or indirectly own 100% of the Projects it owns as at the date of the Memorandum of Understanding;*

(v) *an event of default occurs under any other arrangement under which finance is provided to a Group Company; or*

(vi) *any security is enforced against the assets of a Group Company;*

(o) **Face Value** means in respect of each Note, A$1.00;

(p) **Group Companies** means the Company and its subsidiaries, each one of them a **Group Company;**

(q) **Insolvency Event** means the occurrence of any of the following in relation to a person:

(i) *it is wound up, a resolution for its winding up has been passed or a meeting of members or creditors has been convened for that purpose;*

(ii) *it is the subject of a winding up application which has been made to a court, or an event has occurred which would entitle any person to apply to a court to wind it up;*

(iii) *it has proposed or taken any steps to implement a scheme of arrangement or other compromise or arrangement with any of its creditors;*

(iv) *it is the recipient of a demand under section 459E of the Act or any corresponding or analogous provision governing that person in a jurisdiction outside Australia that is not set aside or complied with before the end of the relevant period for compliance with the demand;*

(v) *it is in receivership and or its assets are in the possession of or under the control of a mortgagee or chargee;*

(vi) *it is subject to administration under Part 5.3A of the Act or any corresponding or analogous provision governing that person in a jurisdiction outside Australia; or*

(vii) *it is insolvent (as defined in section 95A of the Act) or any corresponding or analogous provision governing that person in a jurisdiction outside Australia;*

(r) **Interest Rate** means 6% per annum;

(s) **Issue Date** means 18 February 2015;

(t) **Material Adverse Change** means any matter, event or circumstance which has, or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of the Group Companies (as a whole);

(u) **Maturity Date** means 14 February 2016;

(v) **Memorandum of Understanding** means the Memorandum of Understanding between the Company and the Noteholder dated 15 February 2015;

(w) **Note** means convertible notes issued by the Company under the Deed, convertible into Shares, subject to and on the Terms and **Note** means any one of them;

(x) **Note Certificate** means a certificate substantially in the form set out in Schedule 1 of the Deed;

(y) **Noteholder** means Jien Mining Pty Ltd;

(z) **Redemption Date** means the date on which the Noteholder redeems one or more of the Notes in accordance with clause 3 of these Terms;

(aa) **Projects** means the following rare earth projects:

(i) Browns Range;

(ii) Boulder Ridge;

(iii) John Galt; and

(iv) Gardiner Tanami;

(bb) **Shares** means fully paid ordinary shares in the capital of the Company and Share means any one of them;

(cc) **Terms** means the terms of the Note set out in this Annexure A; and

(dd) **Volume Weighted Average Price** means the volume weighted average price of ordinary shares of the Company sold on the ASX during the period specified.

1 Conversion

1.1 Conversion Right

(a) The Noteholder has the right (**Conversion Right**) to convert the whole but not part of the principal amount of each Note into Shares at the Conversion Price at any time prior to the Maturity Date (**Conversion Period**).

(b) The Conversion Right of the Noteholder in clause 1.1(a) does not arise until it has received confirmation from the Treasurer of Australia acting through the Foreign Investment Review Board that he has no objection to the conversion of the Note under *Australia's Foreign Investment Policy* (if required).

1.2 Conversion procedure

(a) To exercise the Conversion Right, the Noteholder must give the Company a notice of conversion (**Conversion Notice**) in the form set out in Schedule 3 of the Deed, together with the Note Certificate.

(b) A Conversion Notice once delivered shall be irrevocable.

(c) The Company must, within 2 Business Days of receiving a Conversion Notice under clause 1.2(a), register the Noteholder in its register of members as the holder of the Shares and apply for quotation of the Shares on the ASX.

(d) Upon conversion, the Noteholder is deemed to authorise the Company to register it as the holder of Shares and to be bound by the constitution of the Company.

(e) Each Note may only be converted in whole and not in part.

(f) The Company shall forward free of charge to the Noteholder (or such other person as it may in writing request) a certificate or holding statement for the Shares allotted and issued on conversion of the Notes.

2 Redemption by the Company

(a) If a Note has not been converted into Shares by the Noteholder under clause 1 on or before the Maturity Date, the Company must pay the principal and interest owed under the Note to the Noteholder on the Maturity Date.

(b) The payment by the Company to the Noteholder under clause 2(a) operates in satisfaction of the Company's obligation to the Noteholder under the Note and the Deed.

3 Redemption by Noteholder

(a) Notwithstanding anything contained above, the Noteholder will be entitled at any time by giving 60 days notice in writing to the Company, to require the Company to redeem the Notes if an Event of Default occurs (**Default Notice**).

(b) The Company must pay the principal and interest owed under the Notes to the Noteholder within 60 days of receipt of the Default Notice.

(c) The payment by the Company to the Noteholder under clause 3(b) operates in satisfaction of the Company's obligation to the Noteholder under the Notes and the Deed.

4 Interest

Interest accrues daily on the Face Value of each Note at the Interest Rate from its Issue Date, and is payable by the Company to the Noteholder on the earlier of:

(i) the Conversion Date;

(ii) the Redemption Date; and

(iii) the Maturity Date.

5 Shares to rank equally

Each Share issued upon conversion of the Notes will, as from the date of conversion, rank in all respects pari passu with the then issued Shares of the Company.

6 Capital Reconstruction

6.1 Bonus issue

(a) If the Company makes a Bonus Issue and allots to the holders of Shares any Bonus Shares, then the Company must in addition to any Shares to be issued to the Noteholder on conversion of the Notes issue to the Noteholder the number of Bonus Shares as the Noteholder would have been entitled to receive under the Bonus Issue if it had converted the Note into Shares:

(i) immediately prior to the record date for the issue of Bonus Shares; or

(ii) if before the conversion of the Note there has been more than one issue of Bonus Shares, immediately prior to the record date for the first issue of Bonus Shares, and had retained all the Shares issued on conversion together with all the Bonus Shares which would have been issued to it under this clause following the first issue of Bonus Shares.

6.2 Reorganisations of Capital

(a) If and whenever there is a consolidation or subdivision of the Shares, the Conversion Price will be adjusted in the inverse proportion to the ratio of the consolidation or subdivision of the Shares. Such adjustment shall become effective on the date the alteration takes effect.

(b) If and whenever the Company pays or makes any return of capital to shareholders the Conversion Price will be adjusted by reducing the Conversion Price in force immediately prior to such return of capital by the same amount as the amount of the capital returned per Share. Such adjustment will become effective on the date on which such return of capital is made.

6.3 Rights Issues of Shares or Options

(a) If and whenever the Company issues Shares to shareholders by way of rights, or issues or grants to shareholders by way of rights options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares on issue immediately before the issue of such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Shares to be issued or otherwise made available upon the exercise of any such option, warrants or rights would purchase at such Current Market Price per Share; and

C is the number of Ordinary Shares issued or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights, calculated as at the date of issue of such options, warrants or rights.

Such adjustments shall become effective on the first date on which the Shares are traded ex-rights on the ASX.

6.4 **Issues at less than Current Market Price**

(a) If and whenever the Company issues (otherwise than as mentioned elsewhere in this clause) wholly for cash or for no consideration any Share (other than under the Deed or the Memorandum of Understanding), or issues or grants (otherwise than as mentioned elsewhere in this clause) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares (other than as contemplated by the Memorandum of Understanding), for an amount less than the Current Market Price per Share, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediate prior to such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares on issue immediately before the issue of such Shares or the grant of such options, warrants or rights;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares or, as the case may be, for the Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights would purchase at such Current Market Price per Share; and

C is the number of Ordinary Shares issued pursuant to such issue of additional Shares or, as the case may be, the maximum number of Shares to be issued pursuant to such issue of such additional Shares or upon exercise of such options, warrants or rights.

Annexure B

Key rights and liabilities attaching to the Company's shares

Voting

At a general meeting, on a show of hands every ordinary shareholder present in person or by proxy, attorney or representative, has one vote. At the taking of a poll, every ordinary shareholder present in person and whose shares are fully paid has one vote for each of his or her shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

General meetings

Each ordinary shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to ordinary shareholders under the Constitution, the Act and the ASX Listing Rules.

Dividends

The Company may pay to ordinary shareholders any interim and final dividends as, in the directors' judgement, the financial position of the Company justifies. The directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the ordinary shareholders in proportion to the number of shares held.

Transfer of shares

Generally, all shares in the Company are freely transferable subject to the procedural requirements of the Constitution and to the provisions of the Act, the ASX Listing Rules and the ASTC Settlement Rules. The directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the ASX Listing Rules or the ASTC Settlement Rules. If the directors decline to register a transfer, the Company must give reasons for the refusal. The directors must decline to register a transfer when required by the Act, the ASX Listing Rules or the ASTC Settlement Rules.

Variation of rights

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of the holders of shares in that class at a meeting of those holders, or with the written consent of the holders of at least 75% of the issued shares of that class.

Directors

The minimum number of directors is three and the maximum is nine unless the Company general meeting determines otherwise. There are currently four directors. directors must retire on a rotational basis with one-third of directors having to retire at each annual general meeting. Any other director who has been in office for three or more years must also retire. A retiring director is eligible for re-election. The directors may appoint a director either in addition to existing directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

Decisions of directors

Questions arising at a meeting of directors are decided by a majority of votes. The Chairperson has a casting vote.

Issue of further shares

Subject to the Constitution, the Act and the ASX Listing Rules, the directors may issue, or grant options in respect of, shares to such persons on such terms as they think fit. In particular, the directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital or otherwise.

Officers' indemnity

To the full extent permitted by the law and to the extent not covered by insurance, the Company must indemnify each officer of the Company against any losses or liabilities incurred by the person as an officer of the Company, including costs and expenses incurred in defending proceedings in which judgment is given in favour of the person or in which the person is acquitted or in connection with relief granted to the person in an application under the Act in respect to such proceedings.

Alteration to the Constitution

The Act provides that the Constitution can only be amended by a special resolution passed by at least 75% of ordinary shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.