

# **Northern Minerals Limited**

ABN 61 119 966 353

# **Prospectus**

For a pro-rata non-renounceable rights issue by Northern Minerals Limited ("Company") to Eligible Shareholders of:

- 1. 1 New Share for every 2 Shares held on the Record Date, at an issue price of \$0.20 per New Share; and
- 2. 1 Option for every 2 New Shares issued as part of this Rights Issue, with an option exercise price of \$0.30 and an option expiry date of 31 March 2015.

The Rights Issue closes at 5.00pm on 3 April 2013 (or such later date as the Directors, in their absolute discretion, may determine and in accordance with the ASX listing rules).

This Rights Issue is fully underwritten by Australia Conglin International Investment Group Pty Limited.

An investment in the securities offered by this Prospectus should be considered as speculative.

This Prospectus is not for general circulation or distribution. The offer of New Shares and Options is made personally to Eligible Shareholders to whom the Prospectus has been issued, distributed or circulated. The offer of New Shares and Options is not made to any other persons and is not to be accepted by any other persons. The New Shares and Options on offer may not be subscribed for by any other person (other than the Nominee).

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course that you should follow, you should consult your stockbroker or professional adviser.

## Important information

## Important notice

You should read this entire Prospectus carefully. It is important that you consider the risk factors (see Section 4) that could affect the Company's financial performance, before deciding on your course of action.

This Prospectus is dated 25 February 2013. A copy of this Prospectus was lodged with the ASIC on 25 February 2013. This Prospectus expires 31 July 2013 and no New Shares or Options will be allotted or issued, on the basis of this Prospectus, after 31 July 2013.

The Company will apply to the ASX for the New Shares and the Options to be quoted on the ASX within 7 days after the date of this Prospectus.

Applications for New Shares and Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus. The Entitlement and Acceptance Form sets out a shareholders' Entitlement to participate in the Offer. Eligible Shareholders who do not take up their Entitlement will have their existing interest in the Company diluted. Please refer to Section 1 for details of how to accept the Offer.

The Company has not authorised any person to give information, or to make any representation, in connection with this Prospectus which is not contained in the Prospectus or inconsistent with it. Any information or representation not so contained, or inconsistent with the information in this Prospectus, may not be relied on as having been authorised by the Company in connection with this Prospectus.

Some words in this Prospectus have defined meanings. The definitions appear in Section 8 at the end of this Prospectus. References to dollars are to Australian dollars unless otherwise indicated.

This Prospectus contains an offer to Eligible Shareholders with registered addresses in Australia or in New Zealand or in Singapore or in Switzerland of "continuously quoted securities" (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Please refer to Section 1 for further information concerning the nature of this Prospectus.

Neither ASIC nor ASX take any responsibility for the contents of this Prospectus, or the merits of the investment to which this Prospectus relates.

## **Foreign Shareholders and Foreign jurisdictions**

The New Shares and Options being offered under this Prospectus are being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the *Securities Act* (Overseas Companies) Exemption Notice 2002 (New Zealand), with registered addresses in Singapore or with registered addresses in Switzerland.

No member of the public in New Zealand may accept the offer made under this Prospectus except in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority or under any relevant law in New Zealand. This Prospectus may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Prospectus does not constitute an offer in any place where it would not be lawful to make such an offer, nor does it constitute an offer to any person to whom it would not be lawful to make such an offer. The Company believes it is unreasonable to extend the Offer of New Shares and Options to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the securities that would be offered to those shareholders; and
- (b) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders (as defined in Section 8) will not be eligible to receive New Shares and Options under this Prospectus. The rights of Ineligible Foreign Shareholders in relation to the Rights Issue are set out in Section 1.

## **Future performance**

Except as required by law, and only then to the extent required, neither the Company nor any other person, guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

Any investment in the New Shares and the Options should be considered speculative.

## Chairman's letter

Dear Shareholder

In early February, your Company announced a major funding initiative, through which it would raise funds to drive the development of the exciting Browns Range Heavy Rare Earth (HRE) project.

The funding package will take Browns Range right through to the completion of Feasibility Study. The funding package has been backed by our largest shareholder Mr Conglin Yue, and his investment Company, Australia Conglin International Investment Group. We are pleased to be able to extend our relationship with Mr Yue, who has been a long term shareholder in Northern Minerals, and supports our strategy to bring the Browns Range HRE project into production as soon as possible. The funding package delivers a high level of security for the development of the project, particularly in the current uncertain global and equity and commodity markets, and is a major vote of confidence in Browns Range and the team we have in place to develop it.

We are pleased to present this entitlement offer, which provides the opportunity for all Eligible Shareholders to participate in the funding initiative and in the Company's long term growth.

The rights issue will consist of the following two components:

- (a) One new Share for every two Shares held at a price of 20 cents (133,180,226 Shares); and
- (b) One Option for every two new Shares issued at an exercise price of 30 cents and an option expiry date of 31 March 2015 (66,590,113 Options).

The rights issue has been fully underwritten by Australia Conglin International Investment Group. Full details of the Offer are included in the Prospectus released today, and I encourage all shareholders to consider this document carefully.

With the funding solution in place, the Board is particularly excited by the future for the Company, and we are now a major step closer to our goal of being a globally significant producer of HRE.

In the past few months we have taken a number of other important steps and delivered a number of significant milestones on the pathway to production. This includes the delineation of our initial JORC resource and priority of additional resource targets in December, the completion of highly encouraging hydrometallurgical studies and the signing of a Memorandum of Understanding for off-take with a major international partner.

Our project development program for 2013 includes completion of a Scoping Study based on the Wolverine resource in April, and advancement of Pre-Feasibility Studies in line with resource drilling results and metallurgical test work. Our beneficiation and hydrometallurgical studies will continue, and following our recent success, will include a pilot plant to produce the higher value mixed rare earth oxides. Key priorities for the year will also be advancing our environmental studies as part of the approval process, as well as our discussions with the Native Title claimant group.

I look forward to keeping you updated on these operational developments throughout the year. Over the coming weeks and months, we will also continue to actively communicate with you and all shareholders with regard to the completion and necessary approvals for the funding package.

Finally, I would like to thank all shareholders for their ongoing support.

Yours sincerely

**Kevin Schultz** 

Chairman - Northern Minerals

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## **Summary of Important Dates**

**Table 1: Rights Issue Key Dates** 

Announcement of Rights Issue	25 February 2013
Date of Lodgement of Prospectus with ASIC and ASX	25 February 2013
Notice of Rights Issue sent to Shareholders	27 February 2013
Rights Issue Record Date to determine Entitlements	6 March 2013
Prospectus with Entitlement and Acceptance Form despatched to Eligible Shareholders	12 March 2013
Acceptances Open	12 March 2013
Closing Date for acceptances	3 April 2013
New Shares are quoted for ASX trading on a deferred settlement basis	4 April 2013
Issue of New Shares and despatch of holding statements for New Shares	11 April 2013

The above dates are indicative only and may change. Changes will be notified by the Company to the ASX.

## **Definitions**

Throughout this Prospectus, various words and phrases have been capitalised and defined, rather than used in full on each occasion. The definitions of these capitalised words are set out in Section 8.

## 1 Details of the Offer

## 1.1 Offer of New Shares and Options

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable Rights Issue on the basis of:

- (a) 1 New Share for every 2 Shares held on the Record Date, at an issue price of \$0.20 per New Share; together with
- (b) 1 Option for every 2 New Shares issued as part of this Rights Issue, with an option exercise price of \$0.30 and an expiry date of 5.00pm Perth time on 31 March 2015.

At the date of this Prospectus, the Company had:

- (a) 266,360,451 Shares on issue, which includes 5,196,800 ordinary shares which are held in escrow and are not Quoted;
- (b) 7,385,000 Vested Options, which are capable of being exercised;
- (c) 950,000 Unvested Options, which are not capable of being exercised; and
- (d) 9,000,000 Performance Rights, none of which are capable of being exercised on their terms of issue prior to the Record Date.

The number of New Shares which are issued will vary depending on the number of Vested Options and Performance Rights that are actually exercised prior to the Record Date. If no Vested Options are exercised prior to the Record Date, then approximately 133,180,226 New Shares will be offered under the Rights Issue. If all of the Vested Options are exercised prior to the Record Date then approximately a further 3,692,500 New Shares will be offered under the Rights Issue.

If no Vested Options are exercised prior to the Record Date, and all of the Eligible Shareholders take up their Entitlement in full, the Rights Issue will raise approximately \$26.6 million, before costs. If all of the Vested Options are exercised prior to the Record Date, and all of the Eligible Shareholders take up their Entitlement in full, the Rights Issue will raise approximately \$27.4 million, before costs.

The Rights Issue will open for receipt of acceptances at 9.00am on 12 March 2013 and will close at 5.00pm on 3 April 2013, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules may determine. Holders of existing options will not be entitled to participate in the Rights Issue unless they hold Vested Options and they exercise those Vested Options and are issued Shares prior to the Record Date. Holders of Vested Options are advised to exercise their Vested Options as soon as possible if they want to participate in the Rights Issue and in any event at least 3 clear Business Days before the Record Date. Holders of options which are not vested are not able to exercise those options.

Your Entitlement is shown in the accompanying Entitlement and Acceptance Form.

In the calculation of any Entitlement, fractions will be rounded up to the nearest whole number and for this purpose, holdings in the same name will be aggregated for calculation of Entitlements.

The Rights Issue is being made on a non-renounceable basis, meaning that Entitlements cannot be transferred or sold.

## 1.2 Rights Issue is Underwritten

The Rights Issue is underwritten by Australia Conglin International Investment Group Pty Limited (the "Underwriter"), an Associate of the Company's largest shareholder, Mr Conglin Yue.

Details of the Underwriting Agreement are set out in Section 5.

In the present financial and economic climate, it is extremely difficult for exploration companies, such as the Company, to raise finance from both equity and debt sources.

The Company agreed to conduct the Rights Issue and engage Mr Yue's company as underwriter of the Rights Issue following an exhaustive and comprehensive process to raise finance to progress the Company's objectives.

As the Company prepared the initial JORC compliant resource at Wolverine, a detailed plan to determine the funding needs of completing the feasibility study and expand our initial JORC compliant resource was completed and the Company commenced searching for funds to support the 2 year plan. A number of alternative sources of funds were assessed and the current source of funding including this fully underwritten rights issue was the preferred option. Over the past 12 months, the debt and equities markets have been difficult for small capitalisation resource companies to source funds to progress early stage projects within the whole market, with Rare Earth companies being further challenged by Rare Earth commodity prices. This Rights Issue has been supported by our major shareholder, Mr Conglin Yue who has been a supporter of the Company since August 2010 and strongly believes in the future plans and budgets of the Company.

## 1.3 Directors' right to place Shortfall Shares if underwriting does not proceed

The Offer is non-renounceable.

If the Underwriting Agreement is terminated or the underwriting does not proceed for any reason, the Directors reserve the right to issue any New Shares and Options which are not taken up by Eligible Shareholders. In such situation, the Directors may, at their discretion, issue any Shortfall Shares and Options within 3 months after the Closing Date for acceptances. The issue price for any New Shares will be an amount that is no less than the issue price for securities offered under the Rights Issue. None of the Shortfall Shares and Options will be placed to directors or their Associates.

It is important that Eligible Shareholders understand that if they do not take up their Entitlement, then they will have their existing interest in the Company diluted.

The Company may pay a commission and management fee of up to 5% of the issue price of Shortfall Shares and Options where those Shares and Options are placed by a Participant of the ASX and issued by the Company.

#### 1.4 Use of funds

If none of the Vested Options are exercised before the Record Date and all of the Eligible Shareholders take up their Entitlement in full, the Company will raise approximately \$26.6 million under the Rights Issue.

It is intended that the gross proceeds of the Rights Issue will be applied as set out below for the 2013 calendar year:

Use of funds	<b>A\$million</b>
Resource Definition / Exploration – Browns Range	11.0
Engineering, Infrastructure and Mining Studies	5.6
Mineral Processing and Metallurgy - Beneficiation	3.2
Mineral Processing and Metallurgy - Hydrometallurgy	1.4
Costs of the issue	1.4
Capital Expenditure	2.0
Corporate and administration expenses	2.0
TOTAL	26.6

If some or all of the Vested Options are exercised before the Record Date and all of the Eligible Shareholders take up their Entitlement in full, then the Company will raise more than \$26.6 million under the Rights Issue. Each additional dollar raised above \$26.6 million will be used by the Company for the purposes of Mineral Processing and Metallurgy studies.

The Offer is underwritten, so if all of the Eligible Shareholders do not take up their Entitlement in full, the Company still expects to raise at least \$26.6 million under the Rights Issue (before costs).

#### 1.5 Opening Date and Closing Date

The Rights Issue will open on 12 March 2013 ("**Opening Date"**) and close at 5.00pm on 3 April 2013 (or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine) ("**Closing Date"**).

Completed Entitlement and Acceptance Forms must be received at the Company's Share Registry by the Closing Date, together with payment, in Australian dollars, for the amount of the application.

#### 1.6 How to take up your Entitlement

Under the Rights Issue, you may apply for 100% of your Entitlement.

Alternatively, you may apply for a portion less than your Entitlement, by using the personalised Entitlement and Acceptance Form mailed to you with this Prospectus. This form details your Entitlement and should be completed in accordance with the instructions set out on its reverse side.

#### 1.7 Issue and Allotment of New Shares

The New Shares will be issued fully paid and, from the date of issue, will rank equally in all respects with Shares. Details of the rights attaching to ordinary shares in the Company are set out in Section 5.1.

By returning your Entitlement and Acceptance Form, you agree to comply with the Constitution in respect of the New Shares issued to you. Details of the rights attached to New Shares and the Options are set out in Section 5.

Until issue and allotment of the New Shares and Options, the Application Monies will be held on trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the Application Monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the New Shares or Options takes place. No allotment of New Shares or Options will take place until the proceeds of the Rights Issue have been received and ASX grants permission to quote the New Shares and Options.

#### 1.8 ASX Quotation

The Company will make application to the ASX within 7 days following the date of this Prospectus for the grant of official quotation of the New Shares and the Options.

Quotation of the New Shares and Options, if granted by the ASX, will commence as soon as practicable after statements of holdings for the New Shares and Options are dispatched.

If approval for official quotation is not granted by ASX within 3 months after the date of this Prospectus, the Company will not allot or issue any New Shares or Options and will repay all Application Monies (where applicable) within the time prescribed under the Corporations Act, without interest.

That the New Shares and Options have been admitted to quotation on ASX is not to be taken in any way as an indication of the merits of the Company or the New Shares or Options.

#### 1.9 Overseas Shareholders

The New Shares and Options being offered under this Prospectus are being offered to be issued to Eligible Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand), with registered addresses in Singapore and with registered addresses in Switzerland.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Company believes that it is unreasonable to extend the Offer to be issued with New Shares and Options to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the securities that would be offered to those shareholders; and
- (b) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders (as defined in Section 8) will not be entitled to be receive New Shares and Options under this Prospectus. Instead, Ineligible Foreign Shareholders are offered the following rights under this Prospectus:

- (a) the Company will appoint a Nominee in relation to Ineligible Foreign Shareholders who is approved by ASIC;
- (b) for each Ineligible Foreign Shareholder who accepts this offer, the Company will issue to the Nominee the New Shares and Options that would otherwise have been issued to that Ineligible Foreign Shareholder had they been included in the Offer of New Shares and Options under the Rights Issue;
- (c) the Company will procure that the Nominee has a best endeavours obligation to sell the New Shares and Options as soon as reasonably practicable and distribute to each of the Ineligible Foreign Shareholders who accepts this offer their proportion of the proceeds of the sale, net of all expenses (including brokerage and any applicable taxes and charges);
- (d) in order to accept this offer, Ineligible Foreign Shareholder must, before the Closing Date, sign and return to the Company the written offer form sent to them for this offer together with the amount of money set out in the written offer form (in cleared funds) which will be given to the Nominee to enable the Nominee to subscribe for the New Shares and Options;
- (e) the amount of money requested in the written offer form and to be transferred by the Company to the Nominee to enable the Nominee to subscribe for the New Shares and Options will be calculated using the same calculation for the offer of New Shares and Options that would otherwise have applied to Ineligible Foreign Shareholder had they been included in the Offer of New Shares and Options under the Rights Issue, namely:
  - 1 New Share for every 2 Shares held by an Ineligible Foreign Shareholder on the Record Date, multiplied by an issue price of \$0.20 per New Share; and
  - (ii) Options nil option issue price.

Before proceeding with this offer, Ineligible Foreign Shareholders are requested to consider the risks associated with this offer, including the risk that the price at which at which the New Shares and Options are sold could be less than the monies provided by you to go to the Nominee. If this occurs you will suffer a loss by proceeding with this offer.

The Nominee will sell the New Shares and Options at a time, and in manner, which the Nominee determines in its discretion. Ineligible Foreign Shareholders have no right to request the Nominee to transfer the New Shares or Options to them or others, as the New Shares and Options must be sold under the terms of this offer.

Ineligible Foreign Shareholders that are considering accepting the above offer should note that the Sale of any New Shares or Options may affect your Australian tax position. It is recommended that Ineligible Foreign Shareholders obtain independent tax advice if they are in doubt as to the tax treatment of any cash proceeds they may be entitled to receive if they participate in the offer.

#### 1.10 Risks associated with not accepting your Entitlement

It is important that Eligible Shareholders understand the risks associated with not accepting their Entitlement.

If you elect not to accept your Entitlement in full under this Prospectus, your Shareholding in the Company will be diluted. Please carefully consider whether to accept your Entitlement and, if you are in doubt as to whether to accept, you should consult your independent professional investment adviser.

It is also important to note that if Eligible Shareholders elect not to accept their Entitlement, the Company's largest shareholder, Mr Yue, will likely increase his Voting Power in the Company under the terms of the Underwriting Agreement and by his participation in the Offer.

#### 1.11 Market prices of the Company's Shares on ASX

A summary of the sale prices of the Company's Shares on ASX during the last 3 months until the last trading day on ASX immediately prior to lodgement of this Prospectus with ASIC is set out below:

Table 2: Share Price History as at 22 February 2013

	High (\$)	Low (\$)	Volume weighted average price (\$)
One month	0.21	0.165	0.181
Three months	0.21	0.16	0.185

The last market sale price of Shares on 22 February 2013 (which was last day of trading before the announcement of the Rights Issue and lodgement of the Prospectus with ASIC) was \$0.17.

### 1.12 No brokerage and stamp duty payable on subscription under Entitlement

No brokerage or stamp duty will be payable by you in respect of a subscription for New Shares under your Entitlement.

### 1.13 Tax implications

The Company makes no representation and provides no advice in relation to the tax consequences for any Shareholder of taking up their Entitlement under the Offer. Shareholders should seek professional taxation advice about the tax consequences of taking up the Entitlement.

#### **1.14 CHESS**

The Company will not be issuing share certificates or option certificates. The Company will apply to the ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares and Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number ("HIN") or Shareholder Reference Number ("SRN") and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### 1.15 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary at the Company's registered office on telephone +61 (0)8 9481 2344.

## 1.16 The Company's regular reporting and disclosure requirements

The Company is a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. Broadly, these obligations require:

- (a) the preparation of both yearly and half yearly financial statements, a report on the operations of the Company during the relevant accounting period together with an audit or review report by the Company's auditor; and
- (b) immediate notification to the ASX of any information concerning the Company which it becomes aware of and which a reasonable person would expect to have a material effect on the price or value of the Shares, subject to certain exceptions.

Copies of documents lodged with ASIC in relation to the Company may be obtained from any office of ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the period from the date of this Prospectus until the Closing Date:

- (a) annual audited financial report for the year ended 30 June 2012 (being the Company's most recent annual report lodged with ASIC before the date of this Prospectus);
- (b) any continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of the copy of this Prospectus with ASIC.

**Table 3: Continuous Disclosure Notices** 

Date	Headline
22/02/2013	Share Placement Raises \$3.76m
22/02/2013	Appendix 3B
21/02/2013	Change of Directors Interest Notice x 2
21/02/2013	Appendix 3B
15/02/2013	BRR Webcast on \$58M Funding Package
11/02/2013	Investor Presentation - \$58M Funding Package
08/02/2013	BRR Webcast on Hydrometallurgical Tests
06/02/2013	Hydrometallurgical tests confirm high purity mixed RE oxide
01/02/2013	Shareholder Briefings - Bris, Syd, Melb, Per 11-14 Feb 2013
01/02/2013	BRR Webcast on \$58m Funding Announcement
01/02/2013	Presentation of \$58m Funding Announcement
01/02/2013	\$58m Funding to Completion of Feasibility Study
31/01/2013	Quarterly Cashflow Report
31/01/2013	Quarterly Activities Report
30/01/2013	Trading Halt
15/01/2013	Change in substantial holding
15/01/2013	Change in substantial holding
15/01/2013	Change in substantial holding
15/01/2013	Section 708 Notice
11/01/2013	Appendix 3B
21/12/2012	Initial HRE Resource at Browns Range
21/12/2012	Northern Minerals initial JORC compliant resource estimate
21/12/2012	Northern Minerals signs MOU for off-take
19/12/2012	Trading halt
17/12/2012	Becoming a substantial holder for TGN
11/12/2012	Appendix 3B
06/12/2012	Final Director's Interest Notice
03/12/2012	Northern Minerals appoints new CFO/Company Secretary
28/11/2012	Director resignation
28/11/2012	Results of Meeting
28/11/2012	AGM Presentation
26/11/2012	HRE discoveries at Gambit West & Cyclops at Browns Rangee
21/11/2012	Section 708 Notice

20/11/2012	Appendix 3B
14/11/2012	Assays extend Wolverine high grade HRE mineralisation to 250m
09/11/2012	\$5m Raised To Further Develop Browns Range HRE Project
07/11/2012	Trading Halt
01/11/2012	Quarterly Cashflow Report
01/11/2012	Quarterly Activities Report
29/10/2012	Investor Presentation - October 2012
29/10/2012	HRE Intersections to depths of 230m at Wolverine
29/10/2012	New HRE discoveries confirmed by Browns Range drilling
23/10/2012	Annual Report to shareholders
23/10/2012	Notice of Annual General Meeting/Proxy Form
17/10/2012	Drill intersections at depth and along strike at Wolverine
16/10/2012	Appendix 3B
09/10/2012	Appendix 3B
04/10/2012	Appendix 3B
03/10/2012	Change of Director's Interest Notice x 1
03/10/2012	Appendix 3B
02/10/2012	Expressions of Interest sought for Non-REE assets
28/09/2012	Appendix 3B
26/09/2012	Change of Director's Interest Notice X 2
26/09/2012	Appendix 3B
24/09/2012	Underwriting of Options Secures Additional \$1.2M
21/09/2012	Appendix 3B
17/09/2012	Appendix 3B
10/09/2012	Investor Presentation - Asian Roadshow - September 2012
07/09/2012	Northern Minerals - Areva alliance ends
04/09/2012	Appendix 3B
03/09/2012	Browns Range delivers highest HRE intersections to date
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All requests for copies of the above documents should be addressed to the Company Secretary. The above information may also be obtained from the Company's website at <a href="https://www.northernminerals.com.au">www.northernminerals.com.au</a> and from the ASX website at <a href="https://www.asx.com.au">www.asx.com.au</a>

## 2 Overview of the Company and the Company's Projects

## 2.1 Background on company

The Company was incorporated on 31 May 2006 in WA and was listed on the ASX on 15 November 2006.

The Company is an exploration and early stage development company, with a large and prospective landholding in Northern Territory and Western Australia, which include a number of rare earth element projects.

## 2.2 The Company's Projects

The Company's primary focus is exploration and development of rare earth elements ("REE") at its Browns Range and John Galt project in northern Western Australia.

The Company's leading project is Browns Range in Western Australia, where it is targeting first production of heavy rare earth elements ("HREE") in 2016.

Browns Range is significant as it features a number of prospects with high value, HREE, in xenotime mineralisation. This includes high grades of dysprosium and yttrium, which are in particularly short global supply. Following outstanding drill and metallurgical test results, the Company is focussed on developing the project using a relatively simple and low cost processing flow sheet. The Company's strategy is to produce a contained HREO in concentrate or a mixed rare earth ("RE") oxide in 2016. Northern Minerals also has a HREE exploration program underway at the geologically similar John Galt project.

Northern Minerals has a significant regional landholding which is largely untested, and which is highly prospective for HREE and gold. The Company's Gardiner-Tanami and Gardner Range JV projects comprise 10,500km<sup>2</sup> on the WA-NT border in a world-class gold province.

## 2.3 The Company's Board and Senior Management

The Company's board and management have extensive experience in exploration, project development, mining operations and public company administration, with a unique suite of experience in the international REE industry.

The Board comprises Mr Kevin Schultz, Mr George Bauk, Mr Adrian Griffin and Mr Colin McCavana.

On 3 December 2012 the Company appointed Mr Mark Tory as Chief Financial Officer and Company Secretary.

## 2.4 The Company's Share Capital

At the date of this Prospectus the Company had:

- (a) 266,360,451 Shares on issue, which includes 5,196,800 ordinary shares which are held in escrow and are not Quoted;
- (b) 7,385,000 Vested Options which are capable of being exercised;
- (c) 950,000 Unvested Options which are not capable of being exercised; and
- (d) 9,000,000 Performance Rights none of which are capable of being exercised on their terms of issue prior to the Record Date.

The Company's top 20 shareholders as at 15 February 2013 in terms of size of holding are set out below:

1.	Mr Conglin Yue	12.96%
2.	Mr Conglin Yue	6.99%
3.	HSBC Custody Nom Aust Ltd	6.84%
4.	Lynas Corporation Ltd	6.09%
5.	HSBC Custody Nom Aust Ltd	3.78%
6.	Franway Pty Ltd	2.23%
7.	UBS Wealth Mgnt Aust Nominee	1.98%
8.	JP Morgan Nom Aust Ltd	1.69%
9.	National Nom Ltd	1.65%
10.	Hurwitz Andrew L & JM	1.33%
11.	J P Morgan Nominees	0.98%
12.	Marford Group Pty Ltd	0.95%
13.	Nefco Nom Pty Ltd	0.92%
14.	Mr Adrian Griffin	0.86%
15.	Mr Robert Flynn	0.85%
16.	Mr Colin McCavana	0.80%
17.	DMG and Partners Securities	0.66%
18.	Mr Hein Graafhuis	0.60%
19.	Citicorp Nominees Pty Ltd	0.59%
20.	J E Apps Holdings Pty Ltd	0.53%
	Total	53.28%

## 3 Effect of the Rights Issue on the Company

## 3.1 Principal effect of Rights Issue

If no Vested Options are exercised prior to the Record Date and if all of the Eligible Shareholders take up their Entitlement in full, then the principal effect of the Rights Issue on the Company will be that:

- cash reserves and contributed equity of the Company will increase by approximately \$26.6 million before deducting the expenses of the Rights Issue; and
- the number of Shares on issue will increase by 133,180,226 from 266,360,451 shares to 399,540,677 shares.

If 100% of the Vested Options are exercised prior to the Record Date and all Entitlements are taken up, then the principal effect of the Rights Issue on the Company will be that:

- cash raised would be approximately \$3.3m from the exercise of the Vested Options and up to approximately \$27.4m million from the Rights Issue before deducting the expenses of the Rights Issue; and
- the number of Shares on issue will increase by 7,385,000 from 266,360,451 to 273,745,451.

## 3.2 Impact on capital structure

## (a) Undiluted

At the date of this Prospectus, the Company has 266,360,451 Shares on issue.

Assuming no Vested Options are exercised prior to the Record Date and no Shares are issued prior to the Record Date, then if all of the Eligible Shareholders take up their entitlement in full, the New Shares issued pursuant to this Prospectus will be 133,180,226 or approximately 33.3% of the expanded issued capital, and the total Shares on issue after the Rights Issue will be 399,540,677.

## (b) Diluted

The Company has 7,385,000 Vested Options on issue which have not been exercised at the date of this Prospectus, together with 950,000 options which have not vested and therefore are not able to be exercised. The details of options on issue are:

**Table 4: Options on Issue** 

Amount	Vested / Not Vested	Expiry	Exercise Price
900,000	Vested	16 June 2013	\$0.108
900,000	Vested	16 June 2013	\$0.30
1,000,000	Vested	1 March 2013	\$0.30
3,000,000	Vested	1 March 2013	\$0.50
300,000	Vested	31 December 2013	\$0.50
200,000	Vested	4 January 2014	\$0.50
200,000	Vested	7 February 2014	\$0.50
610,000	Vested	26 September 2014	\$0.56
125,000	Vested	9 January 2015	\$0.56
150,000	Vested	29 March 2015	\$0.63
7,385,000	Total Vested		
300,000	Not Vested	5 June 2015	\$0.436
200,000	Not Vested	2 July 2015	\$0.372
50,000	Not Vested	23 July 2015	\$0.358
50,000	Not Vested	8 October 2015	\$0.372
350,000	Not Vested	7 December 2015	\$0.265
950,000	Total Not Vested		

As noted in Section 1, only holders of Vested Options who have exercised their options and been issued Shares prior to the Record Date are entitled to participate in the Rights Issue.

If 100% of the Vested Options are exercised prior to the Record Date, the number of fully paid ordinary Shares on issue will increase by 7,385,000 from 266,360,451 to 273,745,451 before the Rights Issue. If all Entitlements are taken up, the number of fully paid ordinary Shares on issue will increase by 136,872,726 from 273,745,451 to 410,618,177 after the Rights Issue.

The pro-forma capital structure of the Company following the Rights Issue on both an undiluted, and fully diluted basis for the 7,385,000 Vested Options, is set out below:

**Table 5: Issued Capital Post Rights Issue** 

Issued Capital	Undiluted	100% Diluted (Vested Options Only #)
Existing Shares	266,360,451	273,745,451
New Shares to be issued pursuant to this Prospectus	133,180,266	136,872,726
Total Shares on issue following the Rights Issue	399,540,677	410,618,177
Options on issue	8,335,000	950,000 Unvested

(# vested options only, as options which are not vested cannot be exercised)

## 3.3 Capital structure scenarios after Rights Issue

The table below shows various scenarios in relation to the final position of Mr C Yue and Associates (being Australia Conglin International Investment Group Pty Limited and Mr C Yue) at various levels of take up of the Offer by Shareholders.

Scenario	C Yue and Associates
100% of shareholders take up their entitlement	19.9%
50% of shareholders (in addition to Mr C Yue) take up	33.2%
their original entitlement	
25% of shareholders (in addition to Mr C Yue) take up	39.9%
their original entitlement	
0% of shareholders (in addition to Mr C Yue) take up	46.6%
their original entitlement	

Note that the table above does not include any sub-underwriting of Shortfall Shares, which the Underwriter may negotiate before the Closing Date.

#### 3.4 Pro-forma Statement of Financial Position

A pro-forma Statement of Financial Position has been prepared on the basis that there have been no material movements in assets and liabilities of the Company between 31 December 2012 and the completion of the Rights Issue and assuming no exercise of Options from the date of this Prospectus up to the Record Date, except:

- (a) the placement of 10,000,000 shares on 14 January at \$0.20 that raised \$2.0m;
- (b) the placement of 18,800,000 shares on 22 February at \$0.20 that raised \$3.76m;
- (c) the Rights Issue of 133,180,266 New Shares at \$0.20 each raises approximately \$26.6m; and
- (d) estimated expenses of the Rights Issue of approximately \$1.4m to be offset against contributed equity.

Table 6: Consolidated Statement of Financial Position

	Unaudited 31 December 2012 (\$)	Pro Forma Adjustments	Pro Forma 31 December 2012 (\$)
Current assets			
Cash and cash equivalents	2,234,545	30,999,250	33,233,795
Trade and other receivables	596,742		596,742
Total current assets	2,831,287		33,830,537
Non-current assets			
Other financial assets	449,619		449,619
Property, plant and equipment	1,305,865		1,305,865
Total non-current assets	1,755,484		1,755,484
Total assets	4,586,771		35,586,021
Current liabilities			
Trade and other payables	2,580,846		2,580,846
Provisions	178,090		178,090
Total current liabilities	2,758,936		2,758,936
Non-current liabilities	02.076		02.076
Provisions	92,076		92,076
Total non-current liabilities	92,076		92,076
Total liabilities	2,851,012		2,851,012
Net assets	1,735,759		32,735,009
Equity			
Issued Capital	42,686,084	30,999,250	73,685,334
Reserves	2,104,493		2,104,493
Accumulated (losses)	(43,054,818)		(43,054,818)
Total equity	1,735,759		32,735,009

Notes to pro-forma balance sheet:

- (a) Assumes estimated costs of the Rights Issue of \$1.4m.
- (b) Assumes no Options (including Vested Options) are exercised from the date of this Prospectus up to the Record Date.
- (c) In the event Directors place Shortfall Shares as outlined in Section 1.3, a commission and management fee of up to 5% per New Share may be incurred, which is the same fee as being incurred by the Underwriter. Where a commission and management fee is incurred this will therefore not result in the costs of the Rights Issue increasing.

#### 4 Risk Factors

#### 4.1 General

The Company's activities are subject to a number of risks which may impact respective future financial performance and the market price at which New Shares and Options trade. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, others are outside the Company control and cannot be mitigated. Therefore, investors who acquire New Shares and Options may be exposed to a number of risks. Broadly, these risks can be classified as risks general to investing in the share market and risks specific to an investment in Shares and the Company's underlying business.

This Section sets out the identified major risks associated with investing in New Shares and Options. This list is not exhaustive and investors should read this Prospectus in its entirety before making an investment decision. Investors should also have regard to their own investment objectives and financial circumstances, and should consider seeking appropriate independent investment advice before deciding whether to invest in the New Shares and Options.

## 4.2 Risks specific to an investment in the Company

The business of minerals exploration, project development and production involves risks by its very nature. It depends on the successful exploration, appraisal and development of commercially viable deposits. Outcomes of the exploration program outlined in this Prospectus will affect the future performance of the Company and its Shares.

## 4.2.1 Exploration

The Company is in the exploration phase with the aim of producing in the future. The activities may be affected by a variety of issues, including but not limited to:

(a) force majeure circumstances, including workforce disputes and accidents;

- (b) adverse geological conditions, including technical difficulties in exploration activities;
- (c) the Company is currently working on expanding its resources at Browns Range, but there is no guarantee of resource targets being met which would impact decision to proceed to production;
- resource estimates are judgements based on industry knowledge, practice and experience. Changes in resource estimates may adversely affect the Company's operations;
- (e) constraints in obtaining permits or approvals, through cultural heritage, environmental impact or other government delays;
- (f) failure of equipment during exploration;
- (g) changes in the price and / or supply of goods and services, capital equipment and labour; and
- (h) weather conditions affecting activities.

#### 4.2.2 Production Risks

- (a) force majeure circumstances, including workforce disputes and accidents;
- (b) future production from Browns Range is dependent on the flow sheet for production and scaling up the flow sheet to full production. There are risks associated with the company not replicating the results in test work;.
- (c) failure of equipment during production;
- (d) changes in the price and / or supply of goods and services, capital equipment and labour; and
- (e) weather conditions affecting activities.

## 4.2.3 Exploration and Appraisal Expenditure

Exploration and appraisal is a process subject to unforeseen contingencies. Exploration programs must be flexible enough to respond to the results obtained.

The actual scope, costs and timetables of exploration programs may differ substantially from the proposals set out in this Prospectus. Financial failure, or default by any future alliance or joint venture partner of the Company, may require the Company to face unplanned expenditure or risk forfeiting relevant tenements.

### 4.2.4 Volatility in the price of rare earth elements

Rare earth element prices will depend on available markets at acceptable prices and transmission, distribution and other costs. Any substantial decline in the price of rare earth elements or an increase in the transmission or distribution costs could have a material adverse impact on the Company.

## 4.2.5 Impact of the underwriting by the Underwriter

The Underwriter is a company associated with Mr Yue, the Company's largest Shareholder, with Voting Power as at the date of this Prospectus of 19.9%.

Under the terms of the Underwriting Agreement the Underwriter will take up any shortfall, and in doing so, will increase Mr Yue's Voting Power in the Company. This increase in Voting Power may give Mr Yue a greater ability to influence the affairs of the Company. Should this occur, Mr Yue's intentions in relation to the Company are set out in Section 5.4 below.

#### 4.3 General investment and economic risks

A number of factors which are outside of the Company's control may significantly impact on the Company, its performance and the price of New Shares. These factors include:

## (a) Investment and Economic Risk

Economic factors both in Australia and internationally beyond the control of the Company, such as changes in commodity prices, interest rates, inflation, exchange rates, taxation, changes in government policy and legislation, may negatively impact on the operational performance of the Company.

The Company's revenues, expenses and cash flows could be negatively affected by any of these factors, which in turn may affect the price of New Shares.

No assurances can be made that the Company's performance will not be adversely affected by any such market fluctuations or factors. None of Company or its Directors or any other person guarantees the performance of the Company or the market price at which its shares trade.

The New Shares and the Options are to be quoted on ASX where their price may rise or fall.

The New Shares and Options issued under the Rights Issue carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. The value of the New Shares will be determined by the share market and will be subject to a range of factors beyond the control of the Company and its Directors including the demand and availability of Shares.

There can be no guarantee that an active market in New Shares will develop or the market price of the shares will not decline. An investment in New Shares or Options should be considered speculative.

### (b) Government policy

The Company's capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy which may be beyond the control of the Company.

#### (c) Future capital needs and additional funding

The future capital requirements of the Company will depend on many factors. There can be no guarantee that the Company will be able to raise additional capital to meet future funding requirements.

Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

#### (d) Taxation risk

Variations in the taxation laws of Australia could impact the Company's financial performance and interpretation of taxation law could change, leading to a change in taxation treatment of investments or activities.

#### (e) Changes in regulatory environment

Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact the operating and financial performance and cash flows of the Company.

## (f) Funding

Unless and until the Company develops or acquires income producing assets, it will be dependent upon the funds raised by this Offer, and its ability to obtain future equity or debt funding to support exploration evaluation and development of the properties in which it has an interest. The Company's ability to raise further equity or debt or to divest part of its interest in a project, and the terms of such transactions, will vary according to a number of factors, including the success of exploration results and the future development of the Company's projects, stock market conditions and prices for metals in world markets.

#### (g) Key Personnel

The ability of the Company to achieve its objectives depends on the retention of key external contractors who constitute its technical panel and provide technical expertise. If the Company cannot secure external technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

## (h) Volatility in the market price of Shares

Although the Company is listed on the Official List, there is no assurance that an active trading market for its Shares will be sustained. There is also no assurance that the market price for the Shares will not decline below the issue price. The market price of the Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Shares in the market, any difference between the Company's actual financial or operating results and broader market-wide fluctuations. Furthermore, any stock market volatility and weakness could result in the market price of the Shares decreasing so that they trade at prices significantly below the issue price, without regard to the Company's operating performance.

## (i) Negative publicity may adversely affect the Share Price

Any negative publicity or announcement relating to any of our substantial shareholders or key personnel may adversely affect the stock performance of the Company, whether or not this is justifiable. Examples of this negative publicity or announcement may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions.

#### (j) Insurance Risks

The Company maintains insurance coverage that is substantially consistent with exploration industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

## 5 Additional Information relating to the Company

## 5.1 Rights and liabilities attaching to Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Shares. The rights and liabilities attaching to the Company's Shares are:

set out in the Constitution; and

• in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ACH Clearing Rules, the ASTC Settlement Rules and the common law.

A summary of the principal rights and liabilities attaching to Shares is set out below. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, that Shareholder should seek independent legal advice.

## (a) 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).

#### (b) 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 Corporations Act and the Listing Rules.

#### (c) **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.

## (d) 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 Corporations Act, the 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 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 Corporations Act, the Listing Rules or the ASTC Settlement Rules.

### (e) 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.

#### (f) 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.

## (g) Decisions of Directors

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

## (h) Issue of further shares

Subject to the Constitution, the Corporations Act and the 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.

## (i) 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 Corporations Act in respect to such proceedings.

## (j) Alteration to the Constitution

The Corporations 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.

#### 5.2 Rights and Liabilities attaching to Options

The terms of issue of the Options are:

- (a) The Options are granted for nil consideration.
- (b) The Company will make an application to have the Options granted official quotation by the ASX.
- (c) Each Option will have an exercise price of \$0.30.

- (d) Each Option will automatically lapse on 31 March 2015 ("Option Expiry Date").
- (e) Each Option will entitle the holder to subscribe for and be allotted one Share upon exercise of the Option and payment to the Company of the exercise price.
- (f) An Option may be exercised by the option holder at any time prior to the Option Expiry Date.
- (g) Ordinary shares allotted pursuant to the exercise of the Options will rank equally with the then issued capital of the Company.
- (h) There will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to shareholders. Prior to any pro rata issue of securities to shareholders, holders of Options will be notified by the Company and will be afforded 7 Business Days before the relevant record date to exercise the Options.
- (i) In the event of any reorganisation (including consolidation, subdivision, cancellation, reduction or return) of the issued capital of the Company before the expiry of the Options, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (j) If, from time to time before the expiry of the Options, the Company makes an issue of Shares to shareholders by way of a bonus issue, other than in lieu of a dividend payment, then upon exercise of an Option, the option holder will be entitled to have issued to it (in addition to the ordinary shares which it is otherwise entitled to have issued to it upon such exercise) additional ordinary shares in the Company. The number of additional ordinary shares is the number of ordinary shares which would have been issued to the option holder if the Options had been exercised before the record date for the bonus issue.
- (k) The Options do not confer the right to a change in exercise price, or a change to the number of underlying securities over which it can be exercised, other than under the paragraphs above.

#### 5.3 Summary of Underwriting Agreement

The Company has entered into an agreement with the Underwriter under which the Company appoints the Underwriter to act as underwriter for the Rights Issue.

The Underwriter is a company associated with Mr Yue, the Company's largest shareholder.

The Underwriter may at any time appoint a sub-underwriter or sub-underwriters.

The Underwriting Agreement applies to ordinary shares which the Company offers under the Rights Issue ("Rights Issue Shares") and the options to subscribe for fully paid, ordinary shares in the Company that the Company offers under the Rights Issue ("Rights Issue Options"), for which the Company has not received valid applications by 5.00pm on the Closing Date ("Underwritten Securities"). Provided that the

Company has complied with its obligations under the Underwriting Agreement and the Underwriter is not relieved of its obligations, the Underwriter must cause applications for the Underwritten Securities to be lodged with the Company together with the application money.

The Underwriter has the absolute right to terminate the Underwriting Agreement if any of the following events occur:

- (a) the Company withdraws the Rights Issue;
- (b) the Company ceases to be admitted to the official list of the ASX;
- (c) the ASX makes an official statement to any person or indicates to the Company or the Underwriter that official quotation of the Rights Issue Shares or Rights Issue Options will not be granted;
- (d) ASIC makes an order because the Prospectus is not worded and presented in a clear, concise or effective manner, or it contains a misleading or deceptive statement, or it has a material omission;
- (e) a court makes an order under section 1324A or 1324B of the Corporations Act in relation to the Rights Issue;
- (f) there is a declaration of a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom by the relevant banking authority that has the effect of making it, in the reasonable judgment of the Underwriter, materially more difficult to promote the Rights Issue or to enforce contracts to issue and allot the Rights Issue Shares and Rights Issue Options;
- (g) a suspension of the trading in all securities quoted or listed on the ASX, the London Stock Exchange and/or the New York Stock Exchange in a material respect for 2 or more consecutive trading days that has the effect of making it, in the reasonable judgment of the Underwriter, materially more difficult to promote the Rights Issue or to enforce contracts to issue and allot the Rights Issue Shares and Rights Issue Options;
- (h) any director of the Company is charged with an indictable offence, or is disqualified from managing a corporation, or commits an act of fraud in connection with any aspect of the Rights Issue or the Company;
- (i) the Company fails to give the Underwriter a Closing Certificate or if the Closing Certificate contains a statement that is not true.

The Underwriter may terminate the Underwriting Agreement if any of the following events, in the opinion of the Underwriter, has, or is likely to have, a material adverse effect on the marketing success of the Rights Issue, renders it impracticable to effect acceptances under the Rights Issue, or leads, or is likely to lead, to a liability for the Underwriter under any law:

- (a) a default by the Company in the performance of any of its obligations under the Underwriting Agreement or a representation or warranty given by the Company under the Underwriting Agreement being not true or correct;
- (b) any material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company;
- (c) the Prospectus, or any public statement made by the Company in relation to the Company or the Rights Issue, containing a statement that is misleading or deceptive, or likely to mislead or deceive, omitting material required to be contained within it, or constituting conduct by any person that is misleading or deceptive or likely to mislead or deceive;
- (d) any Parliament in Australia, the Reserve Bank of Australia or a Commonwealth or State Authority introducing, or making a public announcement that it will introduce or adopt a policy, that does or is likely to prohibit or regulate the Rights Issue, capital issues or security markets;
- (e) any Government agency commencing any public action against the Company or any of its directors;
- (f) an outbreak of hostilities or a major escalation in hostilities in countries including Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, North Korea, South Korea or the People's Republic of China.

The Company must pay the Underwriter an underwriting commission calculable from 5% multiplied by the issue price of \$0.20 multiplied by the number of Rights Issue Shares offered under the Rights Issue. The Company must reimburse all expenses incurred by the Underwriter in connection with the Rights Issue up to a maximum of A\$10,000, with the Underwriter being required to obtain the Company's prior approval for expenses above that maximum.

The Company indemnifies the Underwriter, its Related Bodies Corporate and each of their officers, employees, agents and advisers from all loss sustained in relation to the Rights Issue, the distribution of the Prospectus, the subscription for and issue of the Rights Issue Shares and Rights Issue Options, the Company failing to perform its obligations under the Underwriting Agreement, a breach of warranty, any announcement, advertisement or publicity approved by the Company and distributed by or on behalf of the Underwriter in relation to the Rights Issue, and any claim that the Underwriter has a liability under any applicable law in relation to the Rights Issue.

#### 5.4 Statement of Mr Yue's intentions

At the date of this Prospectus the major Shareholder in the Company is Mr Conglin Yue, who has "Voting Power" in the Company of 19.9%.

The Underwriter for the Rights Issue is a company controlled by Mr Yue.

Mr Yue has informed the Company that his current intention is to subscribe for his full entitlement under the Offer.

Please refer to the examples in section 3.3, which illustrate the impact that the underwriting of the Rights Issue may have on Mr Yue's Voting Power in the Company.

The Company has formally requested Mr Yue to provide the Company with information, to be included in this Prospectus, regarding Mr Yue's intentions in relation to the Company should Mr Yue's underwriting company be required to take up some or all of the rights issue shortfall.

In response to the Company's request, while reserving his right to conduct a review of the Company's operations, assets, employees and structure at a later time, Mr Yue has notified the Company that if his Voting Power in the Company increases as a result of his subscription under the Rights Issue (or as a result of the Underwriter being required to take up any New Shares), his present intentions, on the basis of information concerning the Company that is currently known to Mr Yue and the existing circumstances affecting the business of the Company are:

- (a) to continue the current business of the Company;
- (b) not to make any major change to the business of the Company;
- (c) not to redeploy any of the assets of the Company (including fixed assets);
- (d) to continue the employment of the Company's present employees; and
- (e) not to remove a current director of the Company.

### 5.5 Related party transactions

Other than as disclosed elsewhere in this Prospectus, the Company is not a party to any agreement that would be considered a related party transaction.

## 5.6 Litigation and material disputes

As at the date of this Prospectus, the Company is not involved in any legal or administrative proceedings and the Directors are not aware of any claim or threatened claim against the Company which may result in material legal proceedings.

#### 5.7 Interests of Directors and promoters

Other than as set out below or elsewhere in this Prospectus, no Director or promoter of the Company (or entity in which they are a partner or director) has, or has had in the 2 years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Rights Issue; or
- the Rights Issue,

and, other than as set out below or elsewhere in this Prospectus, no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- any Director to induce him or her to become or to qualify as a director of the Company; or
- any Director or promoter of the Company (or entity in which they are a partner or director) for services which he or she has provided in connection with the formation or promotion of the Company or the Rights Issue.

The Directors and their related entities have the following interests in Shares and the options as at the date of this Prospectus.

Directors' interests include interests they have in Shares registered in the name of other persons. Option terms have previously been disclosed to ASX. Directors holding Shares will be entitled to participate in the Offer on the same basis as other Eligible Shareholders.

**Table 7: Directors' Interests** 

Director	Shares Held Directly or Indirectly	Options Held Directly or Indirectly	Performance Rights
Kevin Schultz	62,500 ordinary shares held directly  810,000 ordinary shares held by Dorothy Margaret Schultz (spouse) and The Oakridge Superannuation Fund (beneficiary)		Up to 1,000,000 performance rights exercisable at \$Nil (500,000 expire should the performance condition not be met by 31 December 2014 and 500,000 expire should the performance condition not be met by 30 June 2015) held by Dorothy Margaret Schultz (spouse) and The Oakridge Superannuation Fund (beneficiary)
George Bauk	1,890,238 ordinary shares  1,000,000 ordinary shares subject to terms and conditions of the Northern Uranium Share Plan	4,000,000 Unlisted options exercisable at 30 and 50 cents expiry 1 March 2013	Up to 2,000,000 performance rights exercisable at \$Nil (1,000,000 expire should the performance condition not be met by 31 December 2014 and 1,000,000 expire should the performance condition not be met by 30 June 2015)
Adrian Griffin	2,626,950 ordinary shares held directly 580,379 ordinary shares (Adrian Christopher Griffin & Josephine Dawn Norman atf Global Super Fund)		Up to 1,000,000 performance rights exercisable at \$Nil (500,000 expire should the performance condition not be met by 31 December 2014 and 500,000 expire should the performance condition not be met by 30 June 2015)
Colin McCavana	725,000 ordinary shares (Bell Bay Investments Pty Ltd – Director and Shareholder)  2,475,000 ordinary shares (Colin McCavana Super Fund)		Up to 1,000,000 performance rights exercisable at \$Nil (500,000 expire should the performance condition not be met by 31 December 2014 and 500,000 expire should the performance condition not be met by 30 June 2015)

## 5.8 Privacy notification

By filling out the Entitlement and Acceptance Form to apply for New Shares and Options, you are providing personal information to the Company.

The *Privacy Act* 1988 (Cth) regulates the way the Company collects, uses, disposes, keeps secure and gives people access to their personal information.

The Company collects, holds and uses that personal information in order to process your application and to administer your shareholding in the Company, including:

- setting up and maintaining a register of shareholders in accordance with the Corporations Act;
- paying dividends to you should the Company at a later date declare a dividend;
- communicating with Shareholders, including sending annual reports, notices of meetings and any other documents which the Company wishes to send to you as a Shareholder;
- carrying out general administration including monitoring, auditing, evaluation, modelling data, dealing with complaints and answering queries; and
- complying with its legal and regulatory obligations.

If you do not provide the information requested in the Entitlement and Acceptance Form, the Company may not be able to process or accept your application for New Shares.

Your personal information may be provided to the Company's agents or service providers.

The types of agents and service providers that may be provided with your personal information include:

- the Share Registry for ongoing administration of the share register;
- printers and mail houses for the purposes of preparation and distribution of documents to you and for handling mail; and
- professional service providers such as lawyers, accountants, auditors and other professional advisers for the purpose of administering, and advising on, the New Shares and for any associated actions.

Your personal information may be provided to certain third parties. The types of third parties that may be provided with your personal information, and the circumstances in which your personal information may be disclosed, include:

- your financial adviser or broker (other than your tax file number information)
   in connection with services provided to you by your adviser or broker;
- government, regulatory authorities or other people when permitted or required by law, such as ASIC or people inspecting the Share register in accordance with the Corporations Act;
- ASX; and

in certain circumstances and with safeguards to respect your privacy, potential
or actual purchasers of an interest in the Company or the Company's business
or any part thereof.

You have the right to gain access to your personal information held by, or on behalf of, the Company, subject to certain exemptions under the law. You may be required to pay a reasonable charge in order to access your personal information. You can request access to your personal information by telephoning or writing to the Company Secretary as follows:

Northern Minerals Limited Company Secretary Level 1, 675 Murray Street Tel: (+61) (0)8 9481 2344 Fax: (+61) (0)8 9481 5929

#### 5.9 Taxation Implications

The Company recommends that Eligible Shareholders obtain their own independent taxation advice regarding the possible taxation implications of the Rights Issue.

#### 6 General Additional Information

#### 6.1 Interests of advisers

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, do not have, and have not had in the two years before the date of this Prospectus, any interests in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue,

and, other than as set out below or elsewhere in this Prospectus, no amounts have been paid or agreed to be paid and no other benefit has been given or agreed to be given to any persons named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, in connection with the formation or promotion of the Company or the Rights Issue.

Johnson Winter & Slattery has acted as Australian legal adviser to the Company in relation to the Rights Issue. Their fees for this work up to the date of lodgement of this Prospectus will be approximately \$25,000. Johnson Winter & Slattery receives further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

## 6.2 Consents to statements in the Prospectus and consents to be named

Mr Conglin Yue and his Associate Australia Conglin International Investment Group Pty Limited have each given and, at the time of lodging this Prospectus with ASIC, has not withdrawn, their written consent to the statements attributed to them in this Prospectus, in the form and context in which those statements appear in this Prospectus.

Johnson Winter & Slattery has given and, at the time of lodging this Prospectus with ASIC, has not withdrawn, its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Rights Issue in the form and context in which it is named.

Security Transfers Registrars Pty Ltd has given and, at the time of lodging of this Prospectus with ASIC, has not withdrawn, its consent to be named in this Prospectus as Share Registry for the Company in the form and context in which it is named.

Each of Johnson Winter & Slattery and Security Transfers Registrars Pty Ltd jointly and severally:

- do not make the Offer;
- have not authorised or caused the issue of this Prospectus;
- do not make or purport to make, any statement in this Prospectus, or any statement in which a statement in this Prospectus is based, other than as specified above; and
- to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than the reference to their name or as otherwise specified above.

## 7 Authorisation

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

**George Bauk** 

Managing Director / CEO
Northern Minerals Limited

## 8 Defined Terms and Interpretation

#### 8.1 Defined Terms

In this Prospectus and in the Entitlement and Acceptance Form, unless the context otherwise requires, the following terms have the meanings listed:

**A\$** or **\$** Australian dollars.

ACH Clearing Rules The ASX Clear Operating Rules and

Procedures.

**Application Monies** The monies received from persons applying

for New Shares pursuant to the terms of the

Rights Issue.

ASIC Australian Securities and Investments

Commission.

Associate Has the meaning given to that term in the

Corporations Act.

ASTC Settlement Rules The Settlement Rules for the ASX Settlement

& Transfer Corporation Pty Ltd ABN

49 008 504 532.

**ASX** ASX Limited ABN 98 008 624 691 or the

Australian Securities Exchange operated by it

(as the context requires).

**Board** Board of Directors of the Company at the date

of this Prospectus.

Business Day Has the meaning given to that term in the

Listing Rules.

CHESS Has the meaning attributed to that term in

the ASTC Settlement Rules.

Closing Date 3 April 2013, or such later date as the

Directors, in their absolute discretion and subject to compliance with the Listing Rules,

may determine.

Company Northern Minerals Limited ABN 61 119 966

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Company Options The right to subscribe for the Company's

Shares in accordance with the terms of issue

of the options.

**Company Share** A fully paid, ordinary share issued in the share

capital of the Company.

**Constitution** The constitution of the Company.

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

**Director** A director of the Company.

**Directors** The directors of the Company.

Eligible Shareholder A registered holder of the Company's Shares

on the Record Date whose registered address is in Australia or New Zealand or Singapore or

Switzerland.

**Entitlement** A Shareholder's entitlement under the Rights

Issue to subscribe for New Shares and Options

on the terms set out in this Prospectus.

**Entitlement and Acceptance** 

Form

The entitlement and acceptance form

accompanying this Prospectus.

**HREE** Heavy rare earth elements.

**HREO** Heavy rare earth oxide.

**Ineligible Foreign Shareholder** Either:

an existing Shareholder whose address in the register of members of the Company is outside Australia and outside New Zealand,

Singapore and Switzerland; or

a person who is, or is holding for the account or benefit of, a person who is a U.S. Person or

in the United States.

JORC Code Australasian Code for Reporting of Mineral

Resources and Ore Reserves.

**Listing Rules** The listing rules of the ASX.

**New Share** A Share that is issued under the Rights Issue.

**Nominee** The nominee to be appointed by the Company

to sell New Shares and Options which would otherwise be offered to Ineligible Foreign Shareholder if they had been included in the

Offer, as referred to in Section 1.

NT Northern Territory.

Offer The offer to Eligible Shareholders to subscribe

for New Shares and the Options under the

Rights Issue.

**Official List** The official list of the ASX.

Opening Date 12 March 2013.

**Option** An option offered under this prospectus to

subscribe for Shares, with the terms of issue

set out in Section 5.2.

RE Rare earth.

**REE** Rare earth elements.

Record Date 5.00pm on Wednesday 6 March 2013.

Rights Issue A pro rata non-renounceable offer to the Eligible Shareholders to subscribe for:

 1 New Share at the price of \$0.20 per New Share for every 2 Shares held at the Record Date; together with

(2) 1 free Option for every 2 New Shares issued as part of this Rights Issue.

**Section** A section of this Prospectus.

**Share** A fully paid, ordinary share issued in the share

capital of the Company.

**Share Registry** Security Transfer Registrars Pty Limited, 770

Canning Highway, Applecross WA 6153.

**Shareholder** A shareholder of the Company.

Shortfall Shares Those New Shares offered under the Rights

Issue but not applied for by Eligible Shareholders under their Entitlement and not

taken up by the Underwriter.

Underwriter Australia Conglin International Investment

Group Pty Ltd ACN 133 767 665.

**Underwriting Agreement** The underwriting agreement between the

Company and the Underwriter, dated 11 February 2013, as summarised in Section 5.3

**U.S.** or **United States**The United States of America, its territories

and possessions, any State of the United

States and the District of Columbia.

**US\$** United States dollars.

**U.S. Person** Has the meaning given to that term in

Regulation S under the U.S. Securities Act.

**U.S. Securities Act** The Securities Act of 1933, as amended, of the

United States.

**Vested Options** The 7,385,000 Options listed in Table 4 which

are shown in that table as vested.

**Voting Power** Has the meaning given to the term "voting

power" in the Corporations Act.

WA Western Australia.

## 8.2 Interpretation

In this Prospectus and in the Entitlement and Acceptance Form, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section is a reference to a section of this Prospectus;
- (f) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another government agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) headings and boldings are for convenience only and do not affect the interpretation in this Prospectus;
- (h) a reference to time, unless otherwise stated, is a reference to Perth time;
- (i) a reference to writing includes email and facsimile transmissions; and
- (j) the words "resource" and "reserve", whether capitalised or not have the same meaning as in the JORC Code.

## **Corporate Directory**

**Directors** Kevin Schultz, Non Executive Chairman

George Bauk, Managing Director / CEO

Adrian Christopher Griffin, Non Executive Director

Colin James McCavana, Non Executive Director

**Company Secretary** Mark Kevin Tory

**Registered and Principal** 

Office

Level 1

675 Murray Street

West Perth WA 6005

Website <u>www.northernminerals.com.au</u>

**Share Registry** Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

Stock Exchange Australian Securities Exchange

Home branch Perth

ASX Code NTU (Ordinary Shares)

Australian Legal Adviser Johnson Winter & Slattery

Level 4 Westralia Plaza

167 St Georges Terrace

Perth WA 6000