

\$9.7M funding package and Share Purchase Plan (SPP) – Second wave development plans to drive long term strategy

Highlights

- **Browns Range Pilot Plant Project development progressing as planned, on time and on budget;**
- **Project enhancement initiatives, including downstream processing, kicked off;**
- **\$9.74 million funding package in place;**
- **New financing measures to fund growth plans, including launch of share purchase plan offer; and**
- **Proposed bonus listed option issue for all shareholders, targeted for February 2018.**

Australian heavy rare earths developer, Northern Minerals Limited (ASX: NTU) (**the Company**) is pleased to announce that it has raised approximately \$9.74 million, through equity and debt, for further development of the Browns Range Pilot Plant and has commenced a program consisting of four enhancement initiatives aimed at increasing the economic potential of the Browns Range Heavy Rare Earths Project in the East Kimberley, WA and its other projects.

The Browns Range Pilot Plant development is progressing on time and on budget and the funds raised to progress its development will be raised through:

- (a) the issue of 60,769,231 fully paid ordinary shares (**Shares**) at an issue price of \$0.078 per Share to investors under a private placement out of its placement capacity under the ASX Listing Rule 7.1 (without shareholder approval and not utilising Listing Rule 7.1A capacity) to raise approximately \$4.74 million (**Placement**). Investors under the Placement will also be issued free attaching unlisted options on a 1 for 10 basis, with an exercise price of \$0.12 and an expiry date of 31 December 2019. \$3.74 million has been received with a further \$1 million due by 10 January 2018; and
- (b) a further drawdown of \$5 million under the Lind facility to be made prior to end of 2017, previously announced on 14 June 2017.

The enhancement initiatives include an increase in the exploration budget aimed at increasing the life of the potential large-scale project from 11 to 20+ years, studies of downstream processing options focussed on increasing the suite and value of revenue products, optimisation of mining and processing options from learnings of the Pilot Plant Project to date as well as the potential for new acquisitions in the rare earth sector.

To assist in funding these initiatives the Company invites eligible shareholders to participate in a Share Purchase Plan to acquire up to \$15,000 worth of Shares, at an issue price of \$0.078 per Share (being the same issue price under the Placement).

The Board also proposes to undertake a bonus issue of new listed options to eligible shareholders in February 2018 on a 1 for 5 basis, with an exercise price of \$0.12 and expiry date 31 December 2019, subject to a prospectus being prepared and lodged with ASIC. The Company will apply for

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quotation of the options issued under the Placement when the new bonus options have been quoted.

Further information about the new enhancement initiatives, the Share Purchase Plan and the proposed bonus issue is set out below.

Northern Minerals' Managing Director and CEO, George Bauk, commented *"The expansion initiatives are all designed to position Browns Range and Northern Minerals as a globally significant rare earths producer."*

"By looking to extend the potential mine life of Browns Range and move downstream in the value chain, we are aligning ourselves with the permanent magnet producers that are taking a long-term position on the growth of the Electric Vehicle market."

"The new funding announced today provides the Company with the flexibility and momentum to progress the second wave of growth for Browns Range."

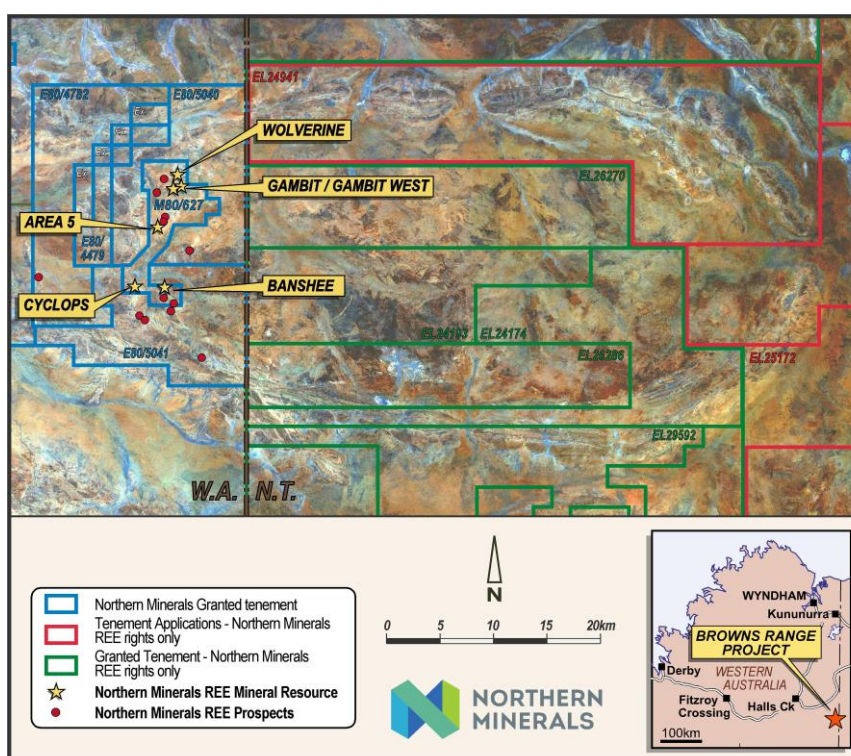
New Enhancement Initiatives

Exploration

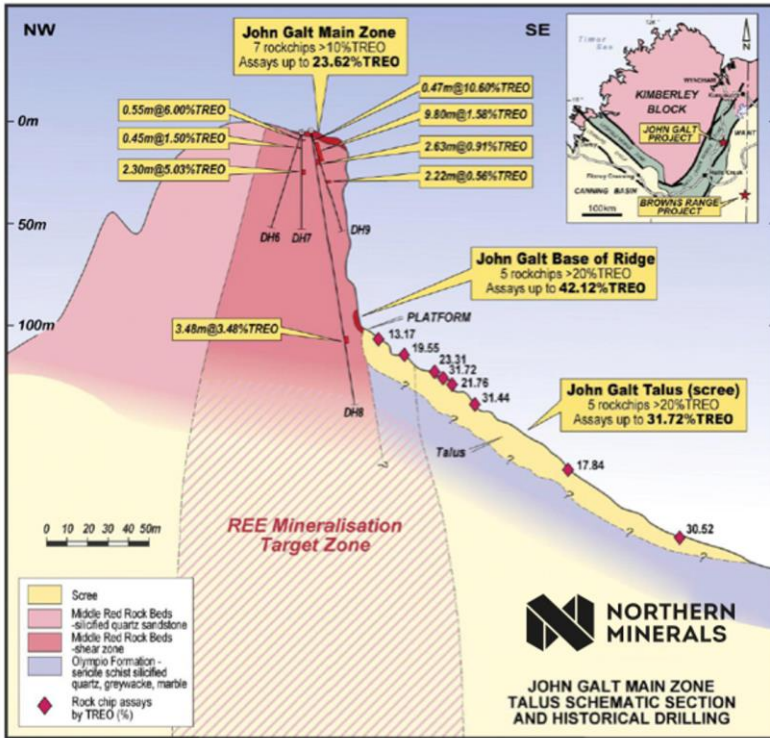
During recent marketing trips, the Company has received a great deal of support and interest from permanent magnet producers that are keen to source a new reliable supply of heavy rare earth oxides. From these discussions, the Company understands that producers have a timeframe for permanent magnet expansion over at least the next 15-20 years.

While the Company's recent focus has been on developing the Browns Range Pilot Plant project to evaluate the economic and technical feasibility of the full-scale project, it has always been our intention to reinvigorate our exploration program and assess the 170+ targets that have been identified in the region along with John Galt and Boulder Ridge.

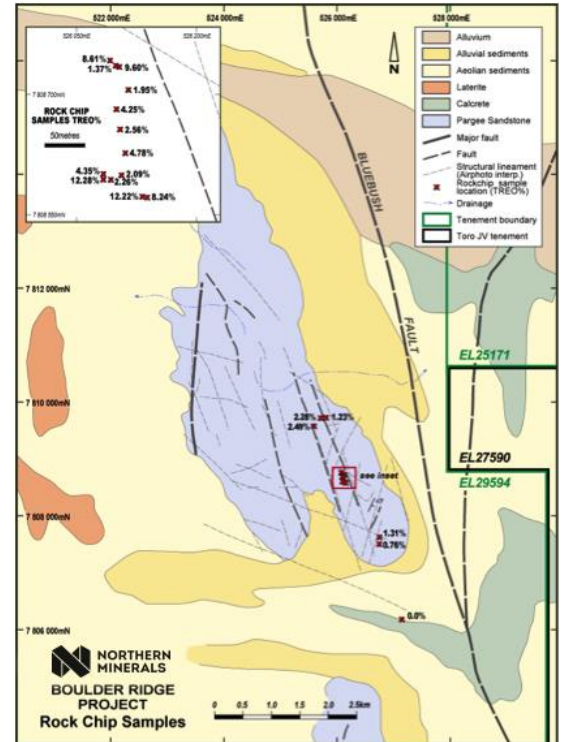
As such, commencing in 2018, the Company intends to ramp up its exploration efforts with the aim of increasing the potential mine life at Browns Range from 11 years to more than 20 years. The Company has identified a number of priority targets that will be assessed with drilling in the first half of 2018.



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John Galt



Boulder Ridge

Downstream Processing Opportunities

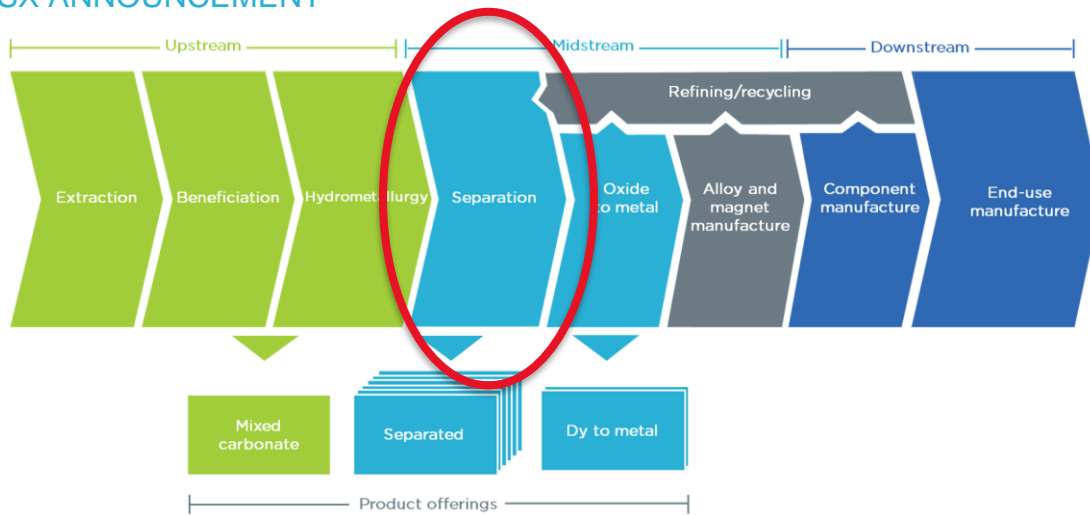
The Pilot Plant Project is planning on producing 573,000kg of mixed heavy rare earth carbonate, containing both dysprosium and terbium as revenue products. All the Pilot Plant production is being sold to JFMAG under an offtake agreement for the three-year Pilot Plant project.

The Company has received many approaches from permanent magnet producers in the US, Europe, South Korea and Japan regarding the potential for the sale of separated rare earth oxide products from the potential large-scale project. This includes dysprosium oxide, terbium oxide, neodymium and praseodymium as well as the potential for the separation of other heavy rare earths.

While the Company has investigated the potential for downstream processing as far back as 2012, recent improvements in technology and licencing opportunities has increased the potential for Northern Minerals to value-add to extract additional benefits for shareholders.

The Company has commenced initial discussions with potential licencing partners for the application of downstream processing technologies as well as investigating a potential site for the optimal location of a downstream processing operation. The potential site requires low cost power and access to the chemical used in the process.

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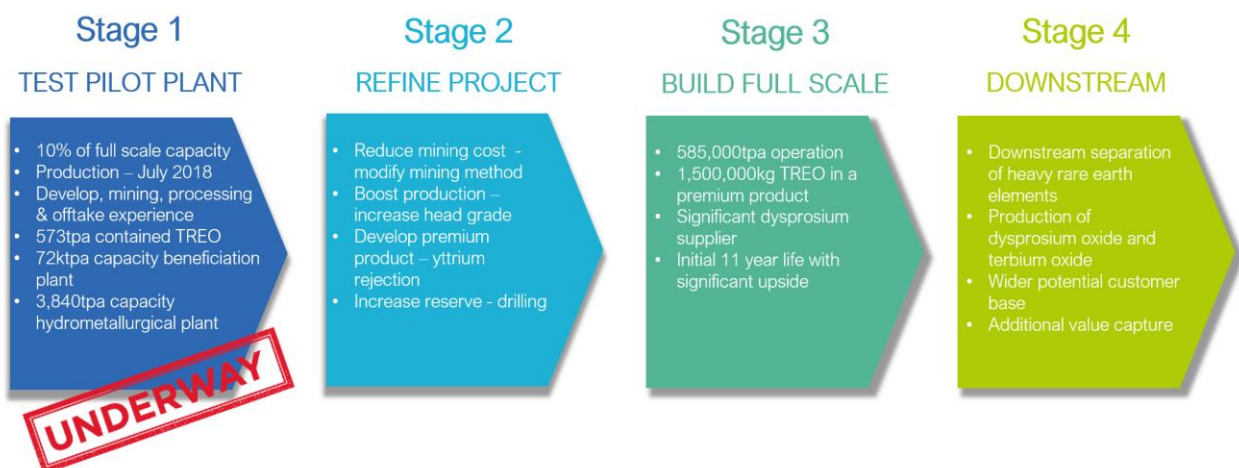
Stage 2 – Refine Project

The Browns Range Pilot Plant Project is being developed to assess the technical and economic feasibility of a large full-scale project.

Over the three-year project, various initiatives and scenarios will be assessed, all aimed at improving the project for the future.

With the mining program for the Pilot Plant Project now successfully completed, the project team is reviewing the campaign to improve and refine mining methods in the future. The project team is also investigating the optimal plant location for the larger scale project.

An example of this is the application of steeper pit walls during the mining campaign, which resulted in a decrease in the volume of waste removed. AMC Mining Consultants will monitor the pit walls before and after the next few wet seasons to assess the long-term stability and geotechnical implications.





Final Pit at Gambit West

New Project Opportunities

The Company is currently assessing several opportunities in the rare earth sector that are complementary to the Browns Range Project.

In order to fully capture the rare earth potential in the permanent magnet sector, which is forecast to grow with increasing electric vehicle penetration, the Company is focussing on acquisitions in the light rare earth sector, including projects with identified neodymium (Nd) and praseodymium (Pr) resources.

All the investigations are at an early stage and no agreements have been entered into. The Company will make an announcement when such a transaction is progressed.

Share Purchase Plan and Proposed Bonus Issue

Share Purchase Plan

The Company is pleased to offer eligible shareholders the opportunity to participate in a Share Purchase Plan (**SPP**) to acquire up to \$15,000 worth of Shares at the same issue price as the Placement, being \$0.078 per Share.

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The SPP will provide shareholders with the opportunity to increase their holding at an attractive price without paying brokerage or transaction costs, as the Company moves ahead with its project development initiatives.

The issue price under the SPP represents a 19% discount to the volume weighted average market price of Shares on the ASX over the five-trading day period prior to the date of this announcement which was \$0.097 per share.

The SPP is not underwritten and will seek to raise up to \$5m (before costs). Notwithstanding this the Company reserves its absolute discretion to vary the amount raised under the SPP. The funds raised under the SPP will be used to fund the Company's further project development initiatives.

Participation in the SPP is entirely optional and is available exclusively to shareholders who were registered as holders of Shares at 5.00pm (Perth time) on 22 December 2017, and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Eligible Shareholders will be able to participate in the SPP by choosing to invest \$5,000, \$10,000 or \$15,000 under the SPP.

The SPP is non-renounceable. This means that Eligible Shareholders who do not take up their entitlement to participate in the SPP will not be able to transfer or receive any value for these entitlements. The issue of Shares under the SPP is not subject to shareholder approval.

The SPP offer is intended to be open between 2 January 2018 and 31 January 2018. However, the Company reserves the right to alter these dates at its discretion.

Full details of the SPP are set out in the attached offer documentation. The offer documentation will be mailed to Eligible Shareholders on or about 2 January 2018.

The offer of Shares under the SPP is made in accordance with ASIC Class Order [09/425] and therefore does not require a prospectus.

OzFinancial are the advisors assisting with the management of the SPP and can be contacted on (+61) 3 8080 5795 or at admin@ozfinancial.com.au should shareholders have any questions. Shareholders may also contact the Company's share registry, Security Transfer Australia with any queries on (+61) 8 9315 2333.

Listed Option Bonus Issue

The Board also proposes to undertake a bonus issue of new listed options to eligible shareholders in February 2018 on a 1 for 5 basis and with an exercise price of \$0.12 and an expiry date of 31 December 2019, subject to a prospectus being prepared and lodged with ASIC.

The record date for the proposed issue has not been finalised but will allow eligible shareholders who have been issued Shares under the SPP to participate in the bonus issue on the basis of their post-SPP shareholding.

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The proposed bonus issue will have the following terms:

- each eligible shareholder will receive 1 new listed option for every 5 Shares held as at the record date;
- the new options will have an exercise price of \$0.12; and
- the term of the new options will be 31 December 2019.

The bonus allows eligible shareholders to further benefit from future potential growth in the Company. The proposed expiry date of the proposed new options has been designed to coincide with the funding requirements for the Company's feasibility studies for full-scale project development.

A Prospectus for the listed option bonus issue, including details of the 'Record Date', will be announced in February 2018.

Browns Range Pilot Plant Project Update

The Browns Range Pilot Plant Project construction is progressing extremely well, with all the project aspects in line with budget.

The mining campaign for the three-year project was recently completed by MACA Limited, with additional ore tonnes mined and lower waste removed during the program.

98% of the total modular process plant and equipment has been manufactured by SInosteel in China and has been received at the Darwin Port.

The second of three major shipments of plant components and equipment has been received at Browns Range with the third major shipment at the Port of Darwin, with transportation commenced.



3rd Shipment unloaded at Port of Darwin awaiting to be transported to site

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Primero Group is well advanced with the plant installation, with a number of major components installed and in place.



Kiln being installed

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About Northern Minerals:

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

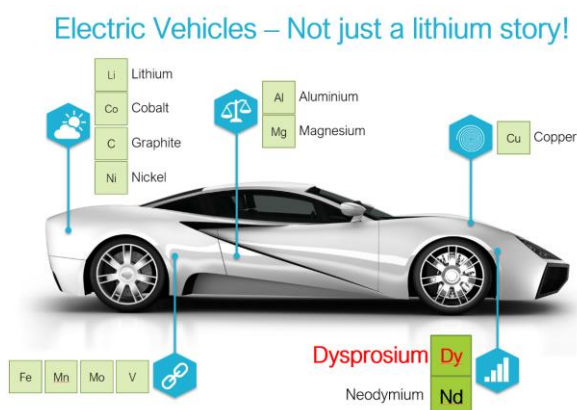
Through the development of its flagship project, the Browns Range Project (the Project), Northern Minerals aims to be the first significant world producer of dysprosium outside of China.

The Project is 100% owned by Northern Minerals and has several deposits and prospects containing high value dysprosium and other HREs, hosted in xenotime mineralisation.

Dysprosium is an essential ingredient in the production of DyNdFeB (dysprosium neodymium iron-boron) magnets used in clean energy and high technology solutions.

The three-year R&D pilot plant project will commence first production of heavy rare earth carbonate in Q3 2018. The pilot plant development provides the opportunity to gain production experience, surety of supply for our offtake partner and assess the economic and technical feasibility of the larger full-scale development.

For more information: northernminerals.com.au.



ASX Code:	NTU	Market Capitalisation:	A\$75m
Issued Shares:	798m	Cash (as at 30 September 2017):	A\$8.4m

SHARE PURCHASE PLAN

NORTHERN MINERALS LIMITED
ACN 119 966 353

This is an important document.
If you have any doubts as to what you should do,
please consult your stockbroker, accountant
or financial adviser.

THIS DOCUMENT MAY NOT BE RELEASED OR DISTRIBUTED IN THE UNITED STATES

OFFER AT A GLANCE

Key dates:

Record Date	22 December 2017	Date for determining Eligible Shareholders
Announcement Date	27 December 2017	Share Purchase Plan is announced to the Market
Opening Date	2 January 2018	Offer under Share Purchase Plan opens
Closing Date	31 January 2018	Share Purchase Plan closes at 5.00pm (Perth time) on this date
Issue Date	7 February 2018	Shares to be issued under Share Purchase Plan are issued
Despatch Date	11 February 2018	Confirmation of transaction despatched to shareholders

Dates are indicative only and the Company retains the right to vary these dates without advance notice.

Key offer details:

Issue Price	The issue price will be \$0.078 per share, being 81% of the VWAMP of the Shares calculated over the last 5 trading days prior to the announcement of the Share Purchase Plan of \$0.097 per Share.
Subscription Amounts	Under the offer, Eligible Shareholders may apply for new shares in the amount of \$5,000, \$10,000, or \$15,000. The Company will divide the dollar amount applied for by the Issue Price then round up the result to the nearest whole number, to determine the number of shares applied for.

Important Notice:

These materials (including the accompanying Application Form) may not be released or distributed in the United States or in any other country other than Australia and New Zealand and do not constitute an offer of securities for issue or for sale, or an invitation to subscribe for securities, in any place outside Australia or New Zealand and this offer is only made to shareholders as at the Record Date with a Registered Address in Australia or in New Zealand. In particular, any securities described in these materials have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

These materials (including the accompanying Application Form) have not been registered, filed or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The Shares offered under the Share Purchase Plan are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of Shares is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

The Share Purchase Plan may be varied, suspended or terminated by the Board at any time at the Board's absolute discretion without advance notice.

Neither the Company nor the Board accepts or assumes any liability to shareholders by reason of variation, suspension or termination of the Plan.

The acquisition of Shares in the Company under the Plan will have different ramifications depending upon the circumstances of each Eligible Shareholder.

These materials do not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder. Eligible Shareholders wanting to participate in the Plan should obtain independent advice in relation to the taxation and other consequences of an investment under the Plan before making a decision as to whether or not to participate in the Plan.

The market price for the Company's Shares may change between the Opening Date and the Issue Date, but the Issue Price will not change during this period. If the market price of Shares falls below the Issue Price, the price paid for Shares under the Plan may be higher than the market price for the Company's Shares.

BPAY® payments or Application Forms (with accompanying payments of the Subscription Amount) must be received before 5.00pm (Perth time) on 31 January 2018.

QUESTIONS AND ANSWERS

What is the Share Purchase Plan?

The Share Purchase Plan ('Plan') provides Eligible Shareholders with the opportunity to purchase new Shares in the Company under the Plan without incurring brokerage or other transaction costs.

The Plan is governed by the Plan Rules (see Annexure A to this Plan booklet) which contains the terms and conditions, as well as some important definitions. Shares issued under the Plan will rank equally in every respect with existing issued fully paid ordinary Shares quoted on ASX.

The offer is not underwritten.

Why is the Company issuing more Shares?

The Company is seeking to raise up to approximately \$5 million under the Plan by issuing new shares for the purpose of funding the Company's development and exploration initiatives as detailed in the announcement dated 27 December 2017, and for working capital purposes. Notwithstanding this, the Company reserves its absolute discretion to vary the amount raised under the Plan.

Am I an Eligible Shareholder?

All shareholders as at the Record Date with a Registered Address in Australia or New Zealand are eligible to participate in the Plan. Shareholders who hold Shares on behalf of another person who resides outside Australia or New Zealand are not eligible to participate in the Plan.

The Company is not making this offer to shareholders with Registered Addresses in countries outside Australia and New Zealand (on the basis that it is not practical for the Company to offer and issue Shares to persons with Registered Addresses in jurisdictions outside of Australia and New Zealand).

A registered holder who is a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] will need to submit a custodian certificate certifying the matters set out in ASIC Class Order [CO 09/425] in order to participate on behalf of any beneficiaries. A pro-forma custodian certificate can be obtained by contacting the Share Registry on (+61) 8 9315 2333.

Are Eligible Shareholders required to participate in the Plan?

Participation in the Plan is optional for Eligible Shareholders. If an Eligible Shareholder wants

to participate in the Plan, it may purchase Shares in accordance with the Plan Rules. If an Eligible Shareholder does not want to participate in the Plan, then they should take no action in relation to the offer.

Before deciding on whether to participate in the Plan, and in particular before completing any Application for Shares by submitting an Application Form or making a BPAY® payment, you should consider the Company's disclosures of operating and financial performance and, if necessary, consult your financial adviser.

How much can I invest under the Plan?

Eligible Shareholders may apply for new shares in the amount of \$5,000, \$10,000 or \$15,000.

The Company may Scaleback allocations under the Plan in its sole discretion, including for the purpose of complying with ASX Listing Rule 7.2, Exception 15. If the Company undertakes a Scaleback, the number of Shares applied for on each Application will be scaled back on a pro-rata basis and any difference in purchase price will be refunded by the Company without interest following issue of the Shares.

Can I apply for more than \$15,000 worth of shares?

No. Eligible Shareholders may not subscribe for a parcel of Shares valued at more than \$15,000.

Can I apply for less than \$15,000 worth of shares?

Yes. Eligible Shareholders may subscribe for a parcel of Shares in the amount of \$5,000, \$10,000 or \$15,000.

What is the Issue Price?

The issue price will be \$0.078 per share, being 81% of the VWAMP of the Shares calculated over the last 5 trading days prior to the announcement of the Share Purchase Plan of \$0.097 per Share. The Issue Price will not change during the offer period.

What risks are associated with investing under the Plan?

The market price for the Company's Shares may change between the Opening Date and the Issue Date, but the Issue Price will not change during this period. If the market price of Shares falls below the Issue Price you may be financially disadvantaged by purchasing

Shares under the Plan (because the price paid for Shares under the Plan may be higher than the market price for the Company's Shares). In those circumstances, you may choose not to participate in the Plan.

When can I sell Shares purchased under the Plan?

Shares issued under the Plan may be sold or transferred on ASX at any time after quotation of the shares. The quotation date is expected to be on or about 7 February 2018. The Company will apply to the ASX for quotation of all Shares issued under the Plan following the processing of those Applications received from Eligible Shareholders by the Closing Date. You must confirm your holding before trading in any Shares you believe have been issued to you under the Plan.

How do I apply for Shares under the Plan?

Eligible Shareholders can subscribe for Shares under the Plan in one of two ways, depending upon whether payment is to be made by cheque or by BPAY®.

To pay by cheque:

Eligible Shareholders must complete the personalised Application Form enclosed with this Plan booklet and return it together with a cheque in payment of the Subscription Amount by post in the enclosed stamped addressed envelope (New Zealand Eligible Shareholders will need to affix the appropriate postage stamp) to:

Northern Minerals Limited
c/o Security Transfer Australia
770 Canning Highway
Applecross, Western Australia 6153

The Application Form and cheque must be received before 5.00pm (Perth time) on the Closing Date.

To pay by BPAY®:

Eligible Shareholders must make payment by BPAY® following the instructions on the Application Form so that the BPAY® payment

is received before 5.00pm (Perth time) on the Closing Date. An Application Form does not need to be submitted if paying by BPAY®.

What is the Subscription Amount?

The Subscription Amount is calculated as the number of Shares applied for multiplied by the Issue Price.

How many Shares will I receive?

Eligible Shareholders will receive the number of Shares applied for subject to the Company undertaking a Scaleback. The Company will divide the dollar amount you have applied for by the Issue Price then round up the result to the nearest whole number, in order to determine the number of Shares you have applied for. The Company may, in its absolute discretion, undertake a Scaleback, including for the purpose of complying with ASX Listing Rule 7.2, Exception 15. If the Company undertakes a Scaleback, the number of Shares applied for on each Application will be scaled back on a pro-rata basis (with any fractional numbers being rounded up) and any difference in purchase price will be refunded by the Company without interest following allotment.

Will the offer be available again?

The Plan is intended to be a one-off offer to Eligible Shareholders, providing them with an opportunity to purchase additional Shares without incurring any brokerage or other transaction costs. However, the Board retains the right to make similar offers under future Share Purchase Plans.

Contact us

If you have any further queries in relation to the Plan, please contact the Share Registry on (+61) 8 9315 2333. OzFinancial are the advisors assisting the Company with the management of the Plan and can also be contacted with any queries on (+61) 3 8080 5795 or at admin@ozfinancial.com.au.

BPAY® payments or Application Forms (with accompanying payments of the Subscription Amount) must be received before 5.00pm (Perth time) on 31 January 2018.

ANNEXURE A

RULES OF THE SHARE PURCHASE PLAN**1. DEFINITIONS AND INTERPRETATIONS**

- 1.1 When used in these Rules, the words listed will, except to the extent that the context otherwise requires, have the following meanings:
- 'Application'** means an application for Shares under this Plan;
- 'Application Form'** means a personalised application form pursuant to which Eligible Shareholders may apply for Shares under the Plan;
- 'ASIC'** means the Australian Securities and Investments Commission;
- 'ASX'** means Australian Securities Exchange or ASX Limited, as applicable;
- 'Board'** means the Board of directors of the Company;
- 'BPAY®'** means electronic funds transfer of funds using details contained on the Application Form;
- 'Company'** means Northern Minerals Limited ACN 119 966 353;
- 'Constitution'** means the constitution of the Company;
- 'Custodian'** has the meaning given to the term 'custodian' in ASIC Class Order [CO 09/425];
- 'Directors'** means the directors of the Company;
- 'Eligible Shareholder'** means a shareholder in the Company as at the Record Date with a Registered Address in Australia or in New Zealand;
- 'Issue Price'** means \$0.078 per Share.
- 'Participating Beneficiary'** has the meaning given in Rule 3.8;
- 'Plan'** or **'Share Purchase Plan'** means this share purchase plan;
- 'Plan Rules'** or **'Rules'** means these rules and includes the Application Form;
- 'Registered Address'** means the address of an Eligible Shareholder as shown in the Share Register;
- 'Scaleback'** means a pro-rata reduction in the number of Shares allotted to Eligible Shareholders who make an Application. The Company has full discretion in deciding whether to Scaleback Applications;
- 'Share'** means a fully paid ordinary share in the Company;
- 'Share Register'** means the register of all shareholders of the Company maintained by the Share Registry;
- 'Share Registry'** means Security Transfer Australia Pty Ltd, 770 Canning Highway, Applecross WA 6153;
- 'Subscription Amount'** means the dollar amount calculated by multiplying the number of Shares applied for by the Issue Price; and
- 'VWAMP'** means volume weighted average market price.
- 1.2 Words importing the singular include the plural and vice versa, words importing any gender include other genders and 'person' includes a corporation.
- 1.3 A reference to dollars or \$ is a reference to Australian dollars.

2. OFFER TIMETABLE

- 2.1 This offer opens on 2 January 2018 ('**Opening Date**').
- 2.2 Only those shareholders recorded in the Share Register as at 5.00pm (Perth time) on 22 December 2017 ('**Record Date**') with a Registered Address in Australia or in New Zealand will be eligible to participate in the Plan.
- 2.3 This offer closes at 5.00pm (Perth time) on 31 January 2018 or such other time and date as determined by the Company and announced in writing to shareholders ('**Closing Date**'). All Application Forms with accompanying payments of the Subscription Amount and all BPAY® payments (as applicable) must be received before the Closing Date.
- 2.4 It is intended that Shares will be issued on or about the fifth business day after the Closing Date ('**Issue Date**').
- 2.5 Any Scaleback will be announced on the Issue Date. The Company expects refund cheques in payment of any Scaleback amount will be despatched on or about the fifth business day after the Closing Date ('**Scaleback Refund Date**').
- 2.6 The Company anticipates trading on ASX of new Shares issued under the Plan will commence on or about 11 February 2018.
- 2.7 The Company has the discretion to change, at any time, any of these dates, regardless of whether the offer has opened or Applications have been received.

3. PARTICIPATION IN THE PLAN

- 3.1 Participation in the Plan is subject to these Rules. The offer made under this Plan is made only to Eligible Shareholders.
- 3.2 This offer is non-renounceable (that is, Eligible Shareholders are not permitted to transfer their entitlement to any Shares offered under the Plan to anyone else).
- 3.3 The Board may refuse to accept or may suspend or withdraw any Application if that Application might:
 - (a) prejudice the effective operation of the Plan; or
 - (b) give rise to breaches of applicable laws (whether in Australia or overseas) by the Company or its officers or by Eligible Shareholders or their associates,
 and may, in its discretion, reject any Application if:
 - (c) it considers that the Application (whether alone or in conjunction with other Applications) does not comply, or it is not reasonably satisfied that the Application (whether alone or in conjunction with other Applications) complies, with the requirements of ASIC Class Order [CO 09/425] (as amended, replaced or supplemented) or any other requirements prescribed by ASIC;
 - (d) a cheque is dishonoured or has not been completed correctly;
 - (e) an Application Form is incorrectly completed, incomplete or is otherwise determined by it to be invalid;
 - (f) payment of the Subscription Amount or an Application is received after the Closing Date (however, the Company has a discretion whether or not to accept late BPAY® payments, Application Forms and cheques)
 - (g) you are a Custodian, and it is not satisfied with your certification for any reason;
 - (h) a BPAY® payment is not received or is incomplete or invalid;
 - (i) unless you are applying as a Custodian, you appear to be contributing more than \$15,000 under the Plan; or
 - (j) it believes you are not an Eligible Shareholder.
- 3.4 It is the responsibility of each Eligible Shareholder to obtain any necessary approvals and consents to enable them to participate in the Plan.
- 3.5 The Directors are entitled (but not obliged) to refuse an Application where an Eligible Shareholder has, in the opinion of the Directors, split a shareholding, or acquired Shares as

part of such a split, in order to attempt to increase the number of Shares that may be allotted under the Plan to that Eligible Shareholder or another person.

- 3.6 Eligible Shareholders may only subscribe for a parcel of Shares in the amount of \$5,000, \$10,000, or \$15,000.

If the amount of payment tendered is greater than \$15,000 – subject to Scaleback, the Company will issue the maximum of number of Shares to the Eligible Shareholder and will refund the excess application money (without interest) to the Eligible Shareholder.

If the amount of payment tendered is less than the minimum of \$5,000 – the Company will not allot any Shares to the Eligible Shareholder and will refund the application money (without interest) to the Eligible Shareholder.

If the amount of payment tendered is zero or the payment is invalid – the Company will not allot any Shares to the Eligible Shareholder and will refund the application money (without interest) to the Eligible Shareholder.

If the amount of payment tendered does not match the number of shares applied for, then the Company may choose to allot the number of Shares equal to the amount of payment validly tendered.

- 3.7 Eligible Shareholders that receive more than one Application Form under the Plan (for example, if the Eligible Shareholder has more than one shareholding but under separate accounts) may apply on different Application Forms or make different BPAY® payments, but may not make an Application which will result in the Eligible Shareholder applying for more than \$15,000 worth of Shares under the Plan.
- 3.8 If an Eligible Shareholder is a Custodian and is expressly noted on the Share Register as holding Shares in the Company on behalf of a person (the “**Participating Beneficiary**”), or on behalf of a “downstream custodian” within the definition of ASIC Class Order [CO 09/425] who holds the beneficial interest in Company shares on behalf of a Participating Beneficiary, such Eligible Shareholder may apply for up to a maximum of \$15,000 worth of shares for each Participating Beneficiary, subject to providing a custodian certificate to the Company certifying the matters set out in paragraph 9 of ASIC Class Order [CO 09/425]. A pro-forma custodian certificate can be obtained by contacting the Share Registry on (+61) 8 9315 2333. Each Custodian must not participate in the Plan on behalf of, and must not distribute this document or any documents relating to the Plan to any person in circumstances which might involve any breach of securities laws of any jurisdiction.
- 3.9 Eligible Shareholders that are joint holders of Shares in the Company will be taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and an Application, and certification as part of the Application Form, by one joint holder will be effective in respect of the other joint holders.
- 3.10 The Company has an absolute discretion to accept and treat as valid an Application Form which does not satisfy the provisions of the Plan Rules. The Company may (but will be under no obligation to) correct or amend defective Application Forms on behalf of Eligible Shareholders.
- 3.11 Where the Company rejects an Application, the Company will promptly return to the Eligible Shareholder any relevant application money provided by the Eligible Shareholder to the Company (without interest).

4. APPLICATION TO PARTICIPATE

- 4.1 To participate in the Plan an Eligible Shareholder must follow the instructions on the Application Form and either:

- (a) complete an Application Form and return it to the Share Registry together with a cheque for the Subscription Amount; or
- (b) make payment by BPAY® for the Subscription Amount,

so that the Application Form and cheque or BPAY® payment is received by the Share Registry by 5.00pm (Perth time) on the Closing Date in accordance with the instructions on the Application Form. Where payment is made by BPAY®, an Application Form does not need to be submitted.

- 4.2 Where payment is by cheque, Application Forms must specify the Subscription Amount (in dollars) and be accompanied by a cheque in payment of the Subscription Amount. The Company reserves the right to reject any Application where there is non-compliance with this Rule.
- 4.3 Shares issued under the Plan will be issued as ordinary shares at the Issue Price and will be credited as fully paid.
- 4.4 Applications and payments may not be withdrawn or cancelled once received by the Company and all Applications are unconditional.

5. OPERATION OF THE PLAN

- 5.1 By submitting an Application Form or making a BPAY® payment, an Eligible Shareholder certifies and represents that:
- (a) in relation to all Shares applied for by the Eligible Shareholder under the Plan, the Eligible Shareholder does not make the Application for any other person in circumstances which might involve any breach of securities laws of any jurisdiction;
 - (b) it agrees to be bound by the Company's Constitution in respect of all the Shares issued to the Eligible Shareholder under the Plan;
 - (c) the total price of all Shares purchased (or applied for) by the Eligible Shareholder, or which the Eligible Shareholder has instructed a Custodian to acquire on its behalf, under this offer and/or any similar offer made by the Company in the 12 months prior to the date of submission of the Application Form or the date of making a BPAY® payment, does not exceed \$15,000, unless the Eligible Shareholder is applying as a Custodian for one or more Participating Beneficiaries and has complied with Rule 3.8;
 - (d) it authorises the Company, and its officers and agents, to correct minor or easily rectified errors in, or omissions from, your Application Form and to complete the Application Form by the insertion of any missing minor detail;
 - (e) it agrees that its Application is only effective when received by, or on behalf of, the Company and not when posted;
 - (f) it accepts the risk associated with any refund that it may be sent by cheque to its address shown on the Share Register;
 - (g) it agrees that it is responsible for any dishonour fees or other costs which the Company may incur if your cheque for payment is dishonoured;
 - (h) it agrees that the Company and the Share Registry have not provided it with investment or financial product advice, and that they have no obligation to provide it with advice about a decision to apply for or buy Shares; and
 - (i) it agrees that the Company and the Board are not liable for any exercise of discretion referred to in these Rules.

6. ISSUE PRICE AND SHARES ISSUED UNDER THE PLAN

- 6.1 The Issue Price is set in Rule 1.1 above and the method used to calculate the Issue Price was a 19% discount to the 5 day VWAMP up to and including the trading day before the offer was announced of \$0.097 per Share. The market price for the Company's Shares may change between the Opening Date and the Issue Date, but the Issue Price will not change during this period. If the market price of Shares falls below the Issue Price you may be financially disadvantaged by purchasing Shares under the Plan (because the price paid for Shares under the Plan may be higher than the market price for the Company's Shares).
- 6.2 In the absence of a Scaleback and subject to Rule 5.1(c) being true, the number of Shares to be issued to the Eligible Shareholder will be calculated by dividing the value of the Shares that the Eligible Shareholder applies for by the Issue Price (subject to Rule 3.6 above).
- 6.3 Shares issued under the Plan will rank equally in all respects with existing ordinary fully paid Shares quoted on ASX.

- 6.4 Shares issued to Eligible Shareholders under the Plan will be registered on the Share Register.
- 6.5 The Company will promptly, following the issue of Shares under the Plan:
- (a) apply to ASX Limited for official quotation by ASX Limited of all new Shares issued under the Plan; and
 - (b) send a confirmation in respect thereof to the relevant shareholder at the shareholder's Registered Address.

7. COST TO ELIGIBLE SHAREHOLDERS

- 7.1 Subject to Rule 7.2, no brokerage, commission or other transaction costs will be payable by an Eligible Shareholder in respect of Shares issued under the Plan.
- 7.2 In the event of a change in legislation or regulation so that at the date of any issue stamp duty or any other tax or duty is payable in respect thereof, the amount of such stamp duty or other tax or duty shall be paid by the Eligible Shareholder to whom the Shares are issued and, in respect of each such Share, included in the calculation of the Issue Price.

8. NON-PARTICIPATION

Participation in the Plan is voluntary. It shall be a matter for each Eligible Shareholder to determine whether or not they make an Application for Shares under the Plan.

9. SCALEBACK

- 9.1 The Company may undertake a Scaleback in its sole discretion, including for the purpose of complying with ASX Listing Rule 7.2, Exception 15. If the Scaleback produces a fractional number of Shares when applied to a parcel of Shares, the number of Shares allocated will be rounded up to the nearest whole number of Shares.
- 9.2 If the Company undertakes a Scaleback, the difference between the value of the Shares issued and the number of Shares applied for will be refunded (without interest) by cheque mailed on the Scaleback Refund Date (as defined in Rule 2.5 above).
- 9.3 The Company reserves the right to accept or reject any application under the Plan at its discretion. In the event of an oversubscription by the Closing Date the directors of the Company may, in their absolute discretion, accept or Scaleback the applications. The Company also reserves the right to accept or reject any Application under the Plan at its discretion.

10. BOARD'S POWERS IN RELATION TO THE ADMINISTRATION, VARIATION, SUSPENSION OR TERMINATION OF THE PLAN

- 10.1 The Plan will be administered by the Board of Directors which has the power to:
- (a) determine appropriate procedures for administration and implementation of the Plan consistent with the Plan Rules and to settle any difficulty which may arise generally or in a particular case, in regard to the Plan as the Board of Directors thinks fit and its determination will bind all shareholders and other persons to whom the determination relates;
 - (b) resolve conclusively all questions of fact or interpretation in connection with the Plan and the Plan Rules; and
 - (c) delegate to any one or more persons for such period and on such conditions as it may determine, the exercise of its powers or discretions arising under the Plan.
- 10.2 The Company and its officers and employees will not be held responsible or liable for any error or omission which occurs in the administration of the Plan.
- 10.3 The Board may vary administrative procedures to be followed in respect of the implementation of the Plan. The procedures may be varied at any time by the Board having regard to ASX or ASIC requirements.

10.4 The Board may:

- (a) at its discretion, waive compliance with any provisions of the Plan Rules;
- (b) at any time modify, vary or amend the Plan and/or the Plan Rules;
- (c) suspend the operation of the Plan, or withdraw any offer under the Plan, from time to time for any period; or
- (d) terminate the Plan at any time without any need for giving advance notice to shareholders.

Action by the Board under this Rule 10.4 will be binding on all shareholders even where the Company does not notify shareholders of the event.

11. TAXATION

The Company makes no representations or warranties in respect of, and accepts no responsibility for, the liability of Eligible Shareholders to pay, any tax (including income tax and withholding tax) in respect of any issue of Shares, payment or other transaction pursuant to this Plan.

12. Dispute Resolution

The Company reserves the right to settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan. The decision of the Company will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates.

13. GOVERNING LAW

These Rules are governed by the laws of Western Australia.

14. UNDERWRITING

The offer is not underwritten.