

# Northern Minerals' Looming Rare Earth Success

Over the last six weeks, the value of shares in Northern Minerals Ltd. (ASX: NTU) ("Northern Minerals") has jumped by almost 40% in response to multiple positive developments; the company received, from three sources, around A\$48 million in financing, which, coupled with dramatically surging dysprosium prices and a fast-approaching first shipment to offtake partner Guangdong Rising Asset Management ("GRAM"), makes for a prospective fall portfolio addition.

With their Browns Range project in the northern territories of Australia, Northern Minerals hoped to become the first significant producer of the heavy rare earth element dysprosium outside of China; a goal that has since become a near-certainty. Equipment for the pilot plant is currently under construction in Shanghai and is expected to hit the waves early next month. Preparation of the site is also well underway, and financing of the pilot plant phase is going extremely well indeed.

Just last month, the company received a A\$38 million R&D facility from a leading New York financier, a A\$2.6 million government rebate, A\$2.5 million through private placement, and a further A\$4.8 million from the Australian government's "Building Better Regions" fund; the fund aims to assist native people in securing meaningful employment through training-to-work programs, and Northern Minerals' new project has the potential to provide around 700 jobs to local residents over its 11-year mine life.

What makes me most confident about Brown's Range is the fact that offtake is 100% sourced; once the stuff is out of the ground and processed, it has already been sold. GRAM, via one of their subsidiaries, has agreed to take everything the

project can produce at market prices. The last time this particular company got involved with an Australian miner, a \$1bn+ takeover bid followed shortly afterwards, and so this relationship is certainly one to keep a close eye on.

Production now looms in the very near future, and in my opinion, this is one of those projects that has significant appeal since it has always appeared to be a thoroughly well run operation. It has progressed incredibly smoothly, while receiving excellent state, institutional and retail support, and is fully prepared to offer maximum benefit to the environment, the local people and the markets that it serves. The pilot plant will run at 10% throughput for three years while improvements are made to the processing flowsheet, but dysprosium will be coming out of Australia anew very shortly.

Dysprosium is critical in the production of permanent magnets, and so is a key ingredient in electric vehicles, wind turbines and many other modern essentials. Not only are these markets just coming into their peak, but the value of dysprosium has experienced a dramatic surge of late as a result of Chinese crackdowns on illicit mining practices having seriously impacted supply. China still produces the vast majority of rare earth elements, but the government's new attitude towards pollutive industries is opening the door to others to supply the nation with the requisite ingredients of today's consumer electronics.

With investment coming in from all sides, time is running out to take advantage of Northern Minerals' impending success, and it's a rare thing indeed to find a project with near-guaranteed fruition that has not yet been overbought. If I were the type to give investment advice, I would be pointing a large flashing arrow sign towards Browns Range right about now.