

3 September 2010

Fully Underwritten Rights Issue to Raise \$6.6m

Northern Uranium Limited (ASX: NTU) is pleased to announce a renounceable rights issue ("Rights Issue") to raise approximately \$6.6 million before costs to drive its ongoing uranium and rare earth exploration effort.

The Rights Issue offers two new shares for every five shares held at a price of 16 cents per share, and is fully underwritten by Patersons Securities Limited. Northern Uranium will apply for the quotation of new shares on the ASX.

The funds raised will be used to fund exploration of the Company's 100%-owned Gardiner-Tanami Project, Gardner Range JV and to provide additional working capital. Drilling is scheduled to commence in early October 2010.

The Company also plans to follow up the discoveries of high value heavy rare earths mineralisation at the Browns Range project and commence exploration at the recently acquired John Galt heavy rare earths project.

Northern Uranium Managing Director George Bauk said: "the Board welcomed the renewed market recognition and support for the Company and its projects. The Board has noted increased interest in the Company's rare earths interests, following the announcement of the execution of a Letter of Intent with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Co., Ltd, an affiliate of East China Exploration & Development Bureau ("ECE") on 9 August 2010. This interest has arisen against the backdrop of firming global prices for rare earths elements and a tightening of export quotas for rare earths by China, which dominates supply.

Having regard to these and other relevant circumstances, the Board has formed the view that the Rights Issue represents a superior alternative for shareholders to the transaction under the Letter of Intent. Accordingly, the Board has notified ECE that it is not prepared to recommend that transaction to shareholders, in its current form. The Company intends to continue discussions with ECE in relation to the potential for a revised proposal.

Mr Bauk said the underwritten rights issue would provide the Company with the capital needed to drive its exploration programs, and allow it to pursue other development opportunities.

"This rights issue provides an opportunity for shareholders to expand their interest in the Company, and to share in what we believe is exciting exploration upside in both our uranium and rare earth prospects," Mr Bauk said.

"We have a fully funded uranium drilling program in place which we are expecting to commence within the next month, and on completion of the rights issue, we will be in a strong position to pursue further exploration and development opportunities," he said.

The Prospectus relating to this Rights Issue is expected to be lodged with ASIC and ASX on 7 September 2010 and will be available after lodgement on the ASX website www.asx.com.au and also on the Company's website www.northernuranium.com.au.

A proposed timetable is included below.

For more information:

Contacts:

Name	Company	Contact
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About Northern Uranium

Northern Uranium Limited (ASX: NTU) is a uranium exploration and development company, with a large and prospective landholding in Western Australia and the Northern Territory, which also includes a number of high value Rare Earth Element projects. The Company has a strategic alliance with the French nuclear group, Areva NC, via its wholly owned subsidiaries, Areva NC Australia Pty Ltd (AREVA) and Afmeco Mining and Exploration Pty Ltd (Afmex). Afmex, is the operator of uranium exploration and development at the Gardiner-Tanami Project, and will market any uranium produced by Northern Uranium. AREVA also has a substantial shareholding in Northern Uranium, The Gardiner-Tanami project and Gardner Range JV comprises 10,500km² on the WA-NT border, 200km southeast of Halls Creek. Exploration is focused on high grade unconformity-related uranium deposits, with a number of high priority targets identified. The Gardiner-Tanami area is compared favourably with the Alligator Rivers region in the NT which hosts the Ranger mine (Australia's largest operating uranium mine), and the Athabasca Basin in Canada, host to the world's highest-grade unconformity-related uranium deposits.

At the Browns Range area of the Gardiner Tanami Project, the Company has discovered high value xenotime and heavy rare earth elements (HREE). The discovery is particularly significant due to the high value nature of the mineralisation, and the strong global demand for the HREE elements it includes.

www.northernuranium.com.au

Proposed Timetable

Notice of Issue sent to Eligible Shareholders	10-Sep-10
Shares trade "ex-rights" and Rights trading commences on ASX	13-Sep-10
Record Date to determine Entitlements under the Rights Issue	17-Sep-10
Prospectus and Application Form despatched	20-Sep-10
Last day of Rights trading	27-Sep-10
Deferred Settlement Trading Begins	28-Sep-10
Closing Date for acceptances	5-Oct-10
Allotment and issue of New Shares	12-Oct-10
Despatch of shareholding statements for New Shares	12-Oct-10
Trading of New Shares expected to commence	13-Oct-10