

18 June 2010

ASX RELEASE

**JOHN GALT RARE EARTHS PROJECT
OPTION TO PURCHASE FORMALISED FOLLOWING DUE DILIGENCE**

- High Value Heavy Rare Earths (HREE) prospect in Northern Australia
- Regional proximity to the Browns Range HREE Project

Northern Uranium Limited (ASX: NTU, "Northern Uranium" or "the Company") has completed due diligence and signed a formal sale and purchase agreement with Arnhem Resources Pty Ltd ("Arnhem") for the Option to purchase the John Galt project under the terms announced on 9 April 2010.

The John Galt Project is located in the Kimberley region of Western Australia about 28km south of Warmun and 35km from the Great Northern Highway. It covers an area of 65km² within tenement application E80/4298 held by Arnhem Resources Pty Ltd.

The John Galt Project is complementary to the Company's existing Browns Range Project with a similar style of mineralisation and composition of HREE.

The Rare Earth Industry has strategic importance in the current age of technology as rare earths are critical in many applications including hybrid vehicles, computers, mobile phones and wind turbines to name a few. Currently 97% of the world production of rare earths comes from China.

Illustrating the strategic importance of rare earths, the United States has recently introduced the Rare Earths Supply-Chain Technology and Resources Transformation Act of 2010 to reestablish within the US a competitive domestic rare earths minerals production industry; a domestic rare earth processing, refining, purification, and metals production industry; a domestic rare earth metals alloying industry; and a domestic rare earth based magnet production industry and supply chain.

Option Agreement

Under the terms of the agreement with Arnhem, Northern Uranium has the right for a four year period to acquire 100% interest in the project. Northern Uranium has completed the Option to Purchase agreement with a cash payment of \$25,000.

Upon granting of the tenement to Arnhem, Northern Uranium will also issue Arnhem 500,000 unlisted options with a three year exercise period at either 25c or at a 43% premium to the 5 Day VWAP prior to the date of issue, whichever is greater.

Should Northern Uranium proceed to purchase, the final consideration comprises;

- Cash payment of \$250,000
- Issue of NTU ordinary shares to the value of \$500,000
- 1% Net Smelter Return Royalty on all minerals on the tenement

A work program for the John Galt project will be added to Northern Uranium's proposed exploration program at the Browns Range HREE project where rock chip sampling in the 2009 program indicated a new HREE discovery. At Browns Range, xenotime mineralisation has been discovered, hosted by hydrothermal quartz veins and arkoses, which is dominated by high value Heavy Rare Earth Elements, particularly dysprosium, erbium, ytterbium and yttrium. Mineralisation at the John Galt project has a similar REE distribution to that at Browns Range. On-ground exploration at John Galt will commence as soon as the tenement is granted, which is expected to be in the second half of 2010.

John Galt HREE Project – Geology and Exploration

The John Galt Prospect was discovered in the 1970s following airborne radiometric surveys. Initial follow-up work identified three distinct HREE mineralised zones aligned in a NNE orientation. The three zones are approximately 600m apart, but most of the exploration work has been focused on only one of these zones ("Main Zone"), which returned the most encouraging assay results. According to historical reports, rock chip sampling of the other two mineralised zones returned assays between 4.5% and 17.8% Total Rare Earth Oxides (TREO). In 1973, nine diamond holes were drilled on one section at the Main Zone, for

a total of 503m. No drilling was undertaken on the other two mineralised zones and no further drilling or field work has been carried out on the deposit since this time.

The dominant ore mineral within the John Galt deposit is xenotime, a phosphate of yttrium and rare earths. The xenotime mineralisation is hosted by quartz veins within a quartz sandstone of the Lower Proterozoic Red Rock Beds. The mineralisation is located close to the junction of two regional faults, the NNE-trending Halls Creek Fault and the NE-trending Osmond Fault (see Figure 1 below). The deposit consists of a system of quartz-xenotime veins of probable hydrothermal origin, trending NNE to NE. The fault structure associated with the mineralisation extends for 9km, originating in the south at the John Galt Prospect and trending NNE for 6km, then swinging NNW for 3km.

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 heavy rare earth element (HREE) 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 Company's Gardiner-Tanami Project, and will market any uranium produced in Australia by Northern Uranium. Areva also has a substantial shareholding in Northern Uranium,

The Gardiner-Tanami project including the Gardner Range joint venture comprises 10,600km² 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 mineralisation containing high value xenotime and heavy rare earth elements (HREE). The discovery is particularly significant due to the strong global demand for the HREE elements present in the mineralisation.

Northern Uranium has recently completed a successful rights issue raising \$3.2m. These funds were raised for a drilling program at the Gardner-Tanami Project and Gardner JV Project, and exploration activities on the HREE projects at the Browns Range and John Galt Projects.

INVESTOR INFORMATION

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Capital Structure:

Share Price (NTU): \$0.075
Issued Shares: 101.9m
Market Cap: \$7.6m

FOR AND ON BEHALF OF THE BOARD



George Bauk
Managing Director



northern uranium

Figure 1
Project Location & Geology

