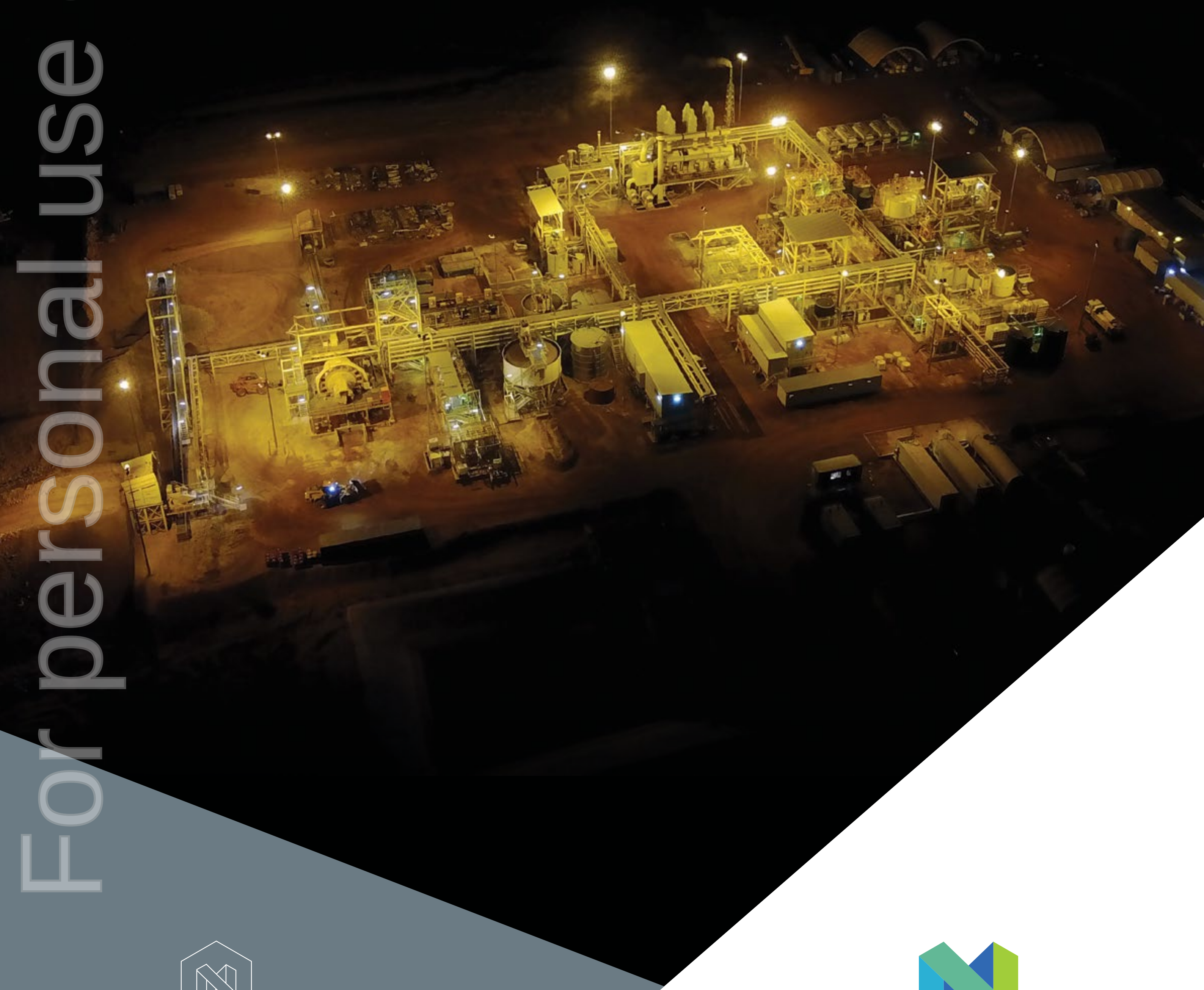
2021 ANNUAL REPORT



ASX NTU

NORTHERN MINERALS

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Chairman's Report

CHAIRMAN'S REPORT

Dear shareholder,

It is my pleasure to present you with the Company's 2021 annual report.

It has been a transformational 12 months for Northern Minerals, where we have taken key decisions to accelerate our pathway to commercial heavy rare earth production and cashflow.

We have also successfully transitioned to new executive leadership, with Mark Tory now 12 months into his new role as Chief Executive Officer and driving the business towards its objective of being a reliable, alternative commercial supplier of dysprosium and terbium outside of China.

We continued to run the Browns Range Pilot Plant during the year and marked a further milestone with more than 210,000 kilograms of heavy rare earth carbonate produced in total to date.

As a Board, we approved significant investments in the future of the Browns Range project this year, including the installation of ore sorting technology on the Pilot Plant to improve overall production efficiency as well as a $10 million commitment to ongoing exploration to expand the resource endowment of the project.

We were able to make these strategic investments on the back of the completion of a successful $20 million capital raise in February and a further payment of $8.7 million from the Australian Tax Office for our refundable R&D tax offset claim for 2020.

I am very pleased to report Northern Minerals balance sheet remains in a very strong position, being debt free and with suitable cash on hand to pursue our feasibility study on a full scale version of the Pilot Plant at Browns Range to beneficiate our xenotime ore into a dysprosium and terbium-rich commercial concentrate product.

The results from continuing to run the Pilot Plant with the ore sorting technology in place as well as the results from our ongoing exploration efforts will be key components of the feasibility study currently under way.

Our results from drilling completed in late 2020 and earlier in 2021 have been highly promising, with drill rigs again on site as this report was being prepared to expand on known mineralisation and test further greenfields targets.

Pending a positive outcome from the feasibility study and a final investment decision, Northern Minerals' plans for Browns Range would translate the considerable intellectual property obtained through ongoing research and development activities into a long-life commercial operation.

Browns Range remains strategically placed to become an internationally significant minerals processing operation in the international manufacturing supply chain for dysprosium and terbium.

Our small, dedicated team of about 30 full time staff who keep Browns Range operating are very proud of their safety performance and environmental record, as is the Board. Additionally, they have worked very hard in 2021 to provide opportunities for people from the remote communities around the project to engage with our Aboriginal Training Program.

I would also like to thank the Jaru people who continue to be supportive of current and planned developments at Browns Range. We appreciate their ongoing and productive engagement, which sees us together bringing real benefits to their communities, with greater things to come.

Colin McCavana
Chairman

CEO'S Report

CEO'S REPORT

It has been a very positive year for Northern Minerals, where the Company has strengthened its financial position and continued the testwork at the pilot plant as well as had an increased focus towards exploration.

A feasibility study to build a full scale beneficiation plant at site was started during the year and the results of the testwork from the pilot plant are feeding into this study which we anticipate completing in mid-2022.

During the financial year an ore sorter machine was purchased from Steinert and construction of the ore sorter circuit including conveyors, screens, compressors and washing was completed. Testing of the ore sorter began in June 2021 and to date has been successful in sorting product from our various deposits at Browns Range.

In the early part of the financial year, Northern Minerals was still carefully managing conditions of the Bio Security Act to protect remote Aboriginal communities from potential exposure to COVID-19, including restricted travel into and within the Kimberley region. In August 2020, we restarted the Pilot Plant to continue testwork in the beneficiation and the hydrometallurgical circuits.

As always, there are many challenges and obstacles to overcome during the course of a year. After two years of struggle with AusIndustry and the ATO, there was finally a result this year with firstly AusIndustry overturning its decision in relation to the Research and Development (R&D) eligibility of the registered activities, and secondly the Company engaging in a process with the ATO in relation to the settlement of claims for the 2017, 2018 and 2019 tax years.

The negotiation concluded in August 2020 with the Company expunging the $9 million debt to the ATO and receiving just under $10 million cash from the ATO in mid-September 2020 resulting in the Company being debt free.

In February 2021, the Company raised A$20 million through EAS advisors out of New York to include USA and Australian institutional investors into the Company. I would like to thank Eddie Sugar and his team for the smoothness of this raising and the quality of investors into our register. I also thank all new and existing shareholders for the support shown to Northern Minerals and the team that demonstrates we are heading down the right path regarding our strategic direction and implementation.

Northern Minerals is privileged to have a dedicated workforce who work together to ensure the Company can meet its goals and objectives. Given the last year was a transformational period, it was fantastic to see the enthusiasm of all staff to get back into the program and work diligently to get the results required by the Company.

In particular, I would like to thank the Board of Directors who work together and share the vision of the executive team in relation to where the Company is heading and secondly, the executive team at Northern Minerals who work long hours to ensure the operation is on track, the finances are in order, the exploration work is continuing and the people in the organisation are cared for. All staff helped the Company get through the pandemic as they were either stood down or took significant pay cuts to ensure the Company survived and they are now working towards the common goals of the Company.

Finally, to all of our contractors and suppliers who continue to stick by us, it is great to see us sticking together and work flowing at site and in the office. We look forward to continuing to work with you and thank you for all of your efforts.

The Company has continued looking at further studies around separated heavy rare earth products utilising various technologies. These are all early programs to assess the viability of the various separation technologies.

The $51 million road upgrade from Halls Creek to Ringer Soak which was announced by the Federal and State governments in May 2019, advanced significantly during the financial year.
The upgrades completed, especially at the Sturt Creek crossing, prior to the wet season

Ore Sorter: The ore sorting system installed at the Pilot Plant.

demonstrated the effectiveness of these measures during a particularly heavy wet season. This project should be completed over the course of the next couple of years and permanently improve access over subsequent wet seasons.

Exploration focus increased during the course of the year. The Company aims to continue to fund exploration programs over the next 12 to 18 months to endeavour to increase the existing resources and reserves for a potential full scale operation. A $5 million drilling program was conducted during the June 2021 quarter and the Company has committed to spending just over $10 million for the 30 June 2022 financial year.

Simon Pooley was appointed as General Manager Geology following the resignation of long time Exploration Manager Robin Wilson. Robin was instrumental in the setting up of the Company, the relationship built with the local indigenous community and of course the discovery of our rare earth deposits at Browns Range. I personally would like to thank Robin for his 15 years of service and commitment to the Company and wish him well in all his future endeavours. We welcome Simon to the executive team and also congratulate long time employee Kurt Warburton on his appointment as Exploration Manager.

There were no shipments during the year as a result of COVID-19, the partial start-up of the pilot plant and a change in focus in relation to batch processing testwork through the plant.

The other main financing activities to highlight for the Company in the 2021 financial year in addition to those noted above, are as follows:

- In addition to the $20 million placement in February 2021, the Company received a further $6.57 million in the first quarter of the 2021 financial year completing the $22 million capital raising announced on 20 April 2020.
- In November 2020, the Company received a further $8.7 million for its 2020 financial year refundable Research and Development tax offset for its eligible R&D work.
- The $4 million convertible note held with JHY was due to mature on 31 December 2019. The Company successfully negotiated an extension of the maturity date on the convertible notes for a further year. Following the receipt of the ATO refunds, the Company immediately reduced its debt with the early repayment of the outstanding convertible note.

Skills: CEO Mark Tory addressing graduates of the Training to Work program and their families.

- The Company was also able to settle all outstanding payments due to Sinosteel ($4.5 million) for the construction of the Browns Range Pilot Plant under the EPC contract.
- The Company issued 50,000,000 fully paid ordinary shares to a nominee of Lind Global Macro Fund, LP as a result of the conversion into shares of $0.80 million of the face value of the replacement convertible security in July 2020. The Company also issued a further 66,666,667 fully paid ordinary shares in August 2020 as a result of $1.2 million of the face value of the replacement convertible security being converted into shares. Following this conversion there were no amounts outstanding under the replacement convertible security.
- Lind also elected to reduce the collateral shareholding number of fully paid ordinary shares of 60,000,000 shares to zero, by paying the Company $1.08 million in cash in relation to the above funding arrangement.

Northern Minerals is continually striving to move towards an economic full scale operation. The learnings from the pilot plant are being used during the current financial year to complete a feasibility study for a full scale beneficiation plant. This will then be assessed by management and the Board in relation to the viability of the project and the funding requirements.

Rare earths have continued to become globally significant and it continues to be an education process with governments and industry in relation to the supply chain of rare earths and the dominance of China in this area. The trade tensions continue between the US and China and this has led to ongoing media coverage in relation to heavy rare earths and increased interactions with industry and government. Rare earth prices have also increased significantly over the course of the year.

At Northern Minerals, we are doing our bit, in developing alternative global supply chains, providing environmentally safe dysprosium. In the coming year, we will look to complete a feasibility study for a full scale beneficiation plant, continue studies in downstream processing, look for exploration success on the back of increased drilling to expand our resource and reserve base with the aim of being in a position at the end of 2021–22 to hopefully push the button on the full scale beneficiation plant if all of the planets align.

My thanks again to members of the Board, employees, contractors, suppliers, federal, state and local governments, the Jaru and broader community.

Mark Tory
Chief Executive Officer

ENVIROMMENT, SOCIAL & GOVERNANCE

Northern Minerals is proudly positioned as a world leader in ethically produced heavy rare earths. The current global supply chain for heavy rare earths is dominated by China and exposed to considerable environmental, social and governance (ESG) risks.

Operating in a Tier 1 jurisdiction, Northern Minerals' hardrock mining and conventional processing techniques are governed by a globally-accepted regulatory framework, offering offtake partners much lower ESG risk exposure in comparison. Integrity and traceability of supply chains is a growing expectation of global consumers of technology products.

As a significant part of Northern Minerals' corporate culture, long term sustainable business practices in line with ESG principles have always been a priority, long before the Company transitioned into production at Browns Range.

Not only are these practices linked to our social licence to operate, we believe that consideration of ESG factors will aid in the identification of material risk and growth opportunities, and optimise long term shareholder returns.

Northern Minerals strives to make a positive contribution to the communities in which we operate. Respect is at the core of this – respect for Western Australia's people, environment and Aboriginal heritage.

We do this through employment and training programs for local communities, robust and transparent environmental management, and the provision of a safe working environment for our people and contractors.

Stakeholder engagement

The Company has worked hard over the reporting period to maintain regular and meaningful communication with all stakeholders, while dealing with the complications that arose from COVID-19 and the Remote Aboriginal Community Directions.

Protecting local Aboriginal communities from the risk of COVID-19 has been of utmost importance while recognising that training and job opportunities are also crucial to the livelihood of many individuals in the area.

No complaints were received during the reporting period.

We continue to maintain a good relationship with Heytesbury Cattle Company who holds the pastoral lease that the project sits on.

The Company recognises and respects that there are areas of special heritage and cultural significance and continues to honour our agreement with the Jaru community when managing land clearing, protecting heritage values, and environmental management and reporting. These values are embedded in our culture, policies and procedures and are reinforced through ongoing education and training.

A new Cultural Awareness training program is being created, with all staff members expected to complete the training by the end of the calendar year.

During the year, the Company completed a heritage survey with Jaru Traditional Owners to clear sites at Browns Range for further exploration drilling. We have also worked closely with the Purnululu and Malarngowem communities to arrange heritage surveys on their Native Title lands respectively.

Several charitable requests from the local community have been met with the donation of materials to be used in projects, and the contribution of a grader and operator to clear an area to be used for Lore ceremonies.

Retention of local Aboriginal employees over this period was very positive, with two employees moving from contract work to full time employment with Northern Minerals.

Northern Minerals maintains our relationship with Djaru Contracting, who provides a front-end loader and operator for the loading of ore from the stockpile into the crusher. We have extended this relationship to include providing local staff for short term contracts on the processing plant.

This allows us greater access to local employees on an as needed basis.

There are currently seven people living in the Ringer Soak Aboriginal community located 50km from the project area who work at Browns Range for either Northern Minerals or our contractors.

Training to Work program

Support: The trainers and initial participants of the Training to Work program.

The Training to Work program had many challenges during the year due to COVID-19 restrictions and events that took place in the local community. The October 2020 training program was cancelled at the request of the Jaru Implementation Committee due to an accident that occurred near Ringer Soak.

The first Training to Work program took place in August of 2021 (outside of the reporting year) and was very successful. The program gives people with limited or no previous experience an opportunity to live and train at Browns Range over a three-week period. Six local Aboriginal people were selected from a group of over 30 applicants and prepared to come to site.

During the training, the students completed both a Certificate I in Resources and Infrastructure Operations and practical skills workshops while completing tours and demonstrations of the different areas on site.

The training was based in the purpose-built training room which is located adjacent to the process plant. The proximity to an operational processing plant allowed the students to gain practical knowledge which cannot be obtained from classroom learning only.

A graduation ceremony was held at the end of the training so that the student's families and elders from the community could be present

to watch the students graduate. All six students have been offered positions with either Northern Minerals or our contractors.

Environmental management

Northern Minerals is committed to producing ethically mined rare earths and integrate risk-based environmental management throughout our operations. We strive for continual improvement of our environmental performance, efficient use of resources, and prevention or minimisation of pollution. We consider high environmental standards a critical part of our operations.

Northern Minerals completed environmental permitting for the construction of an ore sorting circuit at the Browns Range Pilot Plant in the latter part of 2020. Construction and commissioning of the circuit were subsequently completed in the first half of 2021.

Our ISO14001-aligned Environmental Management System (EMS) continues to evolve and keep pace with our changing operations, to ensure we are effectively managing risk and driving continual improvement of our performance. Key improvement initiatives during the year included efforts to increase skills and build capacity in the exploration

field team to conduct pre-clearance surveys for conservation significant fauna, thereby ensuring biodiversity values are well-protected. Formal wet season preparedness protocols and tools were also developed to better manage the unique challenges presented by the monsoonal climate in which we operate and related environmental risk.

Good reporting is an important part of environmental management and we prepared and submitted all required statutory reports to the Department of Mines, Industry Regulation and Safety (DMIRS) and the Department of Water and Environmental Regulation (DWER). Internally, environmental incidents and issues are included in the daily production report and environmental performance is also included in the monthly report to the Board.

Northern Minerals reported two (2) breaches of environmental licence conditions related to management of the Pilot Plant Event Ponds at the commencement of the 2020/2021 wet season. While, neither breach resulted in environmental harm, they provided valuable learnings which prompted the development of formal wet season preparedness protocols in line with other Northern Australian mining operations.

We believe that rehabilitation and preparing for closure is an integral part of the mining process and continue to review our closure planning and undertake progressive rehabilitation as areas become available. Currently, all available mining activity-related areas have been rehabilitated and there are no further opportunities for progressive rehabilitation.

An extension of the timeframe provided to rehabilitate several exploration areas was granted by DMIRS in the first half of 2021, following delays caused by the COVID-19 pandemic and subsequent wet seasons. Northern Minerals will continue to consult with DMIRS, keeping them informed of rehabilitation progress, with the aim of completing all outstanding rehabilitation prior to the onset of the 2021/2022 wet season.

The Mine Closure Plan continues to evolve with the Project, with a further revision occurring in early 2021. Regular review of our financial provisioning for closure ensures it remains sufficient to successfully rehabilitate mining disturbance and meet closure commitments. Our ongoing closure studies, which include rehabilitation and in-situ kinetic leach trials continue to provide valuable information that will inform future closure planning.

Practical: Training to Work program members getting familiar with Pilot Plant operations.

PEOPLE AND CULTURE

Despite the ongoing impacts of COVID-19 and a tumultuous 2020, it has been pleasing to see an increase in the motivation and engagement of our workforce.

Results from our most recent employee survey conducted in March this year, revealed a high level of engagement with a 25% increase in overall engagement in comparison to results from 2019.

This is a reflection of the strong culture that we have developed, which continues to be a key driver of our success.

As we enter this next exciting phase, we are committed to the continued support and development of our people and keeping our SPIRIT at the forefront of everything we do.

Our priorities for our current workforce will focus on retention and engagement, with an emphasis on improving work life balance, training and development and career progression.

Additionally, we remain cognisant of the current skills shortage and the ongoing impact of COVID-19 and the significant risk these both present to our plans for expansion. It is critical we are proactive in maintaining the momentum and building a pipeline of talent to ensure we have a fit for purpose workforce in 2022.

Executive Team

Our executive team is accountable for upholding our SPIRIT values and leading the business to achieve its vision of becoming the next significant producer of dysprosium and terbium outside of China. Our executive team has seen a partial changing of the guard over the last 12-18 months.

Mark Tory
Chief Executive Officer

In July 2020 Mark Tory was appointed to the role of Chief Executive Officer for Northern Minerals. Mark has been a long-serving employee of Northern Minerals, previously holding the position of CFO and Company Secretary over an eight-year period. Mark has played an integral role in establishing Browns Range as a significant heavy rare earth producer and has shown great leadership in the CEO role over the last 12 months during a tough and uncertain period.

Robin Jones
Chief Operating Officer

Robin Jones joined the Company in June 2012 and was charged with turning Browns Range from a concept into reality. Under Robin's leadership, the Pilot Plant Project has been constructed and is now operational. Robin is now leading Browns Range through to the next phase of our growth.

Simon Pooley
General Manager Geology

In April 2021, Simon Pooley commenced as General Manager Geology after our long serving Exploration Manager, Robin Wilson tendered his resignation. Simon has more than 30 years of local and international experience encompassing roles in the corporate, exploration, mine development and operations areas. Simon brings with him a high level of technical knowledge along with strong leadership and management experience.

Hayley Patton
HR Manager

Hayley Patton joined the Company in early 2019 and has more than 15 years' experience in senior leadership and management roles withing the mining and resource sector and other industries. Hayley has a strong background in strategic, value driven HR practices.

End product: Rare Earth Carbonate produced at Browns Range, bagged (above) and being inspected by staff (left).

Board of Directors

The Board of Northern Minerals has a diverse set of backgrounds and skills that has been invaluable in providing support to the executive team. The following Board members are current as at the date of this report.

Colin McCavana
Non-executive Chairman

(appointed 2006)

Mr McCavana has more than 35 years of management experience worldwide in the earthworks, construction and mining industries. Mr McCavana was temporarily appointed to the role of Executive Chairman between June and July 2020 during the transition of Company leadership.

Ming Lu
Non Executive Director

(appointed 2018)

Ming is a senior finance executive based in Brisbane, with over 15 years of commercial experience in successful multinational businesses worldwide. Professionally he is member of CPA Australia and Australian Institute of Company Directors. Throughout his career, he has gained versatile industry experience in manufacturing, engineering and R&D, education, mining services and private equity.

Liangbing Yu
Non Executive Director

(appointed 2020)

Liangbing has over 20 years' experience in business operations and management. This includes investment analysis and strategy setting and implementation. Liangbing is based in Beijing, China and has a dual bachelor degree in Investment Economics and Economic Law from Huazhong University of Science and Technology.

Bin Cai
Non Executive Director

(appointed 2021)

Bin is the MD of Conglin International Investment Group Pty Ltd based in Brisbane. He has a record of successful strategic investments in emerging Australian resources companies based on his long experience in resource investment. Bin has been a member of the Board since 2013 in the capacity of alternate Non Executive Director.

Northern Minerals **SPIRIT** framework drives our culture

SAFETY

Safety is our leading core value. It encompasses the physical health of every employee and the success and profitability of the Company. Safety and production are considered inseparable and equally important.

PEOPLE

Our strategy is to employ and retain talented and motivated people to lead the organisation.

INTEGRITY

The Company is committed to responsible and ethical business practices. We care about safety, the environment and local communities, and act with honesty and integrity.

RESULTS

We deliver on commitment and take accountability to achieve our long-term objectives.

INITIATIVE

The Company moves forward in its operations by encouraging and rewarding creativity, and initiative among its employees. We embrace great ideas and lateral thinking from everywhere and everyone.

TEAMS

All company functions are equally important. It's only by working together productively and sharing ideas, technologies and talent that we achieve and sustain profitable growth.

COO Report

COO REPORT

The research and development (R&D) testwork program recommenced at the Browns Range Pilot Plant in August 2020, with the partial restart of operations following a five-month care and maintenance period due to Commonwealth biosecurity restrictions in response to COVID-19.

Operations at Browns Range continued with the R&D testwork program in the first half of the year with the focus in the second half of the year on the completion of construction and commissioning of the ore sorting system.

An early wet season occurred this year with significant rainfall in the first week of December 2021 resulting in intermittent main access road closures until the road was closed continuously from 22 January through to 8 April 2021. The road closure prevented the transport of fuel and materials to Browns Range which impacted the ability to operate the Pilot Plant and also slowed the construction progress of the ore sorter system.

Nevertheless, two targeted R&D testwork programs were successfully completed on both the beneficiation plant and hydrometallurgical plant, and the ore sorter system was constructed and commissioned by year end.

Excellent operational and performance data was recorded from this R&D testwork which will contribute to the assessment of the economic and technical feasibility of a commercial, larger scale development at Browns Range

Northern Minerals identified a market opportunity in the March quarter to pursue the development of a full-scale production operation with processing via a standalone commercial-scale beneficiation plant to produce a saleable heavy rare earth xenotime concentrate product.

Several facilities outside of China, including within Australia, have been identified with likely future capability and capacity to process the heavy rare earth xenotime concentrate produced at Browns Range.

The Company commenced a feasibility study in the March quarter to assess the commercial viability of developing the full scale beneficiation plant at Browns Range.

Pilot Plant operations

The partial restart of the Pilot Plant commenced in August 2020 and focused on targeted R&D testwork in the beneficiation circuit followed by tests in the hydrometallurgical circuit. The partial restart allowed us to bring three-quarters of our site-based personnel back to work in late July 2020.

Beneficiation plant testwork included specific magnetic separator tests and flotation tests, with the testwork on Gambit West and Wolverine ores completed in the December quarter. Hydrometallurgical plant testwork followed and focused on continuous operation of the water leach and purification circuits, and was completed in January 2021.

During financial year 2021, the Pilot Plant milled 3,456 tonnes of ore and produced 40,406 kilograms of Rare Earth Carbonate (REC) containing 1,835 kilograms of dysprosium oxide and 233 kilograms of terbium oxide.

This brings total production of REC to date from the Pilot Plant to 211,109 kilograms. The REC produced to date contains a total 103,731 kilograms of Rare Earth Oxide, which in turn contains 9,751 kilograms of dysprosium oxide and 1,245 kilograms of terbium oxide.

Commissioned: The ore sorter circuit in place and operating at the Pilot Plant.

Work on upgrading the main access road (Duncan Road and Gordon Downs Road) to Ringer Soak and Browns Range continued during the year, with significant progress made in the second year of a three-year program. The road upgrade program resulted from the $51 million allocation of funding by the Federal and State governments and will potentially allow for the operation to run continuously once completed.

Ore sorting

After being on hold for six months, the ore sorter project recommenced in July 2020 with Board approval to progress mechanical and structural related work. Northern Minerals gained the regulatory approvals from relevant State authorities for the installation of ore sorting equipment at Browns Range and commenced construction in the first quarter.

The Company successfully completed the installation and commissioning of the ore sorting system at the Brown's Range Pilot Plant in June 2021. With the ore sorter circuit in place, the Company will now carry out further testwork on large bulk ore samples in the coming year to validate the technical and economic benefits of ore sorting for Browns Range.

Acquiring this larger scale data set will allow for the more reliable application of forecast economic improvements in processing the broader Mineral Resource endowment. This work will also help evaluate material flow-through benefits of ore sorting on overall processing efficiencies.

The ore sorting equipment concentrates ore prior to the beneficiation circuit by selecting ore and rejecting waste based primarily on x-ray transmission detection. Previous laboratory bench-scale tests of the technology on Browns Range ore identified the potential to significantly increase the feed grade to the mill. Subject to further large bulk ore testwork, the investment in an ore sorting system at Browns Range is expected to materially improve feed grade and reduce overall processing costs.

Results from this bulk ore testwork will be a key input into the feasibility study currently under way to produce a heavy rare earth xenotime concentrate from a commercial-scale beneficiation plant at Browns Range.

Feasibility Study - full scale beneficiation plant

With the identification of potential offtake partners for a heavy rare earth xenotime concentrate combined with the promising results from the Pilot Plant R&D testwork and the bench scale ore sorting testwork results, a feasibility study is under way to assess the commercial viability of developing the full scale beneficiation plant at Browns Range to produce a heavy rare earth xenotime concentrate.

A full scale beneficiation plant at Browns Range represents an accelerated pathway to commercial-scale production and is a lower risk approach compared to pursuing a full-scale version of the Browns Range Pilot Plant, which includes both the beneficiation and hydrometallurgical processing circuits.

Product: Heavy rare earth xenotime concentrate production.

The bulk ore sorting testwork under way in financial year 2022 is a key input for the full scale beneficiation plant feasibility study which will also leverage off the substantial technical, operational and economic data from the R&D testwork at the Pilot Plant since 2018.

If approved by the Board, developing the beneficiation plant first could potentially deliver cashflow to the Company at least two years earlier than the more complex project.

The Company would then consider funding the additional studies required out of cashflow to assess the feasibility of expanding its processing operations to include the hydrometallurgical plant, and also downstream product separation.

Research & Development (R&D)

A total of 271 individual Research and Development (R&D) experiments were originally planned for the duration of the three-year Pilot Plant stage and additional experiments have been done based on new information obtained from the experiments done to date.

In financial year 2021, experiments were conducted on all areas of the plant, including ore sorting, fine grinding, magnetic separation, flotation, sulphation bake, leaching, purification, ion exchange, rare earth precipitation and wastewater treatment.

The major focus in financial year 2021 was on building, commissioning and starting tests on the ore sorter, and on running campaigns on the beneficiation and hydrometallurgical plants with both Gambit and Wolverine ore. These campaigns were test runs on sections of the plants, with experiments done on the continuously operating plant with multiple plant measurements and stream analyses to confirm the behaviour of the plant with different ore feeds.

In the coming financial year, R&D tests will continue on the ore sorter and on the behaviour of the ore sorted material being processed in the beneficiation and hydrometallurgical plants.

Work will also continue on developing a new technology for the sulphation baking process to replace the conventional rotary kiln process that is currently used.

Testwork on the behaviour of material from the Area 5, Banshee and Dazzler deposits in the ore sorter and the beneficiation circuit will be undertaken.

Product separation

Browns Range has only produced a mixed heavy rare earth carbonate for small scale export to our early off-take partners. The next stage in the supply chain is to separate the mixed heavy rare earth carbonate into individual rare earth products.

The Company commenced a scoping study in 2019 to the investigate a separation technology on intermediate mixed rare earths materials produced at Browns Range with United States based K-Technologies, Inc. (K-Tech), whose technology is focused on continuous ion exchange (CIX), continuous ion-chromatography (CIC) and related advanced separation methodologies.

The study initially made good progress in separating rare earths into groups of products (light, mid and heavies) but further progress to purify these groups into individual rare earth elements has stalled, partly due to the constraints associated with COVID-19 but also due to technical problems with impurities that has not been resolved.

The Company also commenced studies into traditional solvent extraction separation and variants thereof, for separating the mixed heavy rare earth material produced at Browns Range into individual rare earth products and is also working with a US technology institution and an Australian university on alternate separation technologies.

Offtake and Market

During the year, Northern Minerals produced 40 tonnes of Rare Earth Carbonate (REC) which was shipped to Darwin for sale to thyssenkrupp Materials Trading GmbH (thyssenkrupp) under the existing off-take agreement.

Dysprosium and terbium demand

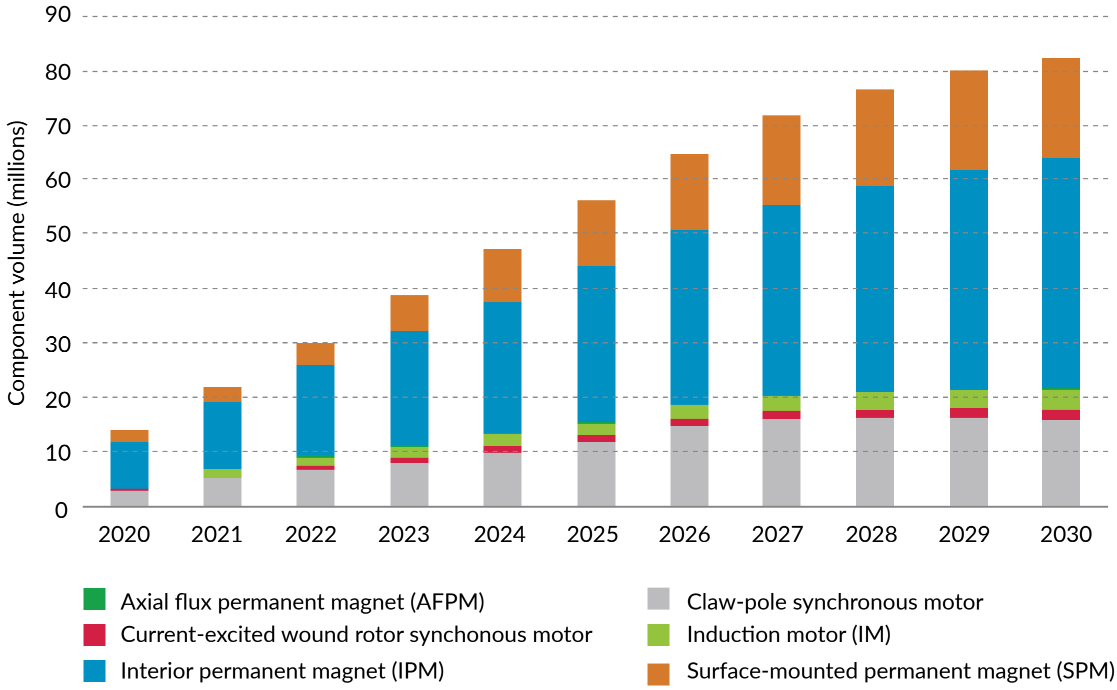
Both dysprosium and terbium, the primary payable commodities from Browns Range production, are critical elements in the permanent magnet (NdFeB) motors used in E-mobility powertrain applications.

Global light vehicle production is forecast to reach more than 100 million units by 2030 with more than half of expected to be electric, full hybrid and mild hybrid electric vehicles.

The production of E-motors for light vehicles increased from 11 million units in 2019 to 13.9 million units in 2020 and is further expected to increase by 57% to 21.8 million units in 2021.

By 2030, the global light vehicle EV market is forecast to be dominated by permanent magnet motor powertrains with greater than 75% share of the market.

Robin Jones
Chief Operating Officer



Source: Global light vehicle motor technology trend (CWIEME Global).

Exploration & Geology Report

EXPLORATION & GEOLOGY REPORT

The 2020-21 financial year saw significant exploration activity at Browns Range. Several drilling programs totalling 8,500 metres of reverse circulation drilling have been undertaken during the reporting period with the main focus continuing to be the Dazzler deposit and the Banshee South area.

The primary objective of the program was to increase the heavy rare earth Mineral Resource and life of mine potential at Browns Range (Figure 1). Higher-grade resources of the Dazzler unconformity related type will be the priority going forward targeting radiometric anomalies within the south-east corridor from Dazzler to the Northern Territory border (12km strike). This area includes the Rogue, Pulse and Quicksilver targets (Figure 2).

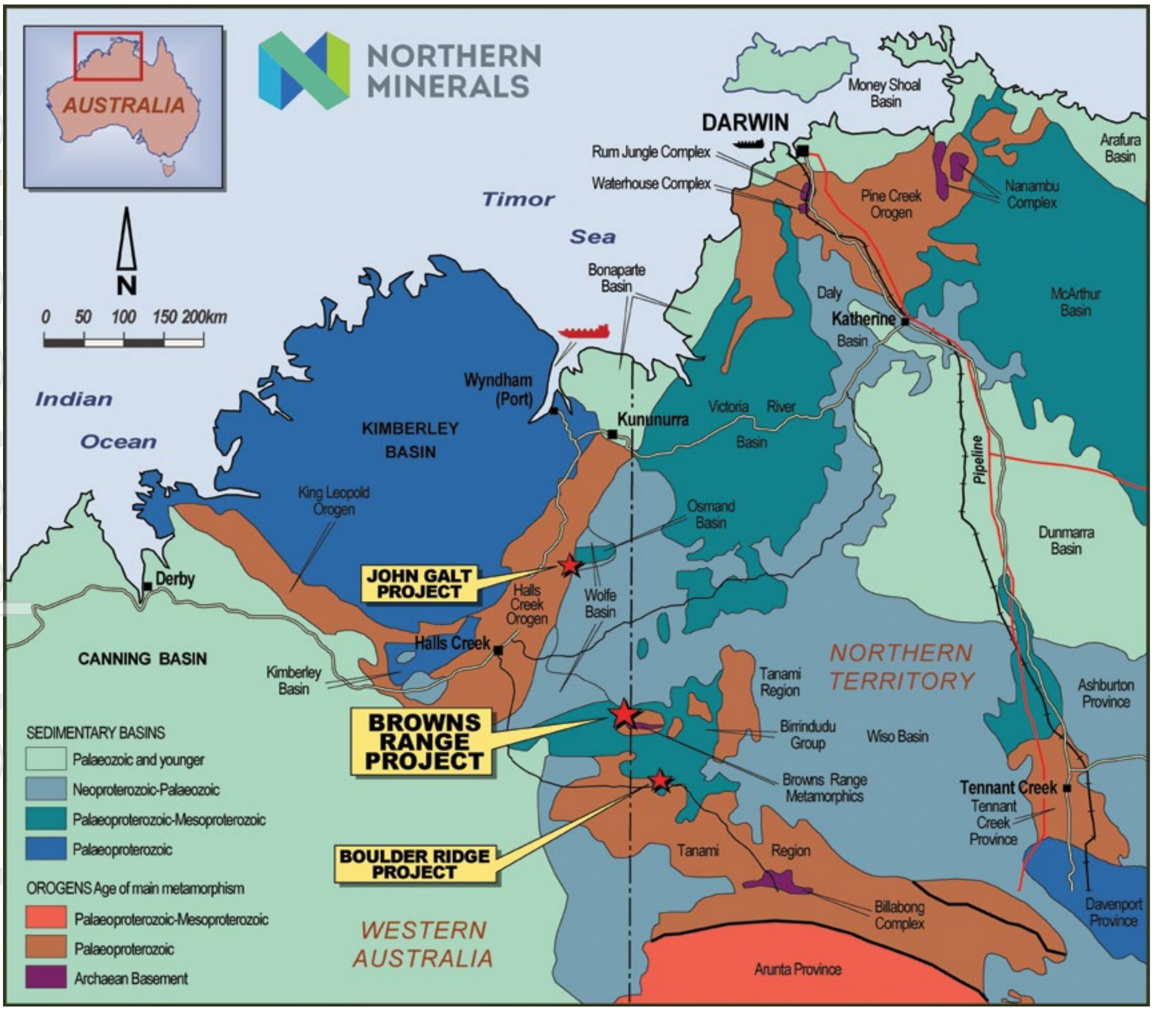


Figure 1: The geological setting of Northern Minerals' major projects in Western Australia and the Northern Territory

Dazzler

The Dazzler deposit is located less than 15 kilometres south of the Browns Range Pilot Plant on the edge of a small scarp slope. In April 2020 an updated Mineral Resource estimate for Dazzler was completed. An Inferred Mineral Resource of 214,000 tonnes at 2.33% TREO comprising 5,000,000 kilograms contained TREO using a cut-off of 0.15% TREO was estimated (ASX announcement on 7 April 2020). The grade of the Dazzler deposit is more than three times the average for the Total Browns Range Project Mineral Resource with 95% of the rare earths being heavy rare earths and the average grade of dysprosium being 2,170ppm.

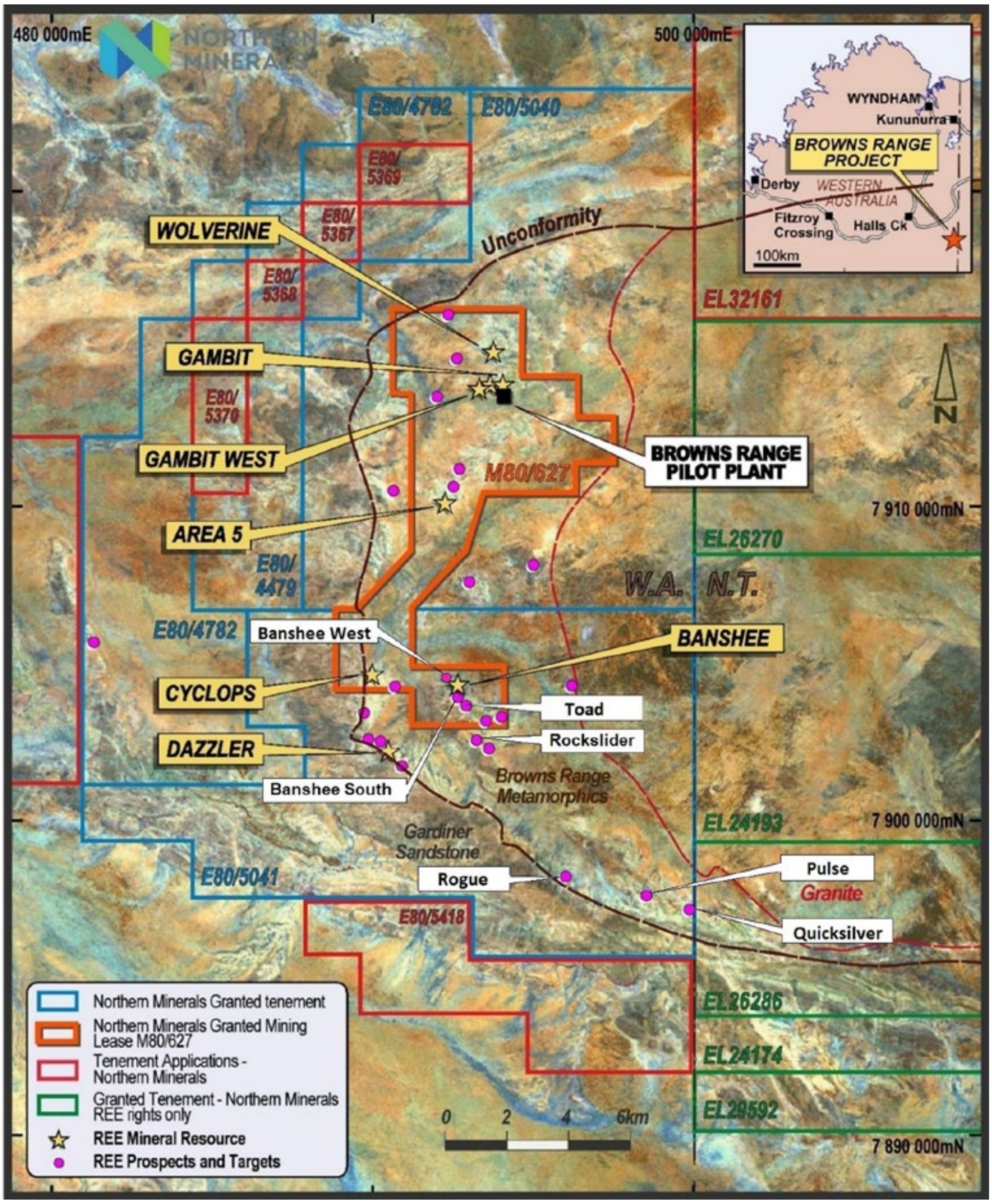


Figure 2: Prospective SE “Dazzler Style” Corridor, including recent greenfields targets

The high-grade mineralisation occurs predominantly within an argillaceous metasediment which lies immediately below the Mesoproterozoic Gardiner Sandstone unit and directly above the unconformable contact with the older Archean Browns Range Metamorphics. The resource estimate includes three separate zones including the Iceman prospect, which are southeast of the main zone at Dazzler. Mineralisation also occurs within the Browns Range Metamorphics but this tends to be lower grade and has not been included in the resource estimate. Further drilling was completed in the second half of 2020 with infill drilling and step out drilling to the northwest.

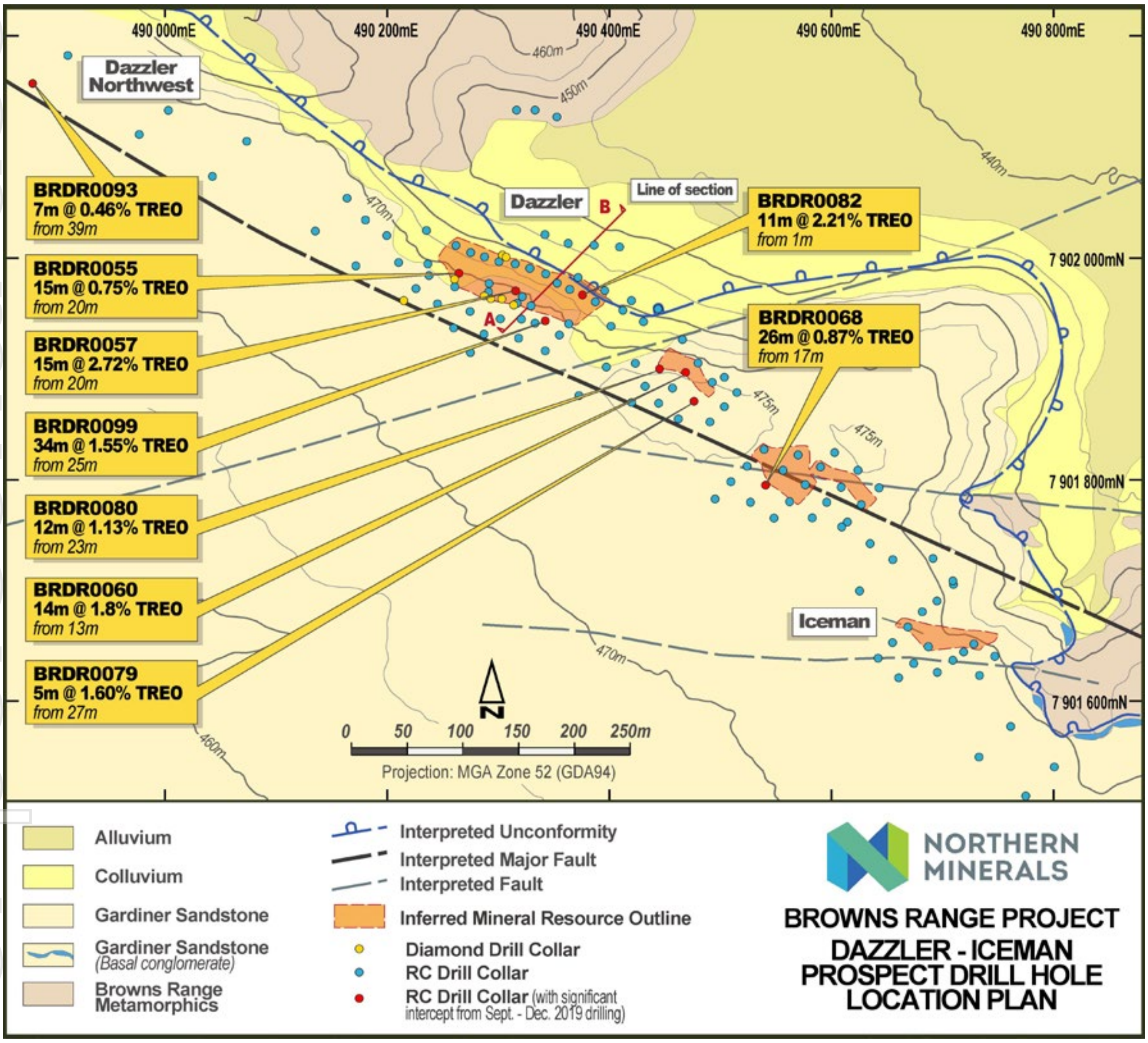


Figure 3: Dazzler and Iceman Prospects - Drill Hole Location Plan

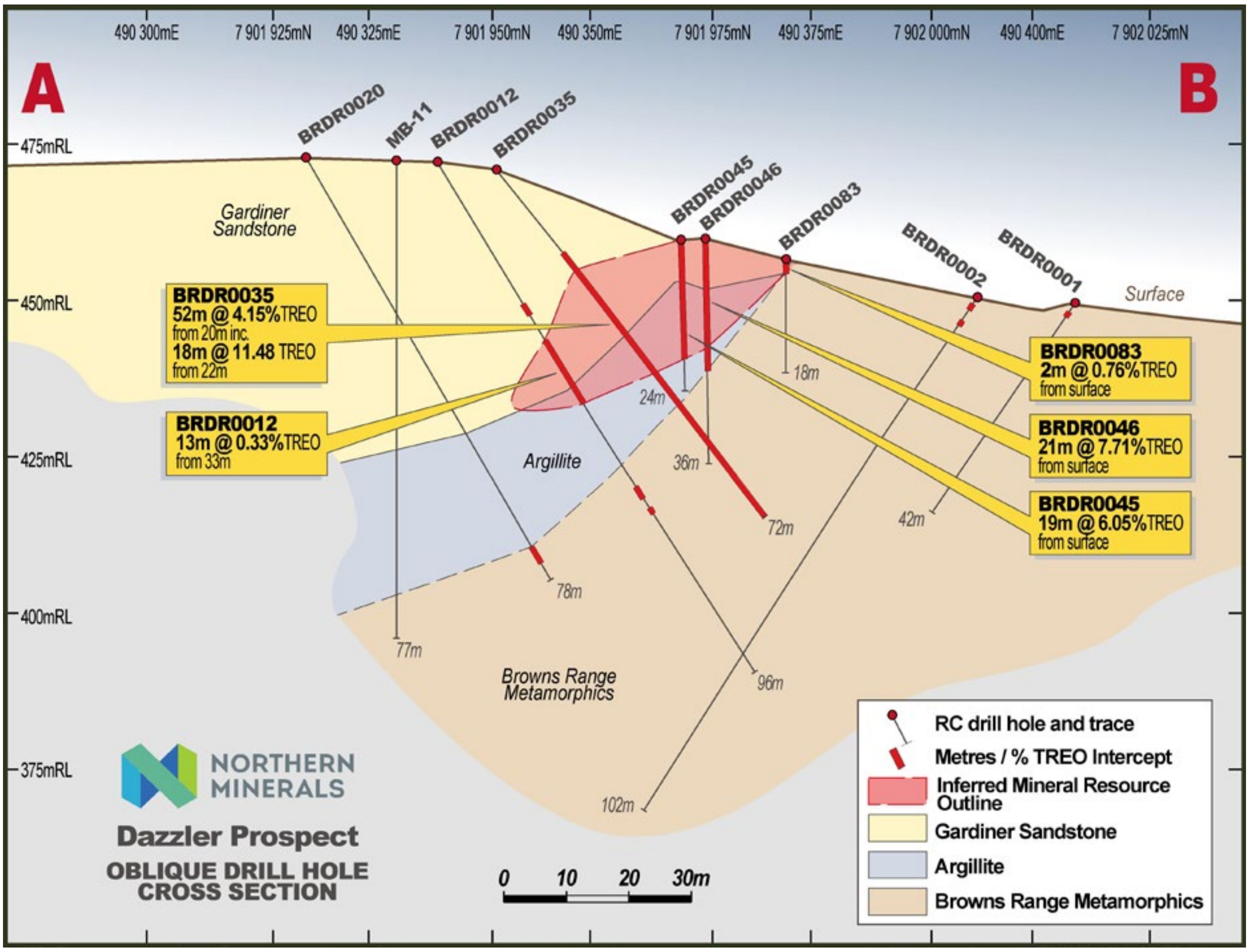


Figure 4: Dazzler Prospect - Oblique Drill Hole Cross Section

Other Browns Range WA prospects

The continued exploration success at the Dazzler prospect has highlighted the potential for significant mineralisation to occur in the Gardiner Sandstone and argillite adjacent to the unconformity with the underlying Browns Range Metamorphics. The "structural corridor" from Dazzler extending south-east towards the Northern Territory border (a strike length of approximately 12km), close to the unconformity, is considered prospective for this style of deposit. Within this corridor lies the Rogue, Pulse and Quicksilver prospects where mineralisation has already been identified.

During 2020-21, RC drilling was completed at a range of prospects and deposits besides Dazzler, including Banshee South, Gambit West, Rogue, and Toad. The Banshee area including Banshee South and Banshee West is establishing as a potential high tonnage lower grade (>0.25% TREO) prospect that will be extensively drilled during the second half of 2021.

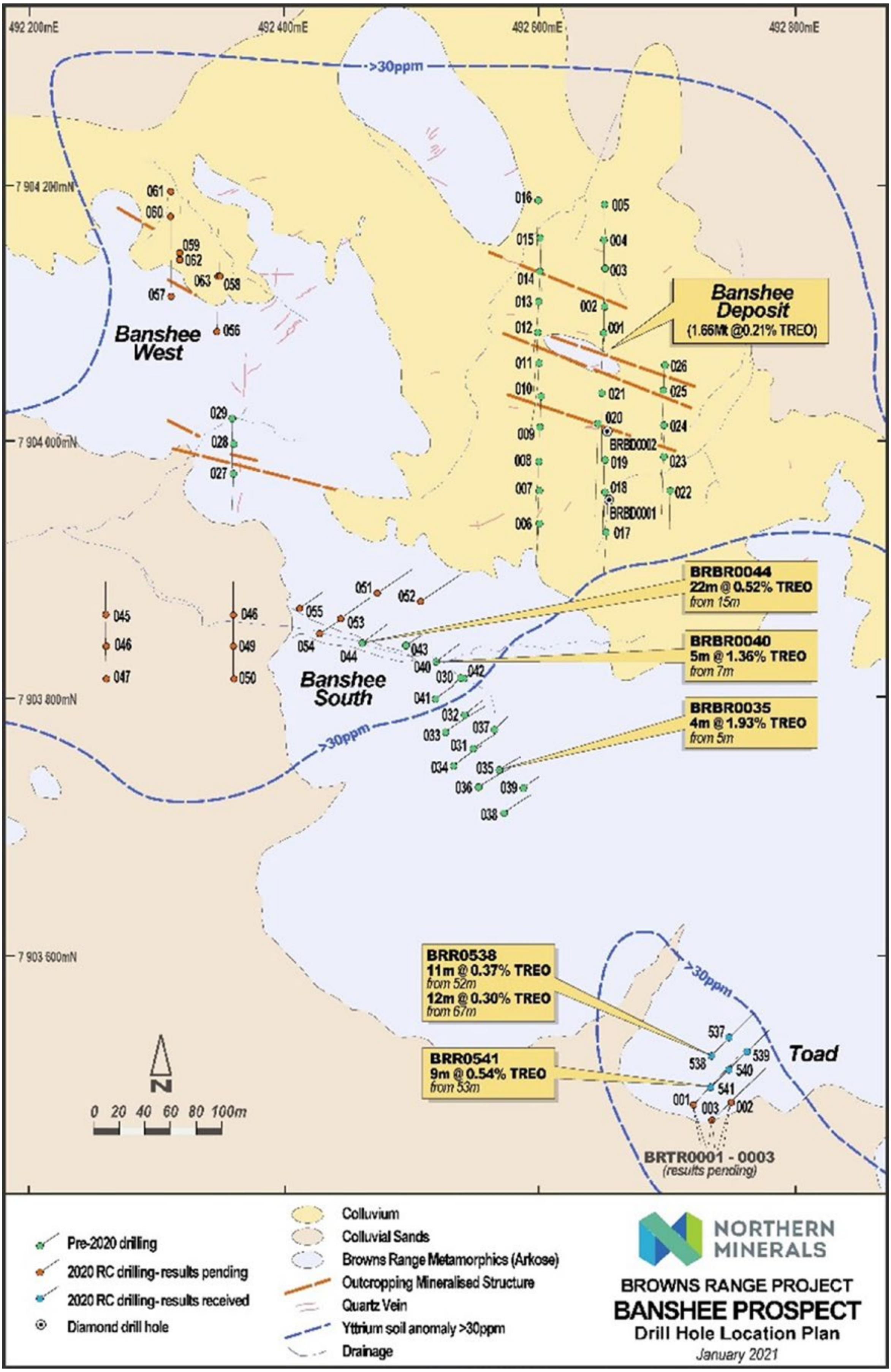


Figure 5: Banshee Prospect Drill Plan

Boulder Ridge

The Boulder Ridge Project is in the Northern Territory, approximately 110km from Browns Range. Drill ready targets have been identified with xenotime mineralisation in a similar geological setting as Browns Range. On-ground exploration was cancelled in 2020 due to travel restrictions imposed by the NT and WA governments in response to the COVID-19 pandemic, but first-pass drilling is now being planned for mid-2021.

Toad Prospect

Eight RC holes for 580 metres were completed at the Toad prospect in late 2020.

Toad is approximately 250 metres south-east of the Banshee South prospect (see Figure 2) and was identified as an area of anomalous surface portable XRF yttrium readings and a uranium radiometric anomaly.

The target is adjacent to a north-south trending quartz vein/breccia and an interpreted northwest-southeast trending regional structure.

The initial drilling comprised five drill holes on two fences, drilled at an inclination of 60 degrees towards the northeast. A further three holes were drilled to follow-up on the anomalous portable XRF readings in the first five holes. Details of the recent exploration drilling results were reported on 18th January 2021 (ASX announcement “First drilling results indicate potential for Mineral Resource growth at Browns Range”).

The significant intercepts include 9m @ 0.54% TREO from 53m in BRR0541 and 11m @ 0.37% from 52m in BRR0538. Mineralisation occurs within altered arkosic sandstones similar to the Banshee deposit. Follow-up drilling is being planned to commence at the end of the northern wet season.

Exploration commitment: Drilling at the Toad prospect in late 2020

Browns Range Northern Territory

The Browns Range Dome (Figure 6) is a large oval-shaped structure, approximately 60 kilometres by 30 kilometres in extent, that lies on the Western Australian (WA) and Northern Territory (NT) border. To date nearly all the Company's exploration at Browns Range has been focussed on the WA side of the Browns Range Dome, which only covers approximately 15% of the area of the Dome. In 2021-22, the Company plans to recommence exploration on the NT side of the Dome, initially focussed on the southern margin of the Browns Range Dome. This however was significantly delayed due to COVID-19 restrictions.

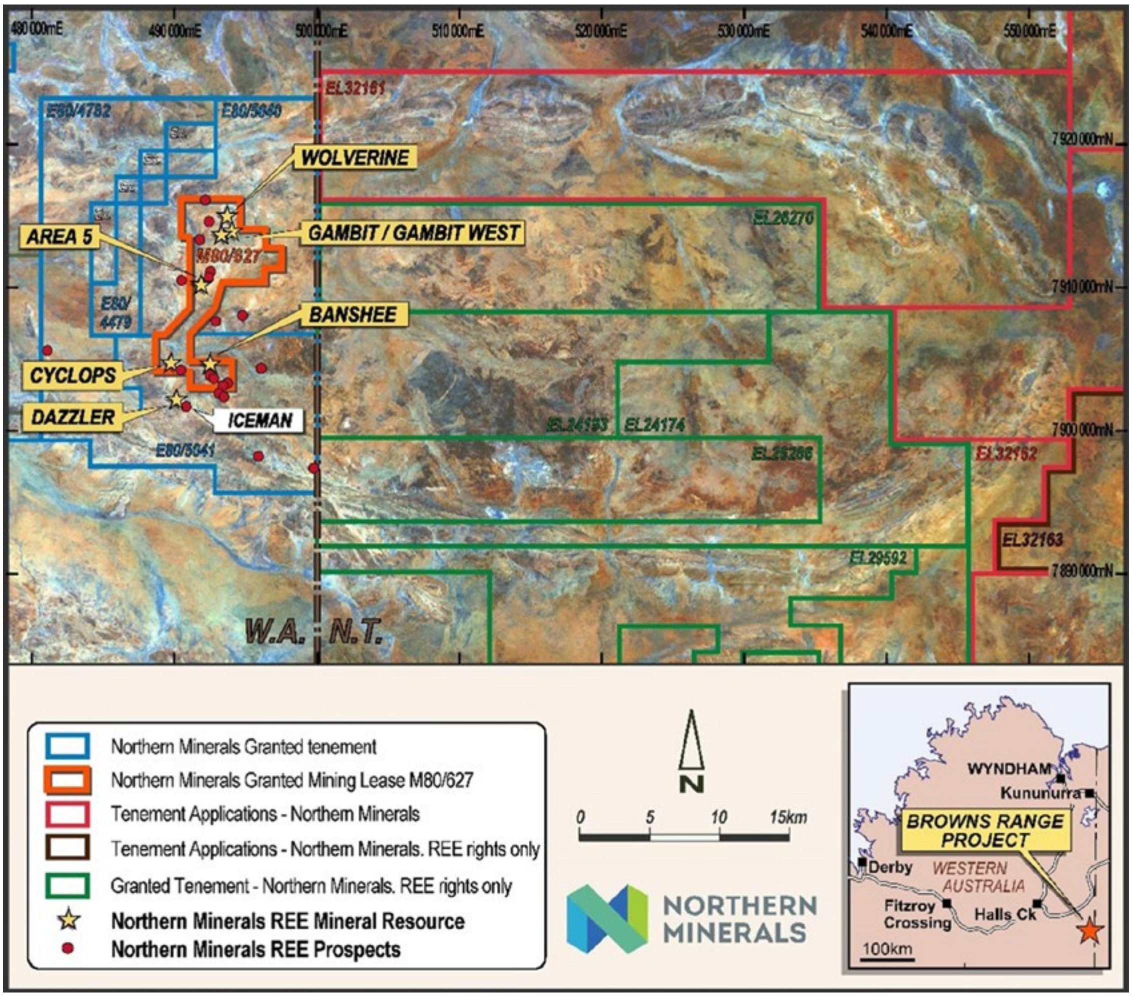


Figure 6: Northern Minerals' tenement position covering the Browns Range Dome.

Boulder Ridge

The Boulder Ridge Project is in the Northern Territory, approximately 110 kilometres from the Browns Range Project. Drill ready targets have been identified with xenotime mineralisation in a similar geological setting as Browns Range. On-ground exploration was cancelled in 2020 due to travel restrictions imposed by the NT and WA governments in response to the COVID-19 pandemic, but first-pass drilling is now being planned for early 2022.

John Galt

The Company's 100%-owned John Galt Project near Warmun, WA (Figure 7) has high-grade heavy rare earth mineralisation with a drill ready target. However, exploration work in recent years has been focused on the copper mineralisation.

In October 2019, the Company undertook a selective rock chip sampling program over an area of 2 kilometres by 0.5 kilometres, located 3-4 kilometres to the south of the John Galt Heavy Rare Earth Prospect, which was focused on previously identified copper occurrences.

Of the 24 samples collected and analysed, 12 returned assays of greater than 1.0% copper. The higher-grade copper samples mostly occurred in a cluster over 500 metres of strike length. Anomalous gold and silver assays were also associated with some of the anomalous copper samples.

Follow-up work is planned in 2021-22, which will initially include ground geophysics with follow up RC drilling.

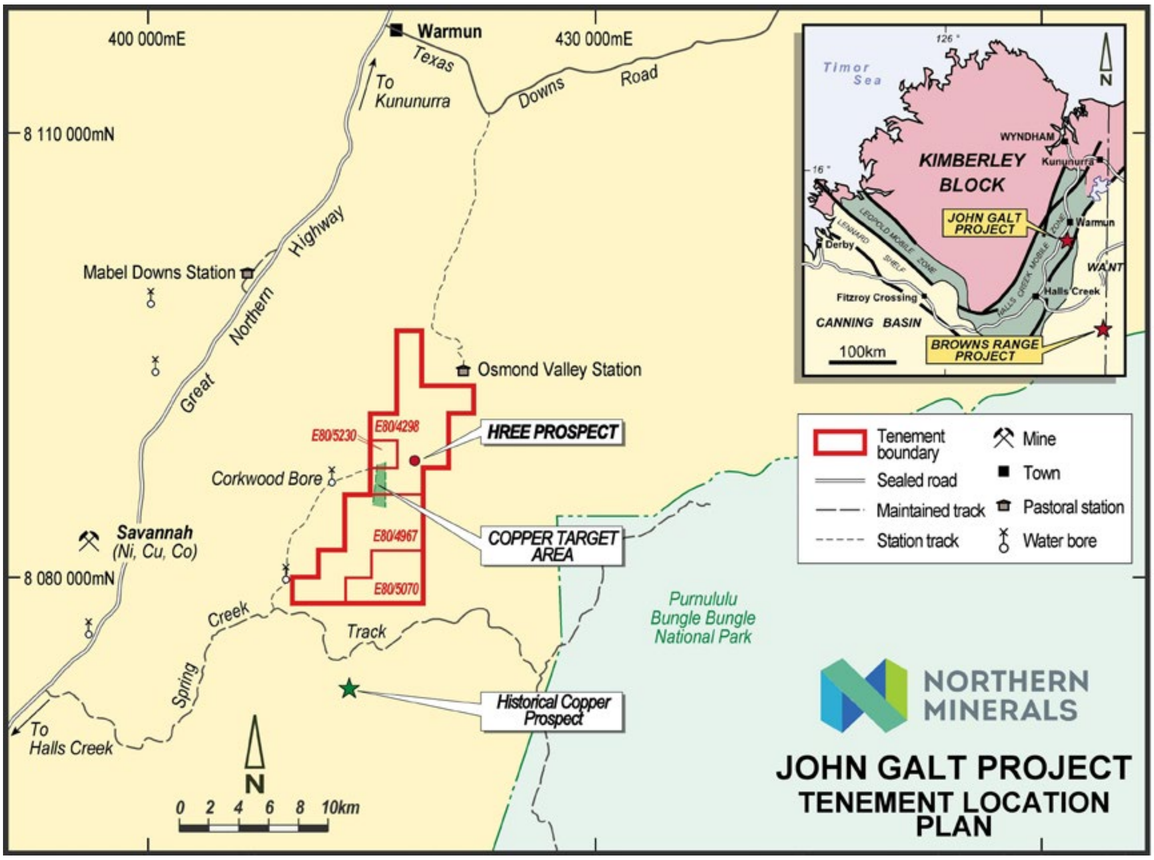


Figure 7: John Galt Project tenement location plan.

Simon Pooley
General Manager Geology

Ore Reserve and Mineral Resource Statement

ORE RESERVE AND MINERAL RESOURCE STATEMENT

Ore Reserve

The Ore Reserve at 30 June 2021, reported in accordance with the JORC 2012 code, is detailed in Table 1.

Table 1– Browns Range Ore Reserve Statement as at 30 June 2021

Deposit	Class	Mt	TREO Kg/t	TREO Kg	Dy_2O_3 Kg/t	Dy_2O_3 Kg	Tb_4O_7 Kg/t	Tb_4O_7 Kg	Y_2O_3 Kg/t	Y_2O_3 Kg
OPEN PIT										
Wolverine	Probable	0.722	6.17	4,458,000	0.55	400,000	0.08	57,000	3.60	2,598,000
Area 5	Probable	0.467	2.24	1,048,000	0.14	65,000	0.02	10,000	0.99	463,000
UNDERGROUND										
Wolverine	Probable	2.104	8.00	16,833,000	0.70	1,483,000	0.10	221,000	4.71	9,908,000
Total Reserve[1]	**Probable**	**3.293**	**6.78**	**22,339,000**	**0.59**	**1,948,000**	**0.09**	**288,000**	**3.94**	**12,969,000**

1 Rounding may cause some computational discrepancies

Mineral Resource

The Mineral Resource at 30 June 2021, reported in accordance with the JORC 2012 Code, is stated below in Table 2. The Mineral Resource is inclusive of the Ore Reserves

Table 2 – Browns Range Mineral Resource Estimate as at 30 June 2021

Deposit	Classification	Mt	TREO %	Dy_2O_3 kg/t	Y_2O_3 kg/t	Tb_4O_7 kg/t	HREO %	TREO Kg
Wolverine	Indicated	2.88	0.84	0.74	4.89	0.11	89	24,195,000
	Inferred	1.97	0.89	0.76	5.15	0.11	88	17,588,000
	Total[1]	4.85	0.86	0.75	4.99	0.11	89	41,786,000
Gambit West	Indicated	0.12	1.8	1.62	10.98	0.22	94	2,107,000
	Inferred	0.13	0.51	0.4	2.67	0.05	81	674,000
	Total[1]	0.25	1.11	0.97	6.56	0.13	91	2,781,000
Pilot Plant	Indicated	0.17	0.95	0.83	5.5	0.12	89	1,601,000
Stockpiles	Inferred	0.03	0.26	0.2	1.35	0.03	79	89,000
	Total1	0.20	0.83	0.72	4.8	0.1	88	1,690,000
Gambit	Indicated							
	Inferred	0.21	0.89	0.83	5.62	0.11	96	1,878,000
	Total[1]	0.21	0.89	0.83	5.62	0.11	96	1,878,000
Area 5	Indicated	1.38	0.29	0.18	1.27	0.03	69	3,953,000
	Inferred	0.14	0.27	0.17	1.17	0.03	70	394,000
	Total[1]	1.52	0.29	0.18	1.26	0.03	69	4,347,000
Cyclops	Indicated							
	Inferred	0.33	0.27	0.18	1.24	0.03	70	891,000
	Total[1]	0.33	0.27	0.18	1.24	0.03	70	891,000
Banshee	Indicated							
	Inferred	1.66	0.21	0.16	1.17	0.02	87	3,484,000
	Total[1]	1.66	0.21	0.16	1.17	0.02	87	3,484,000
Dazzler	Indicated							
	Inferred	0.21	2.33	2.17	13.93	0.29	95	5,000,000
	Total[1]	0.21	2.33	2.17	13.93	0.29	95	5,000,000
Total[1]	Indicated	4.55	0.7	0.6	3.98	0.09	87	31,856,000
	Inferred	4.68	0.64	0.54	3.67	0.08	88	29,998,000
	Total[1]	**9.23**	**0.67**	**0.57**	**3.81**	**0.08**	**87**	**61,857,000**

[1] Rounding may cause some computational discrepancies

TREO = Total Rare Earth Oxides – Total of: La_2O_3, CeO_2, Pr_6O_{11}, Nd_2O_3, Sm_2O_3, Eu_2O_3, Gd_2O_3, Tb_4O_7, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3, Y_2O_3

HREO = Heavy Rare Earth Oxides – Total of: Sm_2O_3, Eu_2O_3, Gd_2O_3, Tb_4O_7, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3, Y_2O_3

HREO % = HREO/TREO x 100

Comparison with previous years Mineral Resource estimate

For comparison to 30 June 2021, the Mineral Resource at the Browns Range Project as at 30 June 2020 is presented in Table 3 (below). The Mineral Resource in Table 3 is inclusive of the Ore Reserve.

There was a small depletion applied to the Mineral Resource between 30 June 2020 and 30 June 2021, to account for material processed through the Browns Range Pilot Plant.

Table 3 – Browns Range Mineral Resource Estimate as at 30 June 2020

Deposit	Classification	Mt	TREO %	Dy_2O_3 kg/t	Y_2O_3 kg/t	Tb_4O_7 kg/t	HREO %	TREO Kg
Wolverine	Indicated	2.88	0.84	0.74	4.89	0.11	89	24,195,000
	Inferred	1.97	0.89	0.76	5.15	0.11	88	17,588,000
	Total[1]	4.85	0.86	0.75	4.99	0.11	89	41,786,000
Gambit West	Indicated	0.12	1.8	1.62	10.98	0.22	94	2,107,000
	Inferred	0.13	0.51	0.4	2.67	0.05	81	674,000
	Total[1]	0.25	1.11	0.97	6.56	0.13	91	2,781,000
Pilot Plant	Indicated	0.18	0.95	0.83	5.53	0.12	89	1,661,000
Stockpiles	Inferred	0.03	0.26	0.2	1.35	0.03	79	89,000
	Total[1]	0.21	0.84	0.73	4.84	0.1	88	1,750,000
Gambit	Indicated							
	Inferred	0.21	0.89	0.83	5.62	0.11	96	1,878,000
	Total[1]	0.21	0.89	0.83	5.62	0.11	96	1,878,000
Area 5	Indicated	1.38	0.29	0.18	1.27	0.03	69	3,953,000
	Inferred	0.14	0.27	0.17	1.17	0.03	70	394,000
	Total[1]	1.52	0.29	0.18	1.26	0.03	69	4,347,000
Cyclops	Indicated							
	Inferred	0.33	0.27	0.18	1.24	0.03	70	891,000
	Total[1]	0.33	0.27	0.18	1.24	0.03	70	891,000
Banshee	Indicated							
	Inferred	1.66	0.21	0.16	1.17	0.02	87	3,484,000
	Total[1]	1.66	0.21	0.16	1.17	0.02	87	3,484,000
Dazzler	Indicated							
	Inferred	0.21	2.33	2.17	13.93	0.29	95	5,000,000
	Total[1]	0.21	2.33	2.17	13.93	0.29	95	5,000,000
Total[1]	Indicated	4.56	0.7	0.6	3.98	0.09	87	31,916,000
	Inferred	4.68	0.64	0.54	3.67	0.08	88	29,998,000
	Total[1]	**9.24**	**0.67**	**0.57**	**3.81**	**0.08**	**87**	**61,917,000**

[1] Rounding may cause some computational discrepancies

TREO = Total Rare Earth Oxides – Total of: La_2O_3, CeO_2, Pr_6O_{11}, Nd_2O_3, Sm_2O_3, Eu_2O_3, Gd_2O_3, Tb_4O_7, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3, Y_2O_3

HREO = Heavy Rare Earth Oxides – Total of: Sm_2O_3, Eu_2O_3, Gd_2O_3, Tb_4O_7, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3, Y_2O_3

HREO % = HREO/TREO x 100

Comparison with previous years Ore Reserve estimate

For comparison to 30 June 2021, the Ore Reserve at the Browns Range Project as at 30 June 2020 is presented in Table 4 (below).

There were no changes to the Ore Reserve between 30 June 2020 and 30 June 2021.

Table 4 – Browns Range Ore Reserve Estimate as at 30 June 2020

Deposit	Class	Mt	TREO Kg/t	TREO Kg	Dy_2O_3 Kg/t	Dy_2O_3 Kg	Tb_4O_7 Kg/t	Tb_4O_7 Kg	Y_2O_3 Kg/t	Y_2O_3 Kg
OPEN PIT										
Wolverine	Probable	0.722	6.17	4,458,000	0.55	400,000	0.08	57,000	3.60	2,598,000
Area 5	Probable	0.467	2.24	1,048,000	0.14	65,000	0.02	10,000	0.99	463,000
UNDERGROUND										
Wolverine	Probable	2.104	8.00	16,833,000	0.70	1,483,000	0.10	221,000	4.71	9,908,000
Total	**Probable[1]**	**3.293**	**6.78**	**22,339,000**	**0.59**	**1,948,000**	**0.09**	**288,000**	**3.94**	**12,969,000**

[1] Rounding may cause some computational discrepancies

COMPETENT PERSON AND COMPLIANCE STATEMENT

The information in this report that relates to the Mineral Resource and Ore Reserve Estimates was compiled and approved as a whole by Mr Bill Rayson who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Rayson is a consultant to Northern Minerals, employed by Total Earth Science Pty Ltd, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Rayson consents to the inclusion of this information in the form and context in which it appears.

The Mineral Resource and Ore Reserves statement is based on, and fairly represents, information and supporting documentation prepared by competent persons.

For Pilot Plant Stockpiles, Wolverine, Gambit, Gambit West, Cyclops, Banshee and Area 5, further information that relates to the Mineral Resource Estimates and Ore Reserves is available in the report entitled "Mineral Resource and Ore Reserve Update" dated 28 September 2018 and is available to view on the company's website (www.northernminerals.com.au).

For Dazzler, further information that relates to the Mineral Resource Estimates is available in the report entitled "Over 50% Increase In Dazzler High-Grade Mineral Resource" dated 7 April 2020 and is available to view on the company's website (www.northernminerals.com.au).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement..

CORPORATE GOVERNANCE AND INTERNAL CONTROLS – MINERAL RESOURCES AND ORE RESERVES

Northern Minerals has ensured that the Mineral Resources estimates quoted above are subject to governance arrangements and internal controls. The Mineral Resource estimates have been derived by various practitioners and then reviewed by Northern Minerals' employees who have substantial knowledge of best practice in modelling and estimation techniques. Internal reviews of the Mineral Resource estimate have been completed by Northern Minerals' management and executives prior to public release. All Mineral Resource estimates that are disclosed by the Company are subject to review and approval by the Company's Board of Directors whose qualifications are disclosed in the Directors Report.

Northern Minerals has ensured that the Ore Reserve estimates quoted above are subject to governance arrangements and internal controls. The Ore Reserve estimates have been derived by external consultants and then reviewed by Northern Minerals' employees who have substantial knowledge of mine design and Ore Reserve estimation techniques. Internal reviews of the Ore Reserve estimate have been completed by Northern Minerals management and executives prior to public release. All Ore Reserve estimates that are disclosed by the Company are subject to review and approval by the Company's Board of Directors whose qualifications are disclosed in the Directors Report.

Financial Report

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report together with the consolidated financial report of the Group, being Northern Minerals Limited ("Northern Minerals", the "parent entity" or "Company') and its controlled entities, for the financial year ended 30 June 2021 and the independent auditors report thereon.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors and officers were in office for the entire period unless otherwise stated.

Colin McCavana – *Non-executive Chairman*

Mr McCavana has more than 30 years of management experience worldwide in the earthworks, construction and mining industries. Much of this has been related to acquisition, development and operation of mining and mineral recovery projects. During the past three years Mr McCavana has served as a director of the following listed companies:

- Reward Minerals Limited (Director February 2010 – present)
- PVW Resources Limited (Director Reinstated on ASX 16 February 2021– present)

Adrian Griffin – *Non-executive Director (resigned on 24 November 2020)*

Mr Griffin is an Australian trained mining professional with exposure to metal mining and processing throughout the world. Mr Griffin has been involved in the development of extraction technology for a range of metals and was a pioneer of the WA lateritic nickel processing industry. He specialises in mine management and production. During the past three years Mr Griffin has also served as a director of the following listed companies:

- Lithium Australia NL (Director February 2011 – present)
- Parkway Minerals NL (October 2010 – present)
- Reedy Lagoon Corporation Ltd (June 2014 – present)

Yanchun Wang – *Non-executive Director (ceased being a Director on 22 July 2021)*

Ms Wang acts as a strategic investor for a number of Chinese based companies. Ms Wang is Vice Chairman of Conglin Baoyuan International Investment Group and also a Director of Huachen. During the past three years Ms Wang has not served as a director of any other listed companies.

Ming Lu – *Non-executive Director*

Mr Lu is a CPA qualified senior finance leader with over a decade of commercial experience in successful multi-national businesses worldwide and is a member of the Australian Institute of Company Directors. Mr Lu has extensive experience in working with investors, boards and senior executive teams in modelling, strategic planning, providing financial support and delivering returns. Throughout his career as a finance professional, he has had hands-on experience in leading finance functions in multi-national businesses worldwide. Mr Lu has versatile industry experience in manufacturing, engineering and R&D, education, mining services and private equity, spanning privately owned SMEs, private equity backed ventures to listed public listed companies and Fortune 500s. Mr Lu was appointed as a nominee of Huatai Mining. Mr. Lu is not a Director of any other listed companies.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS (Continued)

Bin Cai – *Non-executive Director (ceased as Alternate Director on 22 July 2021 and was appointed as Non- executive Director on 27 July 2021)*

Mr Cai is the Managing Director of Mr Conglin Yue's Brisbane-based, Australia Conglin International Investment Group Pty Ltd. Mr Cai has an outstanding record of successful strategic investments in emerging Australian resource companies based on his long experience in global resource industry investment. Prior to joining the Conglin Group, Mr Cai had eight years' experience with The China Investment Bank. Mr Cai is currently a director of the following listed companies:

- Orion Metals Limited (Director July 2012 – present)
- Carpentaria Exploration Limited (Director May 2011 – May 2018)

Liangbing Yu – *Non-executive Director (Appointed 24 November 2020)*

Mr Yu has over 20 years' experience in business operation and management and is currently an Executive Partner at Beijing GloryHope Oriental Investment Centre. Mr Yu has a duel bachelor's degree in Investment Economics and Economic Law. Mr Yu is not currently a director of any other listed companies:

CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY (resigned as Company Secretary on 27 July 2021)

Mark Tory

Mr Tory is a Chartered Accountant with an MBA majoring in finance. He is a highly experienced executive in the mining and resources sector having held senior finance and strategic positions with both large and small resource companies. He has been CFO and Company Secretary since December 2012 until recently appointed as CEO. Previously he was Managing Director of Crescent Gold Limited after two years as CFO and Company Secretary. Before this Mr Tory held executive positions with Anglo American Exploration and Homestake Gold of Australia (now Barrick Gold).

COMPANY SECRETARY

Belinda Pearce (appointed 27 July 2021)

Ms Pearce is a Chartered Accountant qualified with the Institute of Chartered Accountants in England and Wales. Ms Pearce has been with Northern Minerals since 2016 and is currently Financial Controller of the Company. Previously Ms Pearce held positions with BDO Australia for 6 years, including as an Audit Manager, and held finance positions within the pearling, agriculture and oil and gas industries.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' MEETINGS & AUDIT AND REMUNERATION COMMITTEE MEETINGS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2021, and the number of meetings attended by each director while they were a director was as follows:

Director	Board Meetings		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Colin McCavana	11	11	2	2	-	-
Adrian Griffin	4	4	1	1	-	-
Yanchun Wang	-	11	-	2	N/A	N/A
Ming Lu	10	11	2	2	N/A	N/A
Bin Cai	11	11	2	2	N/A	N/A
Liangbing Yu	7	7	1	1	N/A	N/A

A – meetings attended
B – meetings held during the time the director held office

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares and options of the Company were:

Director (direct and indirect holdings)	Ordinary Shares	Performance Rights	Options
Colin McCavana	-	-	-
Ming Lu	-	-	-
Bin Cai	5,600,000	-	-
Liangbing Yu	-	-	-

DIVIDENDS

No dividends have been paid or declared by the Company during the financial year or subsequent to the year end.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was the operation of a pilot scale project aimed at assessing the technical and economic feasibility of a full-scale commercial operation at its Browns Range Pilot Plant Project.

REVIEW OF OPERATIONS

During the year, the Company continued operation at the Browns Range Pilot Plant Project. The pilot plant project is a three-year research and development project, to assess the economic and technical feasibility of a full-scale plant and forms part of a broader ongoing economic and technical feasibility study underpinning the Browns Range Pilot Plant Project.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

Browns Range Pilot Plant Operations

During year ended 30 June 2020 ("FY20"), the Pilot Plant had a period of care and maintenance due to Commonwealth biosecurity restrictions in response to COVID-19. In August 2020 the research and development testwork recommenced at the Browns Range Pilot Plant. The partial recommencement of the pilot plant operations at Browns Range resulted in about three quarters of the previous Project workforce being re-mobilised.

Initial testwork focused on the beneficiation circuit using Gambit West and Wolverine ore and was completed during November 2020. The xenotime concentrate produced from the Gambit West beneficiation testwork was then used to complete a hydrometallurgical plant test campaign and successfully produced rare earth carbonate. A second hydrometallurgical plant test campaign on Wolverine xenotime concentrate commenced in December 2020 but was cut short due to the early onset of the wet season. This test campaign was completed in early 2021.

Production through the Browns Range Pilot Plant continued and a shipment of 40,406kg of rare earth carbonate (REC), containing 1,835kg of dysprosium oxide and 233kg of terbium oxide is ready for sale through Northern Minerals offtake partner tyssenkrupp Materials Trading GmbH. This brings the total production of REC from the Pilot Plant to date to 211,109kg. The REC produced to date contains a total of 103,731 kg of rare earth oxide, which in turn contains 9,751kg of dysprosium oxide and 1,245kg of terbium oxide.

Northern Minerals successfully completed the installation and commissioning of the ore sorting system in the June 2021 quarter.

Previous bench scale tests of the technology on Browns Range ore identified potential to more than double the feed grade to the mill and to significantly reducing capital and operating costs. With the ore sorter now in place the Company carried out further testwork on larger bulk ore samples in the final quarter of the financial year to validate the technical and economic benefits to the Pilot Plant operation.

The results of this next phase of testwork will form an important input into the Company's current feasibility study on the development of a commercial scale beneficiation plant at Browns Range. A standalone commercial beneficiation plant has been identified by the board as the fastest path to full-scale production and cash flow from the project.

The Company also continued to evaluate downstream separation processing options for Browns Range ore during the year. The Company also commenced studies into traditional solvent extraction separation and variants thereof, for separating the mixed heavy rare earth material produced at Browns Range into individual rare earth products.

EXPLORATION

In parallel to the feasibility study on the beneficiation plant, Northern Minerals continued its commitment to invest in exploration across its Browns Range tenement package.

In September 2020, the Company announced it had allocated a budget of up to $5 million for an exploration program during the 30 June 2021 ("FY21") financial year with the primary aim of increasing the Company's heavy rare earth Mineral Resource and life of mine potential at Browns Range.

During the December 2020 quarter a total of 8,500m of reverse circulation drilling were completed focusing mainly on Dazzler, Gambit West, Wolverine and a new prospect named Toad.

Initial assay results for the program were announced to the ASX on 18 January 2021 with the best results returned as follows:

- Toad – 9m @ 0.54% TREO from 53m and 11m @ 0.37% TREO from 52m
- Dazzler – 3m @ 0.74% from 8m

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

On 17 February 2021 assay results from the remaining 72 holes drilled were announced. These results were from Area 5, Banshee South, Banshee West, Dazzler/Iceman, Toad and regional exploration.

Infill and extension drilling results from Dazzler (14m @0.76% TREO from 25m and 6m @1.41% TREO from 12m) confirmed the mineralisation to the southeast of the main high-grade zone at Dazzler and indicated the potential to increase the existing Dazzler Mineral Resource.

In the Banshee area, widespread low-grade mineralisation intersected at Banshee West (13m @0.43% TREO from 23m) and Banshee South (19m @ 0.33% TREO from 11m) suggests a significant mineralised system in this area.

Similarly, at Area 5, widespread low-grade mineralisation was intersected (6m @0.44% TREO from 7m and 2m @ 0.69% TREO from 49m).

Three holes drilled as follow-up to the first five drill holes at the new Toad prospect returned a best intersection of 6m @ 0.78% TREO from 49m.

The second phase of the exploration program including an additional 12,000m of reverse circulation drilling, aimed at expanding the inventory of near-surface resources in the Browns Range Dome commenced post reporting period in July 2021 with a 12-week campaign. This will include a combination of follow-up holes at the Banshee West and Toad prospects, drill investigation in the vicinity of the Gambit and Gambit West deposits, and at the Rogue prospect, and drill testing at greenfield targets including the Ripcord, Pulse and Quicksilver prospects.

The combined results from the 2020-21 RC drilling campaigns will support the scope of the current feasibility work for the commercial-scale beneficiation plant.

CORPORATE

R&D Funding

In early 2019, the Company lodged a formal appeal with AusIndustry regarding its initial decision that the Company's activities were 'ineligible R&D claims' for the 30 June 2017 ("FY17") and 30 June 2018 ("FY18") financial years. On 24 February 2020 the Company was advised that AusIndustry had completed a review of its initial decision and subsequently found that most of the Company's R&D activities for these periods were in fact eligible.

In August 2020, the Company announced that it had reached a settlement agreement with the Australian Taxation Office (ATO) that settled all matters relating to the FY17 and FY18 R&D tax offset claims. The settlement agreement also documented the agreed refundable R&D offset claim for 30 June 2019 ("FY19") financial year as well as a framework for reviewing the Company's refundable R&D offset claim for FY20. In September 2020 the Company received A$10.0 million in cash as well as the settlement of all outstanding ATO debt.

In November 2020, the Company received a further A$8.7 million for its 2020 financial year refundable Research and Development tax offset for its eligible R & D work as well as a further A$0.3 million in relation to prior years.

Capital Raising

The Company received A$6.57 million in the first quarter of the 2021 financial year completing the A$22 million capital raising announced in the previous financial year (20 April 2020).

On 16 February 2021 the Company announced it had entered into subscription agreements with various sophisticated and institutional investors in Australia, the United States and Europe to raise A$20.0 million (before costs) under a private placement. EAS Advisors, LLC acted as the Company's placement agent and financial advisor.

The placement was oversubscribed and was priced at a 5.8% discount to the 11 February 2021 closing price of A$0.052 and a 6.1% discount to the Company's 10-day trading VWAP. The placement consisted of the issue of 408,163,265 fully paid ordinary shares at A$0.049 per share. This along with

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

the issue of 153,061,226 free attaching unlisted options for every two subscription shares subscribed for, with each option to be exercisable at A$0.074 with an expiry date of 22 February 2024, completed Tranche 1 of the placement. Tranche 2 was completed after reporting date on 27 July 2021 when a further 51,020,408 unlisted options with an exercise price of A$0.074 and an expiry date of 27 July 2024 were issued.

The A$4 million convertible note held with JHY was due to mature on 31 December 2019. The Company successfully negotiated an extension of the maturity date on the convertible notes for a further year to 31 December 2020. Following the receipt of the ATO refunds, the Company immediately reduced its debt with the early repayment of the outstanding convertible note.

The Company was also able to settle all outstanding payments due to Sinosteel (A$4.5 million) for the construction of the Browns Range Pilot Plant under the EPC Contract.

In July 2020 the Company issued 50,000,000 fully paid ordinary shares to a nominee of Lind Global Macro Fund, LP as a result of A$0.80 million of the face value of the replacement convertible security being converted into shares. The Company issued a further 66,666,667 fully paid ordinary shares in August 2020 as a result of A$1.2 million of the face value of the replacement convertible security being converted into shares. Following this conversion there were no amounts outstanding under the replacement convertible security.

Lind also elected to reduce the collateral shareholding number of fully paid ordinary shares of 60,000,000 shares to zero, by paying the Company A$1.08 million in cash in relation to the above funding arrangement.

As a result of the above, the Company was debt-free at 30 June 2021 and the Company continues to be debt free with cash reserves moving into the 2022 financial year enabling the Company to undertake the planned exploration program as well as completing the required test work at the Browns Range pilot plant.

Board & Management

Directors

Mr Adrian Griffin resigned as Non-executive Director on 24 November 2020 while Ms Yanchun Wang ceased as a Non-executive Director on 22 July 2021. Mr Bin Cai resigned as an Alternate Director on 22 July 2021 and was then appointed as a Non-executive Director on 27 July 2021. Mr Liangbing Yu was appointed as a Non-executive Director on 24 November 2020.

Management

Mr Mark Tory was appointed CEO on 29 July 2020. Mr Tory subsequently resigned as Company Secretary on 27 July 2021 following the appointment of Ms Belinda Pearce as Company Secretary.

Mr Simon Pooley was appointed General Manager Geology while Mr Kurt Warburton was appointed as Exploration Manager following the resignation of Mr Robin Wilson from the position.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

SUMMARY OF FINANCIAL PERFORMANCE

A summary of key financial indicators for the Company, with prior two years comparison, is set out in the following table:

	30 June 2021 $	30 June 2020 $	30 June 2019 $
Total income	12,100,091	28,426,653	2,002,375
Net loss after tax	(8,528,318)	(54,328,360)	(63,966,330)
Basic EPS (cents)	(0.19)	(2.04)	(4.7)
Net cash used in operating activities	(885,013)	(31,756,314)	(19,693,943)
Net cash used in investing activities	(7,647,904)	(15,844,542)	(11,932,810)
Net cash from financing activities	21,818,349	46,152,294	29,411,876

The net loss of the Group for the year ended 30 June 2021 of A$8.5 million (2020: A$54.3 million) reflects a profit and loss without a number of extraordinary items incurred in the prior year. FY20 included a A$24.8 million impairment on the beneficiation and hydrometallurgical assets at Browns Range after completing an impairment review. This was offset in 2020 by the considerable R&D rebate (A$23.3 million) being accounted for, in relation to the FY17-FY20 after the finalisation of the ATO settlement.

Depreciation expenses decreased to A$1.6 million (2020: A$24.4 million) due to the impairment of assets highlighted above.

Processing costs totalled A$9.0 million (2020: A$18.0 million), with the most significant expenditure relating to wages and salaries, camp accommodation and messing costs and travel and maintenance costs. This was lower due to the impacts of the temporary suspension of operations at Browns Range Pilot Plant due to the Covid-19 virus in the early part of the year and the decision to run the plant for test work until February 2021 and then concentrate on the completion of the installation and commissioning of the ore sorter circuit.

The Company's cash receipts for the year FY21 were A$22.1 million (2020: A$3.6 million). This included A$0.4 million received for the sale of rare earth carbonate as well as the receipt of A$20.4 million for the R&D refundable tax offsets due. The Company received A$1.1 million in government grants including jobkeeper.

Investing cash flows decreased from A$15.8 million FY20 to A$7.6 million in FY21. The focus of this investing cash flows was related to the instalment and commissioning of the ore sorter circuit at the Browns Range Pilot Plant and also included A$4.5 million in payments under the original EPC contract with Sinosteel.

Financing cash inflows for the FY21 included A$26.0 million for the issue of shares (net of costs). In addition A$4.0million was repaid in settlement of convertible notes.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

SUMMARY OF FINANCIAL POSITION

	30 June 2021 $	30 June 2020 $	30 June 2019 $
Total assets	37,766,284	42,479,796	61,577,238
Debt (current and non - current)	292,339	5,853,678	25,908,071
Other liabilities	8,476,797	24,969,604	24,989,227
Shareholder funds/net assets	28,997,147	11,656,514	10,679,938
Number of shares on issue (million)	4,846	3,987	2,083
Share price at reporting date (cents)	3.3	1.8	7.5

The Company's cash reserves at 30 June 2021 totalled A$19.9 million compared to A$6.6 million as at 30 June 2020.

The Company's receivables balance has decreased from A$24.3 million at 30 June 2020 to A$4.7 million at 30 June 2021 due to the receipt of R&D claims by the Company for FY17-FY20. Refer to note 5 for additional information.

Property, plant and equipment has increased from A$10.4 million at 30 June 2020 to A$12.2 million at 30 June 2021, mainly due to the construction of the ore sorting system.

Total interest-bearing liabilities reduced by A$5.5 million at 30 June 2020 from A$5.8 million to A$0.3 million at 30 June 2021 due to the conversion and repayment of convertible notes.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year other than as disclosed elsewhere in this report.

FINANCIAL POSITION

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss for the year ended 30 June 2021 of A$8,528,318 (2020: A$54,328,360) and experienced net cash outflows from operating activities of A$885,013 (2020: A$31,756,314). As at 30 June 2021 the Group had cash on hand of A$19,897,420 (2020: A$6,660,568) and a net working capital surplus of A$22,031,954 (2020: A$6,147,783).

In addition, the claim for the refundable R&D tax offset for FY21 is expected to be lodged and received within the December 2021 quarter estimated at A$4.4 million.

The directors carefully manage discretionary expenditure in line with the Group's cash flow forecast.

Based on the matters described above, the Directors consider the going concern basis of preparation appropriate.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company proposes to continue with its development of the Browns Range Pilot Plant Project as detailed in the Review of Operations in the Annual Report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The exploration and mining activities of the Company are subject to environmental regulations imposed by various regulatory authorities, particularly those relating to ground disturbance and the protection of

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

rare and endangered flora and fauna. The Company has complied with all material environmental requirements up to the date of this report. The Directors believe that the Company has adequate systems in place for the management of its environmental responsibilities and are not aware of any breaches of the regulations during the period covered by this report.

RISK MANAGEMENT

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Northern Minerals has developed a framework for a risk management policy and internal compliance and control system that covers the organisational, financial and operational aspects of the Company's affairs. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management, and management are required to regularly report back to the Board. This involves the tabling of a risk register which is monitored and updated by management periodically. The CEO is responsible for ensuring the maintenance of, and compliance with, appropriate systems. The Board adopts practices to identify significant areas of risk and to effectively manage those risks in accordance with the Group's risk profile. Where appropriate the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report, there were the following unissued ordinary shares for which options and performance rights were outstanding:

	Number of options/rights	Exercise price (cents)	Expiry date
Unlisted options[1]	10,000,000	$0.1225	20 December 2021
Unlisted options	34,000,000	$0.045	2 March 2024
Unlisted options	153,061,226	$0.074	22 February 2024
Unlisted options	51,020,408	$0.074	27 July 2024
Total	**248,081,634**		

[1] - As advised per the ASX announcement on 31 July 2019, the exercise prices of these unquoted options over fully paid ordinary shares in the capital of the Company have been recalculated in accordance with their terms of issue, which are consistent with the formula set out in ASX Listing Rule 6.22, as a result of the accelerated non-renounceable 1 for 13 pro-rate entitlement offer announced by the Company on 6 June 2019.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any other entity.

No ordinary shares were issued during the financial year, or since the end of the financial year, as a result of the exercise of options.

The following ordinary shares were issued during the year ended 30 June 2021 on the exercise of performance rights issued as remuneration to the Directors, key management personnel and employees of the Company (no amounts are unpaid on any of the shares):

Date performance rights were granted	Exercise price of shares (cents)	Number of shares issued
30 November 2016	Nil	3,000,000
21 May 2019	Nil	1,656,000

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The following ordinary shares were issued after the year ended 30 June 2021 on the exercise of performance rights issued as remuneration to the Directors, key management personnel and employees of the Company (no amounts are unpaid on any of the shares):

Date performance rights were granted	Exercise price of shares (cents)	Number of shares issued
30 November 2016	Nil	Nil
21 May 2019	Nil	Nil

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has entered into an Access, Indemnity and Insurance Deed with the Directors to indemnify them to the maximum extent permitted by law against liabilities and legal expenses incurred in, or arising out of, the conduct of the business of the Company or the discharge of their duties as Directors.

Also, pursuant to the Deed, the Company has paid premiums to insure the directors against liabilities incurred in the conduct of the business of the Company and has provided the right of access to Company records. In accordance with common commercial practice, the insurance policy prohibits disclosure of the amount of the premium and the nature of the liability insured against. The amount of the premium is included as part of the directors' remuneration in the Remuneration Report.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

REMUNERATION REPORT (Audited)

This Remuneration Report for the year ended 30 June 2021 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. This information has been audited as required by section 308(3C) of the Act.

This Remuneration Report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

Northern Minerals Limited (the Company) received more than 75% of the votes in favour of the Remuneration Report for the 2020 financial year.

Details of directors and key management personnel

Non-executive and Executive directors of Northern Minerals Limited during the year were:

- Colin McCavana (Non-executive Chairman – took on the role of Executive Chairman from 5 June 2020 until 29 July 2020)
- Ming Lu (Non-executive Director)
- Bin Cai (Non-executive Director – ceased as Alternate Director on 22 July 2021 and was appointed as Non-executive Director on 27 July 2021)
- Liangbing Yu (Non-executive Director) – appointed 24 November 2020
- Adrian Griffin (Non-executive Director) – resigned 24 November 2020
- Yanchun Wang (Non-executive Director) – ceased 22 July 2021

Other key management personnel during the year were:

- Mark Tory (Chief Executive Officer and Company Secretary) – appointed Chief Executive Officer on 29 July 2020. Resigned as Company Secretary on 27 July 2021
- Robin Jones (Chief Operating Officer)
- Simon Pooley (General Manager Geology) – appointed 6 April 2021
- Robin Wilson (Geology and Exploration Manager) – resigned 15 April 2021

After the reporting date, on 27 July 2021 Belinda Pearce was appointed as Company Secretary.

Other than indicated above, there were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

1. Remuneration Policy

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and executives. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

Remuneration levels for Directors and executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

Remuneration packages contain the following key elements:

1. Short-term benefits − salary/fees and non-monetary benefits including the provision of motor vehicles;
2. Post-employment benefits – including superannuation; and
3. Share-based payments − including participation in option and share plans (refer to note 17 for more information).

Remuneration is not linked to profit performance. The Company's remuneration policy seeks to encourage alignment between the performance of the Company and total shareholder returns, and the remuneration of executives. Short term and, in particular, long term 'at risk' incentives only vest when predetermined Company performance objectives are achieved. These performance objectives are operational in nature (production outcomes) but are linked to financial performance and Company value indirectly.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

The Company does not currently have a policy pertaining to Directors hedging their exposure to risks associated with the Company's securities they receive as compensation.

The Company has not used any remuneration consultants in the year.

2. Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to the shareholders.

Each of the Non-executive directors receive a fixed fee for their services as a director. There is no direct link between cash remuneration paid to any of the directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive directors must be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was on 22 July 2021 when shareholders approved an aggregate remuneration of A$800,000 per year. Annual Non-executive Chairman and Non-executive Directors' base fees are presently A$85,000 and A$65,000 respectively, inclusive of superannuation, with A$5,000 per annum paid for representation on each board committee.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

3. Executive Remuneration

Executives receive a fixed remuneration set to provide a base level commensurate with their position and responsibilities within the Company and so as to align the interests of executives with those of shareholders and ensure total remuneration is competitive by market standards. There is no direct link between remuneration paid and corporate performance such as bonus payments for achievement of certain key performance indicators.

In addition, executives are entitled to participate in equity-based remuneration plans to recognise ability and effort, provide incentive to improve company performance, attract appropriate persons and promote loyalty.

Remuneration levels are reviewed annually by the Remuneration Committee by reviewing Company performance, personal performance, market trends, industry comparisons, employment market conditions and, where appropriate, external advice.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

4. Service agreements

Employment Contract – Mr Robin Wilson (Exploration Manager)

The employment contract commenced on 26 June 2006 and ended on 15 April 2021.

The main terms of the employment contract with Mr Wilson for the year under review are as follows:

- Remuneration package of A$240,000 pa (inclusive of superannuation).
- Salary reviewed in June each year.
- The Company is entitled to terminate the agreement by giving no less than 3 months' notice.
- Mr Wilson is entitled to terminate the agreement by giving no less than 3 months' notice.

Employment Contract – Mr Robin Jones (Chief Operating Officer)

The employment contract commenced on 1 June 2012 and is not for a fixed period.

The main terms of the employment contract with Mr Jones for the year under review are as follows:

- Remuneration package of A$366,825 pa (inclusive of superannuation).
- Salary reviewed in June each year.
- The Company is entitled to terminate the agreement by giving no less than 3 months' notice.
- Mr Jones is entitled to terminate the agreement by giving no less than 3 months' notice.

Employment Contract – Mr Mark Tory (Chief Executive Officer)

The employment contract commenced on 3 December 2012 and is not for a fixed period.

The main terms of the employment contract with Mr Tory for the year under review are as follows:

- Remuneration package of A$383,250 pa (inclusive of superannuation), increased to A$438,000 pa (inclusive of superannuation) from 1 February 2021.
- Salary reviewed in June each year.
- The Company is entitled to terminate the agreement by giving no less than 3 months' notice.
- Mr Tory is entitled to terminate the agreement by giving no less than 3 months' notice.

Employment Contract – Mr Simon Pooley (General Manager Geology)

The employment contract commenced on 6 April 2021 and is not for a fixed period.

The main terms of the employment contract with Mr Pooley for the year under review are as follows:

- Remuneration package of A$262,800 pa (inclusive of superannuation).
- Salary reviewed in June each year.
- The Company is entitled to terminate the agreement by giving no less than 3 months' notice.
- Mr Pooley is entitled to terminate the agreement by giving no less than 3 months' notice.

Consultancy Agreement – Mr Bin Cai (Non-executive Director)

The contract commenced on 1 November 2013 and is not for a fixed period.

The main terms of the contract with Australian Cayenne Holdings Pty Ltd, of which Mr Bin Cai is a director for the year under review are as follows:

- Remuneration package of A$285,000 pa (inclusive of superannuation).
- Continues until completion of services required by the agreement.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

5. Details of Remuneration for the Year Ended 30 June 2021

	Short-term			Post-Employment		Share-based Payments		Total	%	%
	Salary & Fees $	Other Benefits $	Cash Bonus $	Superannuation Benefits $	Long Service Leave $	Share Plan $	Options/ Performance Rights $	$	Fixed remuneration	Remuneration linked to performance
Directors										
Colin McCavana[1,6]	116,028	22,206	-	7,555	-	-	-	145,789	100%	0%
Adrian Griffin[2,6]	28,539	8,907	-	2,711	-	-	-	40,157	100%	0%
Yanchun Wang, [6]	65,000	22,206	-	-	-	-	-	87,206	100%	0%
Bin Cai[6]	285,000	22,206	-	-	-	-	-	307,206	100%	0%
Ming Lu	59,360	22,206	-	5,639	-	-	-	87,205	100%	0%
Liangbing Yu[3]	39,181	13,299	-	-	-	-	-	52,480	100%	0%
Key Management Personnel										
Mark Tory[6]	384,395	85,096	25,000	21,694	21,751	-	-	537,936	95.35%	4.65%
Robin Wilson[4,6,]	221,887	1,292	-	16,484	(3,475)	-	-	236,188	100%	0%
Robin Jones[6]	400,675	-	-	21,694	9,551	-	-	431,920	100%	0%
Simon Pooley[5]	56,928	-	-	5,424	-	-	-	62,352	100%	0%
TOTAL	**1,656,993**	**197,418**	**25,000**	**81,201**	**27,827**	**-**	**-**	**1,988,439**	**98.74%**	**1.26%**

Notes:

1. Includes additional amounts paid for time as Executive Chairman.
2. Resigned on 24 November 2020.
3. Commenced on 24 November 2020.
4. Resigned on 15 April 2021.
5. Commenced 6 April 2021.
6. Share-based payments are credit balances due to the performance conditions not met creating a reversal of previously recognised share-based payments. As such they have not been shown in the above table.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

Details of Remuneration for the Year Ended 30 June 2020

	Short-term			Post-Employment		Share-based Payments		Total	%	%
	Salary & Fees $	Other Benefits $	Cash Bonus $	Superannuation Benefits $	Long Service Leave $	Share Plan $	Options/ Performance Rights $	$	Fixed remuneration	Remuneration linked to performance
Directors										
Colin McCavana[4,5,7]	164,913	16,062	-	7,212	-	-	-	188,187	100%	0%
George Bauk[1,4,6]	958,313	14,962	-	19,252	(13,529)	-	-	978,998	100%	0%
Adrian Griffin[4,5]	59,931	16,062	-	5,694	-	-	-	81,687	100%	0%
Yanchun Wang[4,5]	56,875	16,062	-	-	-	-	-	72,937	100%	0%
Bin Cai[4,5]	249,375	16,062	-	-	-	-	-	265,437	100%	0%
Ming Lu[4]	51,940	16,062	-	4,934	-	-	-	72,936	100%	0%
Congyan Xue[2]	22,928	5,677	-	-	-	-	-	28,605	100%	0%
Xiaohua Liu[3]	24,932	4,313	-	-	-	-	-	29,245	100%	0%
Key Management Personnel										
Robin Wilson[4,5,]	200,203	4,206	-	19,260	4,932	-	-	228,601	100%	0%
Robin Jones[4,5,]	317,505	-	-	21,003	9,196	-	-	347,704	100%	0%
Mark Tory[4,5,]	330,853	16,062	-	21,003	9,608	-	-	377,526	100%	0%
TOTAL	**2,437,768**	**125,530**	**-**	**98,358**	**10,207**	**-**	**-**	**2,671,863**	**100%**	**0%**

Notes:

1. Resigned on 5 June 2020. Salary and fees include payout of annual leave and notice period.
2. Resigned as Non-Executive Director on 7 November 2019.
3. Resigned as Non-Executive Director on 7 October 2019.
4. For the period 1 April 2020 -30 June 2020 salaries were reduced by way of a temporary variation agreement due to the impact of COVID-19. Mr Wilsons salary was reduced by 30%, Mr Jones and Mr Tory's were reduced by 50% for the period 1 April 2020- 27 May 2020. Mr Cai's consultancy agreement as reduced by 50% for the period.
5. Share-based payments are credit balances due to the revaluation of rights due to a change in the probability of achieving performance hurdles creating a reversal of previously recognised share-based payments. As such they have not been shown in the above table.
6. Share-based payments are credit balances due to the forfeiture of rights resulting from resignation, creating a reversal of previously recognised share-based payments. As such they have not been shown in the above table.
7. Includes additional amounts paid for consultancy fees as well as time as Executive Chairman.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

6. Employee share/performance rights plan

6.1 Options/Performance Rights and Shares granted as compensation to key management personnel

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

Options/ Performance Rights

Grant date	Vesting and exercise date	Expiry date	Value per performance right at grant date	Performance achieved	% vested
30/11/2016	Various	Various	$0.12	All performance conditions met except for final tranche of rights and therefore 40% were forfeited.	60%

There have been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

No share-based payments were granted as compensation to key management personnel during the 2020 or 2021 financial years.

During the year, key management personnel exercised their rights that were granted to them as part of their compensation in previous years. A number of performance rights were also forfeited due to performance conditions not being met. The number of performance rights exercised and forfeited are shown in section 6.2, the value of performance rights exercised and forfeited are shown below.

30 June 2021

	Value of options/performance rights granted during the year $	Value of options/performance rights exercised during the year $	Value of options/performance rights forfeited during the year $
Directors			
Adrian Griffin	-	60,000	9,382
Colin McCavana	-	60,000	9,382
Yanchun Wang	-	60,000	9,382
Bin Cai	-	60,000	9,382
Ming Lu	-	-	-
Liangbing Yu	-	-	-
Key Management Personnel			
Robin Wilson	-	-	9,382
Robin Jones	-	60,000	9,382
Mark Tory	-	60,000	9,382
Simon Pooley	-	-	-
TOTAL	**-**	**360,000**	**65,674**

6.2 Performance Rights Holdings of Key Management Personnel for 2021

	Held at Beginning of Year	Granted as Compensation	Exercise of Options/Performance Rights	Lapsed/Forfeited	Held at 30 June 2021	Vested	Unvested
Directors:							
Adrian Griffin	1,500,000	-	(500,000)	(1,000,000)	-	-	-
Colin McCavana	1,500,000	-	(500,000)	(1,000,000)	-	-	-
Yanchun Wang	1,500,000	-	(500,000)	(1,000,000)	-	-	-
Bin Cai	1,500,000	-	(500,000)	(1,000,000)	-	-	-
Ming Lu	-	-	-	-	-	-	-
Liangbing Yu	-	-	-	-	-	-	-
Key Management Personnel							
Robin Wilson	1,000,000	-	-	(1,000,000)	-	-	-
Robin Jones	1,500,000	-	(500,000)	(1,000,000)	-	-	-
Mark Tory	1,500,000	-	(500,000)	(1,000,000)	-	-	-
Simon Pooley	-	-	-	-	-	-	-
	10,000,000	-	(3,000,000)	(7,000,000)	-	-	-

Performance Rights Holdings of Key Management Personnel for 2020

	Held at Beginning of Year	Granted as Compensation	Exercise of Options/Performance Rights	Lapsed/Forfeited	Held at 30 June 2020	Vested	Unvested
Directors:							
George Bauk	3,000,000	-	-	(2,000,000)	1,000,000	1,000,000	-
Adrian Griffin	2,000,000	-	(500,000)	-	1,500,000	500,000	1,000,000
Colin McCavana	1,500,000	-	-	-	1,500,000	500,000	1,000,000
Yanchun Wang	1,500,000	-	-	-	1,500,000	500,000	1,000,000
Bin Cai	1,500,000	-	-	-	1,500,000	500,000	1,000,000
Ming Lu	-	-	-	-	-	-	-
Congyan Xue	-	-	-	-	-	-	-
Xiaohua Liu	-	-	-	-	-	-	-
Key Management Personnel							
Robin Wilson	1,500,000	-	(500,000)	-	1,000,000	-	1,000,000
Robin Jones	1,500,000	-	-	-	1,500,000	500,000	1,000,000
Mark Tory	1,500,000	-	-	-	1,500,000	500,000	1,000,000
	14,000,000	-	(1,000,000)	(2,000,000)	11,000,000	4,000,000	7,000,000

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

6.3 Shareholdings of Key Management Personnel for 2021

	Held at Beginning of Year	Granted as Compensation	Exercise of Options/Performance Rights	Other Changes [1]	Held at 30 June 2021	Vested	Not Vested
Directors:							
Adrian Griffin[2]	5,000,626	-	500,000	(5,500,626)	-	-	-
Colin McCavana	4,100,001	-	500,000	(4,600,001)	-	-	-
Yanchun Wang	210,657,999	-	500,000	(500,000)	210,657,999	210,657,999	-
Bin Cai	5,484,616	-	500,000	(384,616)	5,600,000	5,600,000	-
Ming Lu	-	-	-	-	-	-	-
Liangbing Yu	-	-	-	-	-	-	-
Key Management Personnel							
Robin Wilson[2]	1,840,495	-	-	(1,840,495)	-	-	-
Robin Jones	512,154	-	500,000	(400,000)	612,154	612,154	-
Mark Tory	1,852,514	-	500,000	(1,000,000)	1,352,514	1,352,514	-
Simon Pooley	-	-	-	-	-	-	-
	229,448,405	-	3,000,000	(14,225,738)	218,222,667	218,222,667	-

1. Other changes also includes sales and purchases on-and off market.
2. Resigned during the year – their shares on resignation are shown as movements in other changes.

All equity transactions with Key Management Personnel other than those arising from the exercise of options granted as compensation have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

Shareholdings of Key Management Personnel for 2020

	Held at Beginning of Year	Granted as Compensation	Exercise of Options/Performance Rights	Other Changes [2]	Held at 30 June 2020	Vested	Not Vested
Directors:							
George Bauk [1,3]	6,281,650	-	-	(6,281,650)	-	-	-
Adrian Griffin	4,079,150	-	500,000	421,476	5,000,626	5,000,626	-
Colin McCavana	5,200,000	-	-	(1,099,999)	4,100,001	4,100,001	-
Yanchun Wang	195,610,998	-	-	15,047,001	210,657,999	210,657,999	-
Bin Cai [2]	5,100,000	-	-	384,616	5,484,616	5,484,616	-
Ming Lu	-	-	-	-	-	-	-
Congyan Xue [3]	134,134,760	-	-	(134,134,760)	-	-	-
Xiaohua Liu [3]	110,000,000	-	-	(110,000,000)	-	-	-
Key Management Personnel							
Robin Wilson	1,930,609	-	500,000	(590,114)	1,840,495	1,840,495	-
Robin Jones	1,010,308	-	-	(498,154)	512,154	512,154	-
Mark Tory	1,707,008	-	-	145,506	1,852,514	1,852,514	-
	465,054,483	-	1,000,000	(236,606,078)	229,448,405	229,448,405	-

1. Other changes for George Bauk include share plan shares that have expired in the year due to loan expiry and revert back to the Company in accordance with the Share Plan rules.
2. Other changes also include sales and purchases on-market.
3. Directors resigned in the year – their shares on resignation are shown as movements in other changes.

All equity transactions with Key Management Personnel other than those arising from the exercise of options granted as compensation have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

6.4 Other transactions with key management personnel

Northern Minerals had entered into agreements with companies associated with Non-executive Director Adrian Griffin for them to rent office accommodation at 675 Murray Street, West Perth. The rent has been set at a rate which is at arms-length commercial rate for comparable premises. These agreements terminated on 30 September 2020.

	2021 $	2020 $
Rental Income	12,945	125,941
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:		
Current receivables	-	20,767

*** End of Remuneration Report ***

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

CORPORATE GOVERNANCE STATEMENT

The Board of Northern Minerals Limited is committed to achieving and demonstrating the highest standards of corporate governance. The Board is responsible to its shareholders for the performance of the Company and seeks to communicate extensively with shareholders. The Board believes that sound corporate governance practices will assist in the creation of shareholder wealth and provide accountability.

In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its corporate governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's corporate governance practices is set out on the Company's website at www.northernminerals.com.au.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 103.

NON-AUDIT SERVICES

There were no non-audit services carried out in the year ended 30 June 2021.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 30 July 2021, the Company issued 51,020,408 unlisted options to subscribers with an exercise price of A$0.074 and an expiry date of 27 July 2024. This was the final tranche of the placement announced on 16 February 2021, raising A$20 million (before costs).

The impact of the Coronavirus (COVID-19) pandemic is ongoing as at 30 June 2021 and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is constantly changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Signed in accordance with a resolution of the directors.

Colin McCavana
Director
10 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2021

	Note	2021 $	2020 $
Revenue from continuing operations			
Revenue from contracts with customers	5	-	3,069,070
Interest	6	19,364	24,432
Research and development rebate	5	9,782,024	23,272,772
Other income	5	2,298,703	2,060,379
Total revenue		12,100,091	28,426,653
Corporate expenses			
Administration expenses		615,444	1,334,803
Depreciation expense	10(a)	1,635,986	24,430,719
Share-based payments expense	17	(60,035)	(586,159)
Legal and professional expenses		1,473,485	2,364,618
Occupancy expenses		99,166	247,176
Employee benefits expense		2,635,765	3,385,067
Other corporate expenditure		181,927	1,684,557
Royalty expense		-	125,926
Impairment loss on property, plant and equipment	10	-	24,763,044
Changes in the fair value of interest bearing liabilities at fair value through profit & loss	8(e)	189,162	(189,162)
Total corporate expenses		6,770,900	57,560,589
Exploration and evaluation expenditure			
Exploration costs	4	3,207,982	2,605,662
Project evaluation and pre-feasibility	4	10,387,943	19,618,647
Mining expenditure	4	43,679	116,319
Total exploration and evaluation expenditure expenses		13,639,604	22,340,628
Total expenses		20,410,504	79,901,217
Operating loss for the year		(8,310,413)	(51,474,564)
Finance costs / (Income)	6	217,905	2,853,796
Loss before income tax for the year		(8,528,318)	(54,328,360)
Income tax expense	7	-	-
Loss for the year		(8,528,318)	(54,328,360)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to members of the entity		(8,528,318)	(54,328,360)
Loss per share attributable to ordinary equity holders of the company:			
Basic and diluted loss per share (cents per share)	19	(0.19)	(2.04)

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	8 (a)	19,897,420	6,660,568
Trade and other receivables	8 (b)	4,669,108	24,315,603
Inventories	10 (b)	885,842	992,099
Total Current Assets		25,452,370	31,968,270
Non-current assets			
Other financial assets	8 (c)	74,138	60,523
Property, plant and equipment	10 (a)	12,239,776	10,451,003
Total Non-Current Assets		12,313,914	10,511,526
Total assets		37,766,284	42,479,796
Current liabilities			
Trade and other payables	8 (d)	1,430,157	11,364,370
Interest bearing liabilities	8 (e)	73,059	5,828,193
Deferred revenue	8 (f)	845,254	7,521,406
Provisions	10 (c)	1,071,946	1,106,518
Total Current Liabilities		3,420,416	25,820,487
Non-current liabilities			
Interest bearing liabilities	8 (e)	219,280	25,485
Provisions	10 (c)	5,129,440	4,977,310
Total Non-Current Liabilities		5,348,720	5,002,795
Total liabilities		8,769,136	30,823,282
Net assets		28,997,148	11,656,514
Equity			
Issued Capital	11 (a)	270,152,158	243,671,335
Reserves	11 (g)	1,143,529	12,521,187
Accumulated losses		(242,298,539)	(244,536,008)
Total equity		28,997,148	11,656,514

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 June 2021

	Note	ISSUED CAPITAL	ACCUMULATED LOSSES	SHARE-BASED PAYMENTS RESERVE	PERFORMANCE RIGHTS AND OPTIONS RESERVE	OTHER RESERVES	TOTAL
		$	$	$	$	$	$
Consolidated Entity							
Balance at 1 July 2019		**188,482,276**	**(190,207,648)**	**2,807,380**	**9,076,412**	**521,518**	**10,679,938**
Loss for the period		-	(54,328,360)	-	-	-	(54,328,360)
Total comprehensive loss for the financial year		-	(54,328,360)	-	-	-	(54,328,360)
Transactions with owners in their capacity as owners:							
Shares issued net of transaction costs	11(a)	55,189,059	-	-	-	-	55,189,059
Shares/options issued		-	-	-	(110,159)	-	(110,159)
Convertible notes issued		-	-	-	-	226,036	226,036
Balance at 30 June 2020		243,671,335	(244,536,008)	2,807,380	8,966,253	747,554	11,656,514
Balance at 1 July 2020		**243,671,335**	**(244,536,008)**	**2,807,380**	**8,966,253**	**747,554**	**11,656,514**
Loss for the financial year		-	(8,528,318)	-	-	-	(8,528,318)
Total comprehensive loss for the financial year		-	(8,528,318)	-	-	-	(8,528,318)
Transactions with owners in their capacity as owners:							
Shares issued net of transaction costs	11(a)	26,480,823	-	-	-	-	26,480,823
Decrease in value of collateral shares issued		-	-	-	-	(960,000)	(960,000)
Shares/options issued		-	-	-	348,129	-	348,129
Transfer of reserves to accumulated losses		-	10,765,787	(2,807,380)	(8,170,853)	212,446	-
Balance at 30 June 2021		270,152,158	(242,298,539)	-	1,143,529	-	28,997,148

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 June 2021

	NOTE	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		372,683	2,661,735
Payments to suppliers and employees		(21,065,851)	(29,732,767)
Interest paid		(1,898,349)	(1,218,134)
Research & development rebate on eligible expenditure		20,473,002	(4,401,712)
Other income received		1,233,502	934,564
Net cash outflow from operating activities	12(a)	(885,013)	(31,756,314)
Cash flows from investing activities			
Payments for property, plant and equipment		(7,634,379)	(15,844,542)
Increase in security deposits		(13,525)	-
Net cash outflow from investing activities		(7,647,904)	(15,844,542)
Cash flows from financing activities			
Proceeds from issues of shares		27,650,000	55,522,026
Proceeds from issue of convertible notes		-	2,625,000
Repayment of convertible notes		(4,000,000)	-
Share issue costs		(1,681,015)	(3,708,166)
Proceeds from borrowings		496,662	-
Repayment of borrowings		(647,298)	(8,286,566)
Net cash inflow from financing activities		21,818,349	46,152,294
Net (decrease) / increase in cash and cash equivalents		13,285,432	(1,448,562)
Cash and cash equivalents at beginning of the financial year		6,660,568	8,140,422
Effects of exchange rate changes on cash and cash equivalents		(48,580)	(31,292)
Cash and cash equivalents at the end of the financial year	8(a)	19,897,420	6,660,568

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes..

NOTES TO THE FINANCIAL STATEMENTS

This section sets out the accounting policies that relate to the financial statements of Northern Minerals Limited ("the Company") and its subsidiaries ("the Group"). Where an accounting policy, critical accounting estimate, assumption and judgement is specific to a note, these are described within the note to which they relate. These policies have been consistently applied to all periods presented, except as described in Note 23 New standards and Interpretations.

The consolidated financial statements of "the Company" and "the Group" for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 10 September 2021.

1. Reporting Entity

Northern Minerals Limited is a company limited by shares incorporated and domiciled in Australia where its shares are publicly traded on the Australian Securities Exchange (ASX), and the entity is a for profit entity.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and certain other financial assets and liabilities, which are required to be measured at fair value.

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report is presented in Australian dollars which is the Group's functional currency and all values are rounded to the nearest dollar.

The Group has, where applicable, adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the year ended 30 June 2021. Refer to note 23 New Standards and Interpretations for further details. The Group did not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

a) Financial Position

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss for the year ended 30 June 2021 of A$8,528,318 (2020: A$54,328,360) and experienced net cash outflows from operating activities of A$885,013 (2020: A$31,756,314). As at 30 June 2021 the Group had cash on hand of A$19,897,420 (2020: A$6,660,568) and a net working capital surplus of A$22,031,954 (2020: A$6,147,783).

In addition, the claim for the refundable R&D tax offset for FY21 is expected to be lodged and received within the December 2021 quarter and is estimated at A$4.4 million.

The directors carefully manage discretionary expenditure in line with the Group's cash flow forecast.

Based on the matters described above, the Directors consider the going concern basis of preparation appropriate.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (continued)

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Northern Minerals Limited and its subsidiaries as at and for the year ended 30 June 2021. A list of controlled entities at year end is contained within note 13.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

3. Critical Accounting Judgements, Estimates, Assumptions and Errors

(a) Significant estimates and judgements

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, in respect of R & D and the decline in value of the pilot plant.

Details of the tax assessment are further discussed in note 7.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees, vendors and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 17.

Rehabilitation provision

The recognition of closure and rehabilitation provisions require significant estimates and assumptions such as requirements of the relevant legal and regulatory framework and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Refer to note 10(c).

Convertible notes

The fair value of convertible notes is determined at the end of each reporting date. The fair value is determined using a market interest rate. The compound convertible notes are subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders equity. All other convertible notes are recognised at fair value through profit and loss. Refer to note 8(e).

NOTES TO THE FINANCIAL STATEMENTS

3. Critical Accounting Judgements, Estimates, Assumptions and Errors (continued)

Impairment of Property, Plant and Equipment

During the 2020 year, the Browns Range Pilot Plant ("BRPP") was placed into care and maintenance due to the effects of Covid-19. The board made the decision to partially restart operations at the BRPP rather than resuming full operations in the 2021 financial year. The Board is therefore of the view that indications of impairment existed due to this planned reduction to overall activities and estimates of future cash flows were determined in order to assess the recoverable amount of the BRPP. In assessing the recoverable amount, the board was required to exercise judgement in order to calculate the BRPP's fair value as well as its estimated value in use. Refer to note 10(a) for additional information.

Lease terms

In determining the lease terms for right-of-use-assets, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of offices, the following factors are normally the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the activities and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

4. Exploration and evaluation expenditure

The Company's accounting policy for exploration expenditure is to expense costs as incurred in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. The Company has determined that expenditure in relation to the pilot plant can still be accounted for under AASB 6, given the main activity of the Company relates to evaluating the technical feasibility and commercial viability of extracting the mineral resource. Items of plant and equipment purchased as part of the pilot plant are capitalised.

	2021	**2020**
	$	**$**
Exploration costs	3,207,982	2,605,662
Project evaluation and pre-feasibility	10,387,943	19,618,647
Mining expenditure	43,679	116,319
Total exploration and evaluation expenditure	13,639,604	22,340,628

NOTES TO THE FINANCIAL STATEMENTS

5. Revenue

The Group derives the following types of revenue:

	Consolidated	
	2021 **$**	**2020** **$**
Revenue from contracts with customers	-	3,069,070
R&D rebate on eligible expenditure	9,782,024	23,272,772
Covid-19 grant programs	990,600	583,000
Other government grants	1,333,581	1,333,680
Other	(25,478)	143,699
Total revenue from continuing operations	12,080,727	28,402,221

Revenue Recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods and services promised.

Current year revenue from contracts with customers has resulted from the sale of Rare Earth Carbonate ("REC") to a single external customer. Revenue from REC sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reliably estimated.

R&D rebates and government grants

The Company's accounting policy for R&D rebates and government grants is to recognise these when there is reasonable assurance that:

- The expenditure incurred during the financial period complies with relevant legislation and activities; and
- The rebates claimed will be received.

Rebates and grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred revenue and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

For details of unfulfilled conditions or other contingencies attaching to these grants see Note 14.

A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

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NOTES TO THE FINANCIAL STATEMENTS

5. Revenue (continued)

In early 2019, the Company lodged a formal appeal with AusIndustry regarding its initial decision that the Company's activities were 'ineligible R&D claims' for the FY17 and FY18 periods. On 24 February 2020 the Company was advised that AusIndustry had completed a review of its initial decision and subsequently found that most of the Company's R&D activities for these periods were in fact eligible.

In August 2020, the Company announced that it had reached a settlement agreement with the ATO that settled all matters relating to the FY17 and FY18 R&D tax offset claims. The settlement agreement also documented the agreed refundable R&D offset claim for the FY19 as well as a framework for reviewing the Company's refundable R&D offset claim for FY20.

In the FY20, the Company has recognised the R&D rebate attributable to the FY17 to FY19 periods in addition to accruing the expected R&D offset claim for FY20 as described above.

6. Finance Income and Costs

	2021 $	2020 $
Finance income		
Interest income	19,364	24,432
Total finance income	19,364	24,432
Finance costs		
Interest for financial liabilities	(361,296)	2,531,274
Provisions: unwinding of discount	(18,954)	34,306
Right of use assets interest	41,788	-
Financing transactions and costs	556,367	288,216
Total finance costs	217,905	2,853,796
Amount capitalised	-	-
Finance costs expensed	217,905	2,853,796
Net finance costs/(income)	217,905	2,853,796

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income on financial assets at amortised cost is recognised in the statement of profit or loss as other income.

Capitalised borrowing costs

Borrowing costs capitalised include costs that are directly attributable to the acquisition and construction of the Browns Range Pilot Plant Project. The rate used is the actual borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS

7. Income Tax Expense

	2021 $	2020 $
(a) Income tax expense		
Reconciliation of income tax expense to prima facie tax payable:		
Loss from continuing operations before income tax expense	(8,528,318)	(54,328,360)
Tax calculated at 26% (2020: 27.5%) on loss before income	(2,217,363)	(14,940,299)
Add tax effect of:		
Share-based payments	(15,609)	(161,194)
Non-deductible expenses	(1,199)	7,446
Unused tax losses and temporary differences not recognised	(1,244,533)	12,266,875
R & D adjustments	3,478,704	2,827,172
Income tax expense/(benefit)	-	-
(b) Unrecognised deferred tax balances		
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Unused tax losses	40,522,511	35,794,404
Unused capital losses	166,079	175,661
Property, plant & equipment	3,402,322	4,574,990
Deductible temporary differences	4,200,868	5,913,705
Total unrecognised deferred tax assets	48,291,780	46,458,760
Deferred tax liabilities		
Property, plant and equipment	-	-
Taxable temporary differences - other	-	-
Total unrecognised deferred tax liabilities	-	-
Net unrecognised deferred tax balances	48,291,780	46,458,760

The corporate tax rate in Australia changed from 27.5% to 26% for base rate entities with effect from 1 July 2020. The impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period.

The net deferred tax balances are not recognised since it is not probable at the reporting date that future taxable profits will be available to utilise deductible temporary differences and losses.

(c) Income tax expense / (benefit)

The income tax expense / (benefit) for the period is the tax payable on the current period's taxable income / (loss) based on the applicable income tax rate adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current tax is calculated using the tax rates enacted or substantively enacted at period end, and includes any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax assessment or deduction purposes.

NOTES TO THE FINANCIAL STATEMENTS

7. Income Tax Expense (continued)

The tax effect of certain temporary differences is not recognised, principally with respect to:

- Temporary differences arising on the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- Temporary differences relating to investments and undistributed earnings in subsidiaries, to the extent that the company is able to control its reversal and it is probable that it will not reverse in the foreseeable future.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each balance date and amended to the extent it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Based on the disclosure in note 3, the current income tax position represents the Directors' best estimate, in respect of R&D and the decline in value of the pilot plant.

8. Financial Assets and Financial Liabilities and other receivables and liabilities

(a) Cash and cash equivalents

	2021	2020
Current	**$**	**$**
Cash at bank and on hand	19,897,420	6,660,568
	19,897,420	6,660,568

Cash in the statement of financial position comprises cash at bank and in hand and short-term deposits, with an original maturity of three months or less, that are readily convertible to known amounts of cash, and that are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(b) Trade and other receivables

	2021	2020
Current	**$**	**$**
Trade receivables	-	407,335
GST receivable	113,566	516,718
Prepayments	159,260	2,664,719
Other receivables	-	318,843
R&D rebate receivable (Refer note 5)	4,396,282	20,407,988
	4,669,108	24,315,603

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets and Financial Liabilities and other receivables and liabilities (continued)

(i) Other receivables

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Group. They are recognised at amortised cost, less any allowance for expected credit losses. The Company assessed the balance in other receivables for expected credit losses but they were deemed to have no material impact.

(ii) Research and development rebate receivable

In early 2019, the Company lodged a formal appeal with AusIndustry regarding its initial decision that the Company's activities were 'ineligible R&D claims' for the FY17 and FY18 periods. On 24 February 2020 the Company was advised that AusIndustry had completed its review of its initial decision and subsequently found that most of the Company's R&D activities for these periods were in fact eligible and as a result, the Company finalised its FY17 to FY19 tax returns which include the relevant R&D rebate for those periods. The Company also estimated the R&D rebate for the 2020 financial year. In 2021 the receivable includes only the FY21 R & D rebate estimate.

(iii) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses as per AASB 9 *Financial Instruments*. Trade receivables are generally due for settlement within 30 days.

Information about the methods and assumptions used in determining fair value is provided in note 8(g). Information about the impairment of trade and other receivables, their credit quality and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 9.

(iv) Fair values of trade and other receivables

Due to their short-term nature, their carrying amount is approximate to their fair value. Information about the methods and assumptions used in determining fair value is provided in note 8(g). Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 9.

Prepayments include the following share-based payments:

	2021 $	2020 $
Lind collateral shares issued in the year (refer note 8 (e))	-	2,040,000
Lind options issued in the year (refer note 8(e))	-	396,667
	-	2,436,667

(c) Other financial assets

Non-Current		
Security deposits – rent and performance bonds	74,138	60,523

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets and Financial Liabilities and other receivables and liabilities (continued)

Other financial assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(i) Fair values of other financial assets

Due to their short-term nature, the financial assets carrying amount is approximate to their fair value. Information about the methods and assumptions used in determining fair value is provided in note 8(g). Information about the impairment of other financial assets, their credit quality and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 9.

(d) Trade and other payables

	2021 $	2020 $
Current		
Trade and other payables	1,430,157	6,901,061
Trade and other payables (Refer to note 8(e)) (Secured)	-	4,463,309
	1,430,157	11,364,370

Trade and other payables are classified as loans and are carried at amortised cost. They are non-interest bearing and represent liabilities for goods and services provided to the Group prior to the end of the financial period. They are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. These are included in current liabilities. Liabilities where payment is not due within 12 months from the reporting date, which are classified as non-current liabilities.

(i) Fair values of trade and other payables

Due to their short-term nature, current trade and other payables carrying amounts are approximate to their fair value. Information about the methods and assumptions used in determining fair value is provided in note 8(g). Information about the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 9. Details of the fair values of non-current trade and other payables can be found in note 8(g).

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets and Financial Liabilities and other receivables and liabilities (continued)

(e) Interest Bearing Liabilities

At Amortised Cost	**Interest Rate**	**2021 $**	**2020 $**
Current			
Convertible note (Unsecured) - JHY Inv Pty Ltd	10%/16%	-	3,831,044
Convertible note (Unsecured) - Yuzhen Ma	10%	-	319,726
Equipment finance (Secured)	2.90%-6.50%	16,307	142,865
Right of use asset lease liability (Refer to note 10)	15%	56,752	-
		73,059	4,293,635
Non-Current			
Equipment finance (Secured)	2.90%-6.50%	-	25,485
Right of use asset lease liability (Refer to note 10)	15%	219,280	-
		219,280	25,485
At Fair value through profit and loss			
Current			
Convertible note (Unsecured) - Lind	0%	-	1,534,558
		-	1,534,558
Total Interest Bearing Liabilities			
Current		73,059	5,828,193
Non-Current		219,280	25,485
		292,339	5,853,678

Commitments in relation to hire purchase leases are payable as follows:

Within one year	16,884	147,371
Later than one year but not later than five years	-	25,485
Minimum lease payments	16,884	172,856
Future finance charges	(577)	(4,506)
Total lease liabilities	16,307	168,350

The present value of hire purchase lease liabilities is as follows:

Within one year	16,307	147,753
Later than one year but not later than five years	-	20,597
Minimum lease payments	16,307	168,350

Aside from amounts disclosed above as measured at Fair Value through profit and loss, borrowings are classified as loans and are initially recognised at fair value net of directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised. Interest bearing liabilities are classified as current liabilities, except when the Group has an unconditional right to defer settlement for at least 12 months after the reporting date in which case the liabilities are classified as non-current.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. The fee is capitalised as a prepayment and amortised over the remaining period of the facility to which it relates once it is drawn down.

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets and Financial Liabilities and other receivables and liabilities (continued)

Convertible notes issued by the Group can be converted to ordinary shares at the option of the holder on or before the expiry date. The liability component of the convertible note is recognised initially at the fair value of a similar liability that does not have a conversion option. Subsequent to initial recognition, the liability component of the convertible note is measured at amortised cost using the effective interest method. Interest relating to the financial liability is recognised in the statement of profit or loss as a non-cash item. The conversion option is recognised initially as the difference between the consideration and the value of the liability component and the conversion option is classified as equity.

The Convertible note issued to Lind Global Macro Fund, LP is not convertible at a fixed conversion price and includes a floor price in the contract so has been accounted for as fair value through profit or loss. Financial liabilities designated at fair value through profit or loss are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon de-recognition of the financial liability.

Leases, which transfer to the Group, substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Convertible Note – JHY Investments Pty Ltd

In December 2018 a subscription agreement was entered into with JHY Investments Pty Ltd (JHY), for the issue of 4,000,000 convertible notes over two tranches with a face value of A$1.00 each. Tranche 1 was completed in December 2018 and 3,500,000 notes were issued. Tranche 2 for a further 500,000 notes was completed in January 2019.

The maturity date for the convertible notes was 31 December 2019 at a conversion price of A$0.06 per share. The interest rate was 16% per annum, accruing daily and payable monthly from immediately available funds on the face value of the notes from the date the notes are issued until the earlier of the date the note is converted into shares and the maturity date. Conversion could be at any time before the maturity date at JHY's election, and must have been for a minimum 300,000 notes at any one time.

10,000,000 unlisted options were issued to JHY Investments Pty Ltd on 18 December 2018 as part of the Convertible Security Funding Agreement. These options had an exercise price of A$0.09 each and had an expiry date of 31 December 2019.

During the 2020 financial year, the Company successfully negotiated an extension of the maturity date of the convertible notes issued to JHY as well as a lower interest rate. The new maturity date for the notes was 31 December 2020 and the interest rate payable was reduced to 10% per annum from 1 January 2020. This convertible note was all repaid in the 2021 financial year.

Convertible Note – Yuzhen Ma

In April 2019 a subscription agreement was entered into with Yuzhen Ma for the issue of 7,500,000 convertible notes over two tranches with a face value of A$1.00 each. Tranche 1 was completed with A$2.5 million received in April 2019 and 2,500,000 notes were issued. Tranche 2 for a further 5,000,000 notes was completed and A$5.0 million received in June 2019.

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets and Financial Liabilities and other receivables and liabilities (continued)

The maturity date for the convertible notes was 30 June 2020 at a conversion price of A$0.10 per share. The interest rate was 10% per annum, accruing daily and payable monthly from immediately available

Funds on the face value of the notes from the date the notes are issued until the earlier of the date the note is converted into shares and the maturity date. Conversion can be at any time before the maturity date at the note holder's election. This convertible note was fully repaid within the 2020 financial year with the final interest payment in the 2021 financial year.

Equipment Finance

These loans are secured by a first charge over the equipment under finance and are for a period of between 36-48 months.

Convertible Note – Lind Global Macro Fund, LP

On 2 March 2020, a Convertible Security Funding Agreement was entered with Lind Global Macro Fund, LP ("Lind") of A$2.625 million. Under the Agreement, the Company received the net amount of A$2.5 million after the deduction of fees payable to Lind of A$0.125 million from the issue of one unsecured convertible note with a face value of A$3.0 million.

The conversion price of the note is calculated as the lessor of: (i) 90% of the average of the five lowest daily VWAPs during the 20 trading days prior to conversion; and (ii) A$0.055, and the convertible security may be converted into fully paid ordinary shares at the conversion price at any time before the maturity date (2 March 2022). If a conversion would result in a conversion price of less than A$0.03, the Company may settle that conversion in cash. Lind may then elect to accept such cash payment or have the conversion settled at a conversion price of A$0.03.

The Company has the right to redeem the outstanding face value of the convertible note at any time by giving 10 days' notice by paying the amount outstanding on the convertible security. Upon receiving such notice, Lind may convert up to (in aggregate) 33% of the face value of the convertible security.

As a part of the agreement, the Company also issued 60,000,000 fully paid ordinary shares with a value of A$2.04 million to Lind as collateral shares along with 34,000,000 unlisted options with an exercise price of A$0.045 and expiry date of 2 March 2024.

On 7 May 2020, the Company issued 52,631,579 fully paid ordinary shares to a nominee of Lind in respect of the conversion of A$1m of the face value of the convertible security.

On 22 June 2020 a replacement convertible security was issued to Lind in accordance with the Convertible Security Funding Agreement announced on 2 March 2020 following shareholder approval being obtained at the Company's general meeting held on 18 June 2020. The replacement convertible security was issued with a face value of A$2.0 million. This was all repaid in the 2021 financial year.

A reconciliation of the balance at year end is as follows:

	2021 $	2020 $
Opening Balance	1,534,558	-
Funding Received	-	2,625,000
Repayments made	(2,000,000)	(1,000,000)
Finance costs incurred	276,280	98,720
Fair value adjustments	189,162	(189,162)
Closing Balance	-	1,534,558

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets and Financial Liabilities and other receivables and liabilities (continued)

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2021 $	2020 $
Non-Current		
Fixed charge		
Property, plant and equipment	-	-
Finance lease		
Property, plant and equipment	15,000	312,023
Floating charge		
Receivables		
Property, plant and equipment	-	-
Total non-current assets pledged as security	15,000	312,023
Total assets pledged as security	15,000	312,023

In 2020 Sinosteel had a Specific Security Deed giving it security over the Company's mechanical equipment, electrical and instrumentation equipment, structural steel, platework and piping for the beneficiation and hydrometallurgical process plants supplied and installed by the contractor as defined by the Process Engineering package in the EPC Contract. These assets were fully impaired during the 2020 financial year hence had a nil carrying value as at 30 June 2020. This security has now been released after repayment in full of the creditor.

(f) Deferred revenue

	2021 $	2020 $
Current		
Deferred revenue	845,254	7,521,406

Refer to note 5 for the accounting policy in relation to R&D rebates and government grants.

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets and Financial Liabilities and other receivables and liabilities (continued)

(g) Accounting classification and fair value

Financial assets

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cashflows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to hold both assets in order to collect contractual cashflows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets with be either:

- held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- designated as such upon initial recognition where permitted.

Fair value movements are recognised in profit or loss. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instruments credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the assets lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the assets lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Financial liabilities

Financial liabilities other than derivatives are initially recognised at fair value of consideration received net of transaction costs as appropriate and are subsequently carried at amortised cost. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortisation is included in finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets and Financial Liabilities and other receivables and liabilities (continued)

Derivatives, including those embedded in contractual arrangements but separated for accounting purposes because they are not clearly and closely related to the host contract, are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. Fair value changes are recognised immediately in the profit and loss.

For the interest-bearing liabilities, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate.

Measurement

The following method and assumptions are used to estimate the fair values:

Fair values of the Group's interest-bearing borrowings and loans are determined by using discounted cash flow models that use discount rates to reflect the issuer's borrowing rate as at the end of the reporting period.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All financial instruments measured at fair value use Level 2 valuation techniques in both years.

There have been no transfers between fair value levels during the reporting period.

9. Financial Risk Management

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash that derive directly from its operations.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk.

NOTES TO THE FINANCIAL STATEMENTS

9. Financial Risk Management (continued)

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in USD/AUD exchange rates.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated or linked to a currency that is not the entity's functional currency. The Group's revenue from contracts with customers was invoiced in US dollars in FY2020. The Group did not enter into any FX hedging agreements in relation to its revenue transactions.

Certain operating and capital expenditure is linked to currencies other than the Company's functional currency.

The financial assets and liabilities that are exposed to foreign exchange risk at the end of the reporting period, expressed in Australian dollars, are:

	2021 $	2020 $
Cash and cash equivalents - USD	266,638	168,601
Trade receivables - USD	-	407,335
	266,638	575,936

As shown in the table above, the Group is primarily exposed to changes in USD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments and foreign forward exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS

9. Financial Risk Management (continued)

	Impact on post tax profit/(loss) 2021 $	Impact on post tax profit/(loss) 2020 $
US / $ exchange rate – increase 10%	(24,240)	(52,358)
US / $ exchange rate – decrease 10%	26,664	57,594

Amounts recognised in the statement of profit or loss

During the year the following foreign exchange related amounts were recognised in the statement of profit or loss:

	2021 $	2020 $
Net foreign exchange gain included in other income	3,955	-
Foreign exchange loss in administration expenses	(48,313)	(31,292)
Net foreign exchange gain/(loss)	(44,358)	(31,292)

Cash flow and fair value interest rate risk

Interest rate risk in relation to the fair value or future cash flow may arise from interest rate fluctuations. The Group's exposure to interest rate risk and the effective weighted average interest rate for classes is set out below:

	Weighted average interest rate	Floating Interest Rate	Fixed Interest	Non-Interest Bearing	Total
	%	$	$	$	$
30 June 2021					
Financial Assets					
Cash and cash equivalents	0.06%	19,416,212	-	481,208	19,897,420
Trade and other receivables	-	-	-	4,396,282	4,396,282
Other financial assets	0.72%	-	74,138	-	74,138
Total financial assets		19,416,212	74,138	4,877,490	24,367,840
Financial Liabilities					
Trade and other payables	-	-	-	935,545	935,545
Interest bearing liabilities	2.90%	-	16,884	-	16,884
Total financial liabilities		-	16,884	935,545	952,429

NOTES TO THE FINANCIAL STATEMENTS

9. Financial Risk Management (continued)

	Weighted average interest rate	Floating Interest Rate	Fixed Interest	Non-Interest Bearing	Total
	%	$	$	$	$
30 June 2020					
Financial Assets					
Cash and cash equivalents	0.14%	6,370,318	-	290,250	6,660,568
Trade and other receivables	-	-	-	21,134,166	21,134,166
Other financial assets	1.55%	-	60,523	-	60,523
Total financial assets		6,370,318	60,523	21,424,416	27,855,257
Financial Liabilities					
Trade and other payables	-	-	-	7,662,553	7,662,553
Interest bearing liabilities	7.20%	-	5,853,678	-	5,853,678
Total financial liabilities		-	5,853,678	7,662,553	13,516,231

Financial assets are subject to underlying interbank cash rate movements as determined by the Reserve Bank of Australia.

The impact of a material movement of +/- 1% in the underlying cash rate will not have a material impact on revenue and therefore shareholder equity. The assumed movement in basis point volatility for the interest rate sensitivity analysis is based on the observable market movements in interest rates in the recent past which have been relatively stable.

b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure relating to outstanding receivables and committed transactions. The Group has minimal credit risk with regards to its bank held deposits which are all held with reputable institutions. The Group has minimal credit risk in relation to its receivables.

The maximum exposure to credit risk at the reporting date is the carrying amount of the receivables. Collateral is not held as security. There are no significant concentrations of credit risk within the Group.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Group management aims at maintaining flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

9. Financial Risk Management (continued)

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents. In addition, the Group's liquidity policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these and monitoring debt financing plans.

The Company:

- continuously monitors forecasts and actual cash flows and the maturity profiles of financial assets and liabilities to manage its liquidity risk;
- manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are invested in short-term bank deposits.

Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period, subject to the conditions outlined below:

Fixed rate	**2021**	**2020**
	$	**$**
- Expiring within one year	-	-
- Expiring beyond one year	-	-
	-	-

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Less than 6 months**	**6-12 months**	**Between 1 and 2 years**	**Between 2-5 years**	**Total contractual cash flows**	**Carrying amount**
	$	**$**	**$**	**$**	**$**	**$**
As at 30 June 2021						
Non-derivatives						
Trade payables	935,545	-	-	-	935,545	935,545
Interest bearing liabilities	8,442	8,442	-	-	16,884	16,307
Lease liabilities	28,361	28,361	56,722	170,167	283,611	274,625
Total non-derivatives	**972,348**	**36,803**	**56,722**	**170,167**	**1,236,040**	**1,226,477**
Derivatives						
Other financial liabilities	-	-	-	-	-	-
Gross settled forward exchange contracts	-	-	-	-	-	-
-(Inflow)	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Total derivatives	**-**	**-**	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

9. Financial Risk Management (continued)

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2-5 years	Total contractual cash flows	Carrying amount
	$	$	$	$	$	$
As at 30 June 2020						
Non-derivatives						
Trade payables	7,662,553	-	-	-	7,662,553	7,662,553
Interest bearing liabilities	5,398,524	1,273,880	25,485	-	6,697,889	5,853,679
Lease liabilities	-	-	-	-	-	-
Total non-derivatives	**13,061,077**	**1,273,880**	**25,485**	**-**	**14,360,442**	**13,516,232**
Derivatives						
Other financial liabilities	-	-	-	-	-	-
Gross settled forward exchange contracts	-	-	-	-	-	-
-(Inflow)	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Total derivatives	**-**	**-**	**-**	**-**	**-**	**-**

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NOTES TO THE FINANCIAL STATEMENTS

10. Non-financial Assets and Liabilities

(a) Property, plant and equipment

2021	Assets under construction	Plant and Equipment	Bulk earthworks	Browns Range Buildings	Right of Use – Assets – Office lease	Total
	$	$	$	$	$	$
Cost						
At beginning of the financial year	3,939,445	5,754,812	2,108,973	4,078,660	-	15,881,890
Additions	3,164,582	149,586	-	49,350	280,121	3,643,639
Transfers	(20,369)	-	-	20,369	-	-
Disposals	(192,449)	(1,412,884)	-	(6,667)	-	(1,612,000)
At the end of the financial year	**6,891,209**	**4,491,514**	**2,108,973**	**4,141,712**	**280,121**	**17,913,529**
Accumulated Depreciation						
At beginning of year	-	3,660,691	1,154,222	615,974	-	5,430,887
Depreciation charge for the year	-	723,384	570,860	306,727	35,015	1,635,986
Disposals	-	(1,392,425)	-	(695)	-	(1,393,120)
Accumulated depreciation at end of year	**-**	**2,991,650**	**1,725,082**	**922,006**	**35,015**	**5,673,753**
Carrying amount at end of the year	**6,891,209**	**1,499,864**	**383,891**	**3,219,706**	**245,106**	**12,239,776**

2020	Assets under construction	Plant and Equipment	Bulk earthworks	Browns Range Buildings	Right of Use – Assets – Office lease	Total
Cost						
At beginning of the financial year	290,264	64,462,597	5,634,400	3,561,145	-	73,948,406
Additions	8,256,009	565,837	54,732	270,058	-	9,146,636
Transfers	(4,606,828)	2,644,867	1,714,504	247,457	-	-
Disposals	-	(12,921)	-	-	-	(12,921)
Impairment loss	-	(61,905,568)	(5,294,663)	-	-	(67,200,231)
At the end of the financial year	**3,939,445**	**5,754,812**	**2,108,973**	**4,078,660**	**-**	**15,881,890**
Accumulated Depreciation						
At beginning of year	-	20,379,886	2,700,112	361,457	-	23,441,455
Depreciation charge for the year	-	22,202,367	1,973,835	254,517	-	24,430,719
Disposals	-	(4,100)	-	-	-	(4,100)
Impairment loss	-	(38,917,462)	(3,519,725)	-	-	(42,437,187)
Accumulated depreciation at end of year	**-**	**3,660,691**	**1,154,222**	**615,974**	**-**	**5,430,887**
Carrying amount at end of the year	**3,939,445**	**2,094,121**	**954,751**	**3,462,686**	**-**	**10,451,003**

NOTES TO THE FINANCIAL STATEMENTS

10. Non-financial Assets and Liabilities (continued)

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment charges. Cost is the fair value of consideration given to acquire the asset at the time of its acquisition or construction and includes the direct cost of bringing the asset to the location and condition necessary for operation and its estimated future cost of closure and rehabilitation.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

Any item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

Depreciation and amortisation

The carrying amounts of property, plant and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated project, if shorter. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date the asset is ready and available for use. The major categories of property, plant and equipment are depreciated on a straight-line basis using estimated lives indicated below.

Pilot plant in construction – based on life of pilot plant project – 3 years from being available for use

Office Equipment – 3 years

Fixtures and Fittings – 4 years

Exploration Equipment – 3 years

Vehicles – 4 years

Leasehold Improvements – 3-10 years

Buildings – 3-15 years for fixtures and fittings and portable building structures

Browns Range Site Equipment - 3-10 years and 20 years for mobile equipment

Site Plant Bulk Earthworks – 3-4 years based on life of pilot plant depending on commencement as available for use

Beneficiation Plant – 3 years based on life of pilot plant

Hydrometallurgical Plant – 3 years based on life of pilot plant depending on commencement as available for use.

Assets under construction

All assets included in assets under construction are reclassified to other categories in property, plant and equipment when the asset is available and ready for use in the location and condition necessary for it to be capable of operating in the manner intended.

Non-current assets pledged as security

Refer to note 8 (e) for information on non-current assets pledged as security by the Group.

Impairment Losses

The impairment loss in FY2020 relates to the write down of assets associated with the Browns Range Pilot Plant after it was determined that due to changes at the operation a clear indication of impairment existed in 2020. A subsequent assessment of the recoverable amount determined that this would not exceed $nil and the decision was made to write down the carrying value of these assets to $nil.

NOTES TO THE FINANCIAL STATEMENTS

10. Non-financial Assets and Liabilities (continued)

Leases

The Company has purchased a number of items of plant and equipment under hire purchase lease agreements. These are presented as part of property, plant and equipment in the statement of financial position.

Plant and equipment under lease

	2021 $	2020 $
Plant and equipment – hire purchase	60,000	472,820
Less: Accumulated depreciation	(45,000)	(160,797)
	15,000	312,023

Lease liability

	2021 $	2020 $
Current lease liability	16,307	142,835
Non-current lease liability	-	25,485
	16,307	168,320

Interest charged on hire purchase lease liabilities during the year was A$14,204. The average interest rate charged is 4.13%.

Right of Use Assets

The Company leases office space in West Perth, Western Australia, under a non-cancellable lease which expires on 30 September 2023 and has an option to extend for a further 3 years. The lease agreement does not impose any covenants.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in- substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- Makes adjustments specific to the lease, eg; term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which is not included in the lease liability until they take effect. When adjustments to lease

NOTES TO THE FINANCIAL STATEMENTS

10. Non-financial Assets and Liabilities (continued)

payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the assets useful life and the lease term on a straight line basis.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

In 2020 the Company leased offices in West Perth, Western Australia, under a non-cancellable lease which expired on 31 March 2020. The Company subsequently entered into another lease agreement with a term of 6 months.

As the original office lease was due to expire within 12 months of the first date of application of AASB 16, the Company relied on the practical expedients outlined in AASB 16 as follows:

- Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases and have therefore not been recognised on the balance sheet.

The office leases in 2020 were recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term in accordance with AASB 16.

Lease Commitments

	2021 $	2020 $
Commitments for minimum lease payments are:		
Within one year	-	45,302
Later than one year but less than five years	-	-
Later than five years	-	-
	-	45,302

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
Interest expense (included in finance costs)	41,788	-
Expense relating to short term leases (included in occupancy costs)	9,197	216,469

Income of A$17,345 (2020: A$125,941) has been recognised for sub-leasing of the office premises.

The total cash outflow for leases in 2021 was A$56,292 (2020: A$120,625).

NOTES TO THE FINANCIAL STATEMENTS

10. Non-financial Assets and Liabilities (continued)

(b) Inventories

Current	2021 $	2020 $
Diesel fuel and consumables	885,842	992,099

Inventories are valued at the lower of cost and net realisable value. Cost is determined using weighted average costs.

(c) Provisions

	2021 $	2020 $
Current		
Employee benefits	1,071,946	1,106,518
Non-Current		
Rehabilitation	5,129,440	4,977,310

(i) Movements in provisions

2021	*Employee benefits* *$*	*Rehabilitation* *$*	*Total* *$*
Balance at the beginning of year	1,106,518	4,977,310	6,083,828
Amounts expensed for the year	735,798	152,130	887,928
Utilisation	(770,370)	-	(770,370)
Balance at the end of year	1,071,946	5,129,440	6,201,386

Employee benefits

Liabilities for unpaid wages and salaries are recognised in sundry creditors. Current entitlements to annual leave accrued for services up to the reporting date are recognised in the provision for employee benefits and are measured at the amounts expected to be paid. Entitlements to non-accumulating sick leave are recognised when the leave is taken.

The current liability for long service leave (for which settlement within 12 months of the reporting date cannot be deferred) is recognised in the current provision for employee benefits and is measured in accordance with annual leave described above. The non-current liability for long service leave is recognised in the non-current provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to current wage and salary levels to match as closely as possible, the estimated future cash outflows.

Rehabilitation

The mining, exploration and construction activities of the Group give rise to obligations for site closure and rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling, removal of waste materials, site and land rehabilitation.

Provisions for the cost of each closure and rehabilitation programme are recognised at the time the environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at, or after, the time of closure, for disturbance existing at the reporting date. Routine operating costs that may

NOTES TO THE FINANCIAL STATEMENTS

10. Non-financial Assets and Liabilities (continued)

impact the ultimate closure and rehabilitation activities, are not included in the provision.

Costs arising from unforeseen circumstances, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which they operate. Expenditure may occur before and after closure and can continue for an extended period of time dependent on closure and rehabilitation requirements.

Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of associated cash flows.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation, to the extent that the activity in which the provision is related to is capitalised. The capitalised cost of rehabilitation and closure activities is recognised in property, plant and equipment accordingly. The value of the provision is progressively increased over time due to the effect of discounting unwinding creating an expense recognised in finance expenses. Where the activity in which the provision relates is expensed in accordance with the exploration and evaluation expenditure, the provision expense is also expensed.

Closure and rehabilitation provisions are also adjusted for changes in costs and estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the undepreciated capitalised cost of the related assets, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised first against other items in property, plant and equipment and subsequently to the consolidated statement of profit or loss.

Changes to the capitalised cost result in an adjustment to future depreciation.

Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of significant judgements and estimates involved.

NOTES TO THE FINANCIAL STATEMENTS

11. Equity

	Number	2021 $	Number	2020 $
(a) Ordinary Shares				
Share Capital				
Ordinary Shares	4,846,066,366	270,152,158	3,987,080,431	243,671,335
Movement in Ordinary Share Capital				
Balance at the beginning of year	3,987,080,431	243,671,335	2,083,027,096	188,482,276
Conversion of Performance Rights	4,000,000	-	-	-
Lind – Partial repayment of Convertible Note	50,000,000	800,000	-	-
Placement at $0.02	183,500,000	3,670,000	-	-
Lind – Partial repayment of Convertible Note	66,666,667	1,200,000	-	-
Placement at $0.02	145,000,000	2,900,000	-	-
Conversion of Performance Rights	1,107,000	-	-	-
Placement at $0.049 (discounted for free attaching options)	408,163,267	19,591,837	-	-
Conversion of Performance Rights	140,000	-	-	-
Conversion of Performance Rights	179,000	-	-	-
Conversion of Performance Rights	230,000	-	-	-
Rights issue	-	-	95,039,889	4,276,801
Share placement - $30 million placement (part)	-	-	411,045,556	25,484,824
Issue of securities – exercise of performance rights	-	-	2,859,500	-
Issue of shares for consultancy	-	-	2,419,355	181,500
Issue of shares to JHY Pty Ltd – extension of Convertible Note	-	-	2,000,000	122,000
Share placement - $30 million placement (part)	-	-	3,225,806	200,000
Lind Collateral Shares	-	-	60,000,000	2,040,000
Placement at $0.02	-	-	771,500,000	15,430,000
Lind – Partial repayment of Convertible Note	-	-	52,631,579	1,000,000
Share Purchase Plan	-	-	499,020,000	9,980,400
Conversion of Performance Rights	-	-	1,501,650	-
Shares issued in lieu of payment of vendor invoices	-	-	2,810,000	61,800
	4,846,066,366	271,833,172	3,987,080,431	247,259,601
Less: costs of issue	-	(1,681,014)	-	(3,588,266)
	4,846,066,366	270,152,158	3,987,080,431	243,671,335

NOTES TO THE FINANCIAL STATEMENTS

11. Equity (continued)

(i) Ordinary shares

Issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Share Purchase Plan shares not taken up on termination are dealt with in accordance with the Share Plan rules. For further details on the nature of these shares, refer to note 17.

(b) Share Purchase Plan Shares

Included in ordinary shares are shares issued pursuant to the Share Purchase Plan as follows:

	2021 Number	**2020 Number**
Balance at beginning of year	4,353,400	5,303,400
Shares reverted to company and reissued during the year	-	(950,000)
Balance at end of year	4,353,400	4,353,400

(c) Performance Rights over ordinary shares

	2021 Number	**2020 Number**
Performance rights with conditions with Nil exercise price vesting and exercisable upon a number of conditions (Unquoted)*		
Balance at beginning of year	11,000,000	14,000,000
Issued during the year	-	-
Forfeited/lapsed during the year	(7,000,000)	(2,000,000)
Exercised during the year	(4,000,000)	(1,000,000)
Balance at end of year	-	11,000,000
*Performance rights with conditions** with Nil exercise price vesting and exercisable upon a number of conditions (Unquoted)*		
Balance at beginning of year	300,000	300,000
Issued during the year	-	-
Forfeited/lapsed during the year	-	-
Exercised during the year	(300,000)	-
Balance at end of year	-	300,000

NOTES TO THE FINANCIAL STATEMENTS

11. Equity (continued)

	2021 Number	2020 Number
*Performance rights with conditions*** with Nil exercise price vesting and exercisable upon a number of conditions (Unquoted)*		
Balance at beginning of year	6,179,900	9,713,050
Issued during the year	-	914,000
Forfeited/lapsed during the year	(4,678,150)	(1,086,000)
Exercised during the year	(1,356,000)	(3,361,150)
Balance at end of year	145,750	6,179,900

<u>* Performance conditions</u>

- 5,500,000 shares will vest and be exercisable upon the Company making a final investment decision to proceed with its Browns Range Pilot Plant;
- 5,500,000 will vest and be exercisable upon practical completion being achieved under a contract for the construction of the Browns Range Pilot Plant;
- 5,500,000 shares will vest and be exercisable upon the first accumulated 100 tonnes of mixed rare earth carbonate being produced and sold from the Browns Range Pilot Plant;
- 11,000,000 shares will vest and be exercisable upon the Browns Range Pilot Plant achieving production of mixed rare earth carbonate of at least 260 tonnes within a period of 90 consecutive days.

<u>** Performance conditions</u>

- 100,000 shares will vest and be exercisable upon the completion of Civil Works (concrete) for the Browns Range Pilot Plant;
- 200,000 shares will vest and be exercisable upon the delivery of project EP portion and LTSC portion within budget, no lost time injury and no reportable environmental incident;
- 300,000 shares will vest and be exercisable upon completion of the Pilot Plant performance test and practical completion by 30 June 2019;
- 50,000 shares will vest and be exercisable upon commencement of mining operations of the Browns Range Pilot Project;
- 300,000 shares will vest and be exercisable upon delivery of the mining scope of work for the Browns Range Pilot Plant on time and within budget. No lost time injury at the site from the commencement to the completion of both the mining and earthworks contracts, and no reportable environmental incidents from the commencement to the completion of both the mining and earthworks contracts;
- 250,000 shares will vest and be exercisable upon completion of the mining and earthworks contracts at the discretion of the CEO;
- 100,000 shares will vest and be exercisable upon commencement of employment with Northern Minerals;
- 200,000 shares will vest and be exercisable upon completion of process plant performance test and practical completion achieved by 30 June 2019, and completion of necessary R&D tests and claim application for 2017/2018 R&D claim, and receipt of R&D refund by the Company;
- 300,000 shares will vest and be exercisable upon completion of necessary R&D tests and claim application for 2018/2019 R&D claim and receipt of refund by the Company.

<u>*** Performance conditions</u>

-2,858,500 shares will vest and be exercisable subject to vesting conditions that relate to OHS Positive Performance Indicators (PPI) for the financial year ended 30 June 2020;
-2,858,500 shares will vest and be exercisable subject to vesting conditions that relate to Key Production Indicators (KPI) for the financial year ended 30 June 2020;
-2,998,500 shares will vest and be exercisable subject to vesting conditions that relate to OHS Positive Performance Indicators (PPI) for the financial year ended 30 June 2020;
-2,998,500 shares will vest and be exercisable subject to vesting conditions that relate to Key Production Indicators (KPI) for the financial year ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

11. Equity (continued)

(d) Options over ordinary shares

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price	Share options 30 June 2021	Share options 30 June 2020
12 April 2017	24 May 2021	$0.15	-	3,000,000
30 November 2018	20 December 2021	$0.1225	10,000,000	10,000,000
2 March 2020	2 March 2024	$0.045	34,000,000	34,000,000
22 February 2021	22 February 2024	$0.074	153,061,226	-
Total			197,061,226	47,000,000
Weighted average remaining contractual life of options outstanding at end of period			2.54 years	3.03 years

The following options expired during the year:

Expiry date	Exercise price	Share options
24 May 2021	$0.15	3,000,000

(e) Capital management

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market.

Management monitors capital by reviewing the level of cash on hand, future revenue streams and assessing the impact of possible future commitments in respect of the potential capital structure that would be required to meet those potential commitments.

(f) Dividends

No dividends were paid or declared by the Company since the incorporation of the Company.

(g) Nature and purpose of other reserves

The share option reserve is used to recognise the value of options or performance rights issued in lieu of cash payments, issued to employees and Key Management Personnel as remuneration, and to recognise the proceeds received on issue of options and performance rights.

The share-based payments reserve is used to recognise the value of shares issued in lieu of cash payments and is allocated the vested portion of the employee share purchase plan over the vesting period.

The other reserve covers the equity component of the issued convertible notes. The liability component is reflected in financial liabilities. It also includes the change of value in the collateral shares issued, refunded and reissued.

NOTES TO THE FINANCIAL STATEMENTS

12. Cash Flow Information

	2021 $	2020 $
(a) Reconciliation of loss after income tax to net cash outflow from operating activities		
Net Loss after tax	(8,528,318)	(54,328,360)
Adjustments		
Depreciation expense	1,635,986	24,430,720
Amortisation of borrowing costs	791,303	1,017,578
Gain/(loss) on disposal of assets	26,431	(8,551)
Share-based payments (refer note 17)	(60,035)	(509,889)
Repayment of Research & Development	-	(4,108,378)
Impairment of PPE	-	24,763,044
Non-cash fair value adjustments	25,043	92,793
Change in assets and liabilities		
(Increase) /decrease in other receivables	17,104,922	(20,787,403)
(Increase) / decrease in inventory	106,257	(270,084)
Increase / (decrease) in trade and other payables	(12,104,161)	(2,444,351)
Increase / (decrease) in provisions	117,559	396,567
Net cash flows used in operating activities	(885,013)	(31,756,314)

(b) Non-cash investing and financing activities

Conversion of debt to equity (refer note 17)	2,000,000	1,000,000

The above reflects the Lind facility where repayments have been made via the issue of ordinary shares.

(c) Reconciliation of liabilities arising from financing activities

	Opening balance 2020 $	Cash flows * $	Non-cash changes: Foreign exchange movements $	Non-cash changes: Conversion of debt to equity $	Non-cash changes: Other non-cash movements $	Closing balance 2021 $
Convertible notes	5,685,329	(4,440,290)	-	(2,000,000)	754,961	-
Equipment finance	168,350	(150,636)	-	-	-	17,714
Total liabilities from financing activities	**5,853,679**	**(4,590,926)**	**-**	**(2,000,000)**	**754,961**	**17,714**

*Interest paid on liabilities has been included in the cash flows above, however, is shown as operating cash flows in the Statement of Cash Flows.

13. Subsidiaries

The following are wholly owned subsidiaries of the Company:

- Northern Uranium Pty Ltd
- Northern Commodities Pty Ltd
- Northern P2O5 Pty Ltd
- Northern Rare Earth Metals Pty Ltd; and
- Northern Xenotime Pty Ltd.

Subsidiaries are entities controlled by the parent entity. Control exists where the parent entity is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A parent entity has power over the subsidiary, when it has existing rights to direct the relevant activities of the subsidiary which are those which significantly affect the subsidiary returns.

14. Contingent Liabilities

Co-Existence Agreement

Under the terms of the Browns Range Co-existence Agreement announced to ASX on 16 June 2014, the Company has an obligation to make certain payments as well as maximising local employment. The majority of payments are subject to the commencement of commercial production at the Company's Browns Range Project and cannot be reliably measured at this time.

During the Pilot Plant Phase, the payment obligations do not apply and are substituted with alternative payment obligations.

Guarantees

The Group has guarantees in the form of security deposits for rent and performance bonds of A$74,138 (2020: A$60,522).

NOTES TO THE FINANCIAL STATEMENTS

14. Contingent Liabilities (continued)

Government Grants

On 7 August 2017, as part of a consortium led by the Wunan Foundation, Northern Minerals announced that funding has been awarded under the Federal Government's Building Better Regions Fund (BBRF) to develop an Aboriginal training-to-work (T2W) program at the Browns Range Pilot Plant Project. The Grant is paid as agreed milestones are achieved in arrears, based on actual eligible costs. Payments are subject to satisfactory progress on the Project and compliance by the Grantee with its obligations under the agreement. A final payment of at least 10% of the Grant will be withheld until the Grantee submits a satisfactory final report demonstrating end of the Project reporting obligations have been met.

If the Grantee does not comply with an obligation under the agreement and the Commonwealth believes that the non-compliance is incapable of remedy, or if the Grantee has failed to comply with a notice to remedy, the Commonwealth may by written notice reduce the scope of the Agreement. This can include return of any part of the Grant to the Commonwealth.

15. Commitments

(i) Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the Company's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be similar to that for the forthcoming twelve months. These obligations are not provided for in the financial report and are payable:

	2021 $	2020 $
Exploration Tenements		
Within one year	1,316,900	841,400

NOTES TO THE FINANCIAL STATEMENTS

16. Related Party Transactions

(a) Key management personnel compensation

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	2021 $	2020 $
Short-term employee benefits	1,741,177	2,563,298
Post-employment benefits	73,646	98,358
Other long-term benefits	27,827	10,206
Share-based payments	(65,674)	(709,349)
Total compensation	1,776,976	1,962,513

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Transactions with other related parties

Northern Minerals had entered into agreements with companies associated with Non-executive Director Adrian Griffin, for them to rent office accommodation at 675 Murray Street, West Perth. The rent was set at a rate which was an arms-length commercial rate for comparable premises. These agreements terminated on 30 September 2020.

Rental Income	12,945	125,941
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:		
Current receivables	-	20,767

NOTES TO THE FINANCIAL STATEMENTS

17. Share-based Payments

Total expenses arising from share-based payment transactions recognised during the period:	2021 $	2020 $
Performance rights and options – refer to (i)	(60,035)	(110,159)
Share purchase plan shares – refer to (ii)	-	-
Total Options and Performance Rights	**(60,035)**	**(110,159)**
• *Included in share-based payments expense*	(60,035)	(586,159)
• *Included in prepayments (refer note 8(b))*	-	476,000
	(60,035)	**(110,159)**
Share-based payments by issuing shares		
• *Repayment of debt (refer note 12(b))*	2,000,000	1,000,000
• *Included in project development costs*	-	41,800
• *Included in consulting fees*	-	201,500
• *Included in prepayments (refer note 8(b))*	-	2,162,000
Total shares issued for payment of goods and services	**2,000,000**	**3,405,300**
Total share-based payments for the year	**1,939,965**	**3,295,141**
Total share-based payments recognised in profit and loss	(60,035)	(202,526)
Total share-based payments recognised in statement of financial position	2,000,000	3,497,667

Equity settled transactions

The Group provides benefits to its employees (including Key Management Personnel) in the form of share-based payments.

In valuing equity-settled transactions, vesting conditions, other than conditions linked to the price of the shares of Northern Minerals Limited (market conditions) are considered if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of profit or loss is the product of:

(i) The grant date fair value of the award.

(ii) The expired portion of the vesting period.

The charge to the statement of profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 19).

The Group expenses equity-settled share-based payments such as share and option issues after ascribing a fair value to the shares and/or options issued. The fair value of option and share plan issues of option and share plan shares are recognised as an expense together with a corresponding increase in the share-based payments reserve or the share option reserve in equity over the vesting period. The

NOTES TO THE FINANCIAL STATEMENTS

17. Share-based Payments (continued)

proceeds received net of any directly attributable transaction costs are credited to share capital when options are exercised.

The value of shares issued to employees, financed by way of a non-recourse loan under the employee Share Plan, is recognised with a corresponding increase in equity when the company receives funds from either the employees repaying the loan or upon the loan termination. All shares issued under the plan with non-recourse loans are considered, for accounting purposes, to be options.

The initial undiscounted value of the performance rights is the value of an underlying share in the Company as traded on ASX at the date of deemed date of grant of the performance right. As the performance conditions are not market based performance conditions, no discount is applied.

(i) Options and Performance Rights

Nil performance rights were granted to employees and directors during the year (2020: 914,000).and 153,061,226 (2020: 34,000,000) options were granted to third parties. Details on the performance rights and options issued are included in note 11(c) and 11(d). Details on the performance rights issues to key management personnel are included in the Remuneration Report section of the Directors' Report.

The number and weighted average exercise price of performance rights granted are as follows:

	2021 Number	Weighted average exercise price	2020 Number	Weighted average exercise price
Outstanding at the beginning of the year	17,479,900	$nil	24,013,050	$ nil
Performance rights issued during the year	-	$nil	914,000	$ nil
Performance rights forfeited / lapsed during the year	(11,678,150)	$ nil	(3,086,000)	$ nil
Performance rights exercised during the year	(5,656,000)	$ nil	(4,361,150)	$ nil
Outstanding at the end of the year	145,750	$ nil	17,479,900	$ nil
Exercisable at the end of the year	145,750		4,263,900	

The outstanding balance as at 30 June 2021 is represented by:

- 145,750 performance rights with an exercise price of nil, with numerous performance conditions – see note 11(c) for details.

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2021 is 0.00 years (2020: 0.98 years).

(ii) Share Plan Shares

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of Directors and employees of a high calibre, the Company has an established Share Plan.

The Directors and employees of the Company have been, and will continue to be, essential to the growth of the Company.

The Directors considered the Plan an appropriate method to:

a) Reward Directors and employees for their past performance;

b) Provide long-term incentives to participate in the Company's future growth;

c) Motivate Directors and employees and generate loyalty in employees; and

d) Assist to retain the services of valuable employees.

NOTES TO THE FINANCIAL STATEMENTS

17. Share-based Payments (continued)

The Plan is used as part of the remuneration planning for senior Employees. ASX corporate governance guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

The Plan is also to be used as part of the remuneration package for non-executive Directors. Although this is not in accordance with the recommendations contained in the corporate governance guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Plan from time to time, given the size of the Company.

The Company obtained shareholder approval for the introduction of the Plan in November 2007 and again in November 2013, and any Shares issued under the Plan within 3 years of approval of the Plan, is an exception to Listing Rule 7.1.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue or agree to issue securities representing more than 15% of the nominal value of the company's issued capital at the beginning of any 12-month period without shareholder approval.

Pursuant to the terms of the Plan, the Board or a duly appointed committee of the Board ("Committee") may, at such time as it determines, issue invitations to Directors and Employees of the Company to apply for Shares.

It is at the discretion of the Committee who were issued invitations to apply for Shares under the Share Plan and the number of Shares the subject of an invitation. Offers of Shares by the Board or the Committee are subject to the limits imposed by the Plan. Except where necessary to comply with the provisions of an employment contract or other contract approved by the Board whereby executive or technical services are provided to the Company, neither the Board nor the Committee may offer or issue Shares under the Plan where the effect would be that the number of Shares offered or granted, when aggregated with the number of Shares issued on the same date or within the previous 5 years under any share incentive scheme, would exceed 5% of the total number of Shares on issue at the date of the proposed offer or issue.

The issue price for Shares offered under the Plan is at the discretion of the Board or the Committee, provided that the issue price is not less than 1% below the weighted average sale price of Shares sold through ASX during the one-week period up to and including the offer date, or, if there were no transactions in Shares during that one week period, the last price at which an offer was made to purchase Shares on ASX.

A Director or Employee ("Participant") who is invited to subscribe for Shares under the Plan may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted, on the following terms:

a) Loans must be made solely to the Participant or their nominee and in the name of either the Participant or their nominee as the case may be.

b) The principal amount outstanding under a Loan will be interest free.

c) Any loan made available to a Participant will be applied by the Company directly towards payment of the issue price of the Shares to be acquired under the Plan.

d) The term of the loan, the time in which repayment of the loan must be made by the Participant and the manner for making such payments shall be determined by the Board or the Committee and set out in the invitation.

e) The amount repayable on the loan by the Participant will be the lesser of:

    i) the issue price of the Shares less any cash dividends paid in respect of the Shares and applied by the Company in accordance with paragraph (g) below and any amount of the loan repaid by the Participant; and

NOTES TO THE FINANCIAL STATEMENTS

17. Share-based Payments (continued)

ii) the last sale price of the Shares on ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.

f) A Participant may elect to repay the Loan in full prior to expiry of the term of the Loan but may elect to repay the Loan amount in respect of any or all of the Shares (in multiples representing not fewer than 1,000 Shares) at any time prior to expiry of the term of the Loan.

g) Cash dividends which are paid in respect of Shares the subject of a loan will be applied by the Company on behalf of the Participant to repayment of the amount outstanding under the loan and any surplus of the cash dividend will be paid to the Participant.

h) Any fees, charges and stamp duty payable in respect of a loan will be payable by the Participant.

i) The Company shall have a lien over each Share acquired pursuant to the loan until such time as the loan in respect of that Share is repaid. The Company shall be entitled to sell those Shares in accordance with the terms of the Plan.

j) A Share issued under the Share Plan will not be tradeable by a Participant until the Loan amount in respect of that Share has been repaid and the Company:

(i) will retain the Share Certificate in respect of the Loan Shares;

(ii) may apply a Holding Lock; and

(iii) may refuse to register a transfer of Loan Shares, until the Loan amount has been repaid.

If, prior to repayment of a loan by a Participant, the Participant dies, becomes bankrupt or is no longer a Director or Employee of the Company or its subsidiaries, then the Participant is required to either repay the loan within one month or allow the Company to sell the Shares on ASX and apply the proceeds of sale in repayment of the loan. If the proceeds of sale of the Shares are less than the amount outstanding in relation to the loan (including the expenses associated with the sale of the relevant Shares), the Company will forgive the amount of the shortfall.

The following shares were issued under the Northern Minerals Share Purchase Plan.

	2021 Number	2020 Number
Opening Balance	4,353,400	5,303,400
Issued during the year	-	-
Shares for which loan has been repaid	-	-
Shares reverted back to the Company reissued in accordance with the Share Plan rules	-	(950,000)
Closing Balance	4,353,400	4,353,400

4,353,400 shares have reverted to the Company under the terms of the share plan. The shares are available to be issued by the Company as at 30 June 2021.

(iii) Valuation of Options, Performance Rights and Share Plan Shares

The fair value of the equity-settled share options granted under both the option and the loan plans, and to third parties is estimated as at the date of grant using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options and shares were granted. The initial undiscounted value of the performance rights is the value of an underlying share in the Company as traded on ASX at the date of deemed date of grant of the performance right. As the performance conditions are not market based performance conditions, no discount is applied.

The fair value of options, performance rights and share plan shares are recognised as an expense over the period from grant to vesting date.

NOTES TO THE FINANCIAL STATEMENTS

17. Share-based Payments (continued)

The Black-Scholes Option Pricing Model assumes that the securities subject to the valuation can be sold on a secondary market. The terms and conditions of the Options and Share Plan shares state that no application will be made for the Shares to be listed for official quotation on ASX, until certain milestones are met.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The following tables list the inputs to the model used for the years ended 30 June 2021 and 2020.

There were no Share Plan shares issued during the year ended 30 June 2021 and 30 June 2020.

The following relates to the unlisted options and performance rights issued during the year ended 30 June 2021 and 30 June 2020:-

Issue Date	Vesting Date	Number Issued	Grant Date	Stock price at Grant Date	Issue Price – at date of issue	Risk Free Rate	Volatility	Value Per Option/Right
22/02/2021	22/02/2024	153,061,226	22/02/2021	$0.048	n/a	n/a	n/a	$0.003
02/03/2020	02/03/2020	34,000,000	02/03/2020	$0.034	$0.045	0.5%	65%	$0.014
04/11/2019	Various	914,000	04/11/2019	$0.051	Nil	Nil	Nil	$0.051

18. Auditor's Remuneration

Nexia Perth Audit Services Pty Ltd	**2021 $**	**2020 $**
During the year the following fees were paid or payable for services provided by the auditor:		
Audit and Other Assurance Services		
Audit and review of financial reports under the Corporations Act 2001	131,476	132,724
Other assurance services - audit of government grant final report	3,470	1,970
Total remuneration of auditors	134,946	134,694

NOTES TO THE FINANCIAL STATEMENTS

19. Earnings per share

	2021 Cents per share	2020 Cents per share
a) Basic loss per share		
From continuing operations attributable to the ordinary equity holders of the Company	(0.19)	(2.04)
b) Loss used in calculating loss per share		
Loss attributable to ordinary equity holders of the Company for basic and diluted earnings per share	(8,528,318)	(54,328,360)
	Number	**Number**
c) Weighted average number of shares used as the denominator		
The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic loss per share	4,527,871,438	2,667,758,484

As the Company has incurred a loss, any exercise of options would be antidilutive, therefore the diluted and basic earnings per share are equal.

Basic earnings / (loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and;
- dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS

20. Parent Entity Information

Summary financial information
The individual financial statements for the parent entity, Northern Minerals Limited, show the following aggregate amounts:

	2021 $	2020 $
Statement of financial position		
Current assets	25,452,370	31,968,270
Total assets	37,766,284	42,479,796
Current liabilities	3,420,416	25,820,487
Total liabilities	8,769,136	30,823,282
Shareholder's equity		
Share capital	270,152,158	243,671,335
Reserves	1,143,529	12,521,187
Accumulated losses	(242,298,539)	(244,536,008)
	28,997,148	11,656,514
Net Loss for the year	(8,528,318)	(54,328,360)
Contingent liabilities	Refer to note 14	

The Parent entity had no guarantees and commitments other than detailed in Notes 14 and 15.

NOTES TO THE FINANCIAL STATEMENTS

21. Segment Information

The Company operates in only one business and geographical segment, being the mineral exploration industry in Australia.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker (the Board of Directors) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

22. Events Occurring After the Reporting Period

On 30 July 2021, the Company issued 51,020,408 unlisted options to subscribers with an exercise price of A$0.074 and an expiry date of 27 July 2024. This was the final tranche of the placement announced on 16 February 2021, raising A$20 million (before costs).

The impact of the Coronavirus (COVID-19) pandemic is ongoing as at 30 June 2021 and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is constantly changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

23. New Accounting Standards and Interpretations

The Group has where applicable, adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the year ended 30 June 2021 including:

AASB 2018-7 :Amendments to Australian Accounting Standards- Definition of Material
The amendments refine he definition of material in AASB 101. The amendments clarify the definition of material and includes guidance relating to obscuring information that could be reasonably expected to influence decisions of the primary users of the financial information. The amendments include additional guidance to the definition of material, gives it more prominence, and clarifies the explanation accompanying the definition of material.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

As at the date of the authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective and have not been adopted by the Group for the annual reporting year ending 30 June 2021:

Standard	Effective date for annual reporting periods beginning on or after	Application date for the Company
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	1 July 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	1 July 2023
AASB 2020-3 Annual Improvements to IFRS Standards 2018–2020 and Other Amendments	1 January 2022	30 June 2023
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2023	30 June 2024

NOTES TO THE FINANCIAL STATEMENTS

23 New Accounting Standards and Interpretations (continued)

The Company has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Company's assessment of those new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below. The Group has not yet determined the impact of these pronouncements on its financial statements.

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
This Standard amends:

(a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
(b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
(c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
(d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and
(e) AASB Practice Statement 2 , to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-25 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
The amendment narrowed the scope of the recognition exemption in paragraphs 15 and 24 of AASB 112 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendment applies to transactions that occur on or after the beginning of the earliest comparative period presented.

AASB 2020-3 *Annual Improvements to IFRS Standards 2018–2020 and Other Amendments*
This Standard amends:

(a) the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
(b) AASB 3 to update references to the Conceptual Framework for Financial Reporting;
(c) AASB 9 to clarify when the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
(d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
(e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and
(f) AASB 141 to align the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non- Current*
Amends AASB 101 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver, a breach of covenant, or settlement of the liability). The mandatory application date of the amendment has been deferred by 12 months to 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

23 New Accounting Standards and Interpretations (continued)

Management is currently assessing the effects of applying the new standards on the Group's financial statements. The Group will make more detailed assessments over the next 12 months.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Northern Minerals Limited I state that:

1. In the opinion of the directors

   (a) The financial statements and notes of Northern Minerals Limited for the financial year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of their performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable having regard to the matters disclosed in note 2(a); and

   (c) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board

____

Colin McCavana

Director

10 September 2021

Nexia Australia

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Northern Minerals Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen
Director

Perth
10 September 2021

Nexia Perth
Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

Nexia Australia

Independent Auditor's Report to the Members of Northern Minerals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Northern Minerals Ltd ("the Company" and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nexia Perth
Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

Nexia Australia

Key audit matter	How our audit addressed the key audit matter
Future Funding *(Refer to note 2(a) in the financial report)* The Group has not yet started to generate revenue which is sufficient to cover their operating expenditure and is therefore reliant on the raising of capital or debt funding. The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the inherent uncertainties associated with the future development of the Group's projects and the level of funding required to support that development.	Our procedures included, amongst others: • Assessing the financial position of the Group at 30 June 2021 and up to date of sign off; • Reviewing managements forecast for the 12 month period to 30 September 2022 and assessing the reliability of the inputs and assumptions used; and • Performing sensitivity analysis over managements cashflow forecast.
Rehabilitation Provision *(Refer to note 10(c) in the financial report)* As a consequence of its operations the Group has an obligation to rehabilitate and restore the disturbances to the environment arising from the construction of the Pilot Plant. The nature of the rehabilitation activities that will be required are governed by local legislative requirements. This matter is a key audit matter because estimating the costs associated with these future rehabilitation activities requires judgement and estimation for factors such as the timing of when the rehabilitation works will take place, the extent of the rehabilitation and restoration activities that will be required and inflation rates and discount rates pertinent to the rehabilitation work.	Our procedures included, amongst others: • Our audit procedures included, amongst others: • Assessing the competency, objectivity and experience of management's internal expert who valued the rehabilitation provision; • Reconciling the expert's calculations to the basis of the rehabilitation provision in the financial report; • Checking a sample of costs used in the Group's rehabilitation estimates against legislated rates; • Agreeing the expected timing of the rehabilitation works in the cash flow model to the expected life of the Pilot Plant; • Testing the mathematical accuracy of management's cash flow model; and • Auditing the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Nexia Australia

Responsibilities of the Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Nexia Australia

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 52 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of ABC Company Ltd for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

NPAS

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen
Director

Perth
10 September 2021

SCHEDULE OF TENEMENTS

Project	Location	Tenement ID	State	Status	Holder Application	Interest
Browns Range WA	Browns Range	E80/4479	WA	Granted	Northern Minerals	100%
	Browns Range	E80/4782	WA	Granted	Northern Minerals	100%
	Browns Range	M80/627	WA	Granted	Northern Minerals	100%
	Browns Range	E80/5040	WA	Granted	Northern Minerals	100%
	Browns Range	E80/5041	WA	Granted	Northern Minerals	100%
	Browns Range	E80/5260	WA	Application	Northern Minerals	100%
	Browns Range	E80/5261	WA	Application	Northern Minerals	100%
	Browns Range	E80/5367	WA	Application	Northern Minerals	100%
	Browns Range	E80/5368	WA	Application	Northern Minerals	100%
	Browns Range	E80/5369	WA	Application	Northern Minerals	100%
	Browns Range	E80/5370	WA	Application	Northern Minerals	100%
	Browns Range	E80/5418	WA	Application	Northern Minerals	100%
	Browns Range	L80/76	WA	Granted	Northern Minerals	100%
	Browns Range	L80/77	WA	Granted	Northern Minerals	100%
	Browns Range	L80/78	WA	Granted	Northern Minerals	100%
	Browns Range	L80/79	WA	Granted	Northern Minerals	100%
Browns Range NT	Browns Range	EL26270	NT	Granted	Northern Minerals	100%
	Browns Range	ELA32161	NT	Application	Northern Minerals	100%
	Browns Range	ELA32162	NT	Application	Northern Minerals	100%
	Browns Range	EL24174	NT	Granted	Northern Star	REE Rights Only
	Browns Range	EL24193	NT	Granted	Northern Star	REE Rights Only
	Browns Range	EL26286	NT	Granted	Northern Star	REE Rights Only
John Galt	John Galt	E80/4298	WA	Granted	Northern Minerals	100%
	John Galt	E80/4967	WA	Granted	Northern Minerals	100%
	John Galt	E80/5070	WA	Granted	Northern Minerals	100%
	John Galt	E80/5230	WA	Granted	Northern Minerals	100%

Project	Location	Tenement ID	State	Status	Holder Application	Interest
Boulder Ridge	Boulder Ridge	EL29594	NT	Granted	Northern Minerals	100% (excluding gold rights)
	Boulder Ridge	ELA24935	NT	Application	Northern Minerals	100% (excluding gold rights)
	Boulder Ridge	ELA24849	NT	Application	Northern Minerals	100% (excluding gold rights)
Gardiner-Tanami NT	Pargee	EL27367	NT	Granted	Northern Minerals	100%
	Boulder Ridge	ELA30132	NT	Application	Northern Minerals	100%
	Boulder Ridge	EL25171	NT	Granted	Northern Star	REE Rights Only
	Boulder Ridge	EL24177	NT	Granted	Northern Star	REE Rights Only
	Boulder Ridge	EL27590	NT	Granted	Northern Star	REE Rights Only
	Tanami	EL29595	NT	Granted	Northern Star	REE Rights Only
	Tanami	EL29593	NT	Granted	Northern Star	REE Rights Only
	Tanami	EL29592	NT	Granted	Northern Star	REE Rights Only
	Tanami	EL26635	NT	Granted	Northern Star	REE Rights Only
	Ware Range	EL26498	NT	Granted	Northern Star	REE Rights Only
	Ware Range	EL26541	NT	Granted	Northern Star	REE Rights Only
	Tanami	EL25009	NT	Granted	Northern Star	REE Rights Only
	Tanami	EL23932	NT	Granted	Northern Star	REE Rights Only
	Tanami	ELA29619	NT	Application	Northern Star	REE Rights Only
	Tanami	ELA29621	NT	Application	Northern Star	REE Rights Only
	Boulder Ridge	ELA28868	NT	Application	Northern Star	REE Rights Only
	Tanami	ELA32163	NT	Application	Northern Star	REE Rights Only
	Tanami	ELA32164	NT	Application	Northern Star	REE Rights Only
Rabbit Flats	Rabbit Flats	ELA25159	NT	Application	Northern Star	REE Rights Only
	Rabbit Flats	ELA25160	NT	Application	Northern Star	REE Rights Only

SHAREHOLDER INFORMATION

As at 20 September 2021

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

1. Ordinary Shares (NTU)

a) Distribution of shares

Category (size of holding)	Number of holders	% Issued Share Capital
1-1,000	307	0.00%
1,001-5,000	601	0.05%
5,001-10,000	1,280	0.22%
10,001-100,000	6,071	5.30%
100,000-and over	2,969	94.43%
Total	9,382	100.00%

The number of shareholdings held in less than marketable parcels is 2,607.

b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

	Name of Holder	Number of shares held	% Holding
1	Citicorp Nom PL	380,544,308	7.85%
2	Vastness Investment Group Limited	375,000,000	7.74%
3	Yongquan He	250,000,000	5.16%
4	Yuzhen Ma	225,000,000	4.64%
5	Africa Changcheng Mining Holdings Ltd	163,692,239	3.38%
6	Yu Long Mining Development Company Ltd	160,078,320	3.30%
7	Australia Conglin International Investment Group Pty Ltd	156,833,095	3.24%
8	Jing Liu	150,000,000	3.10%
9	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	138,191,706	2.85%
10	Chen Hui Yun	107,692,308	2.22%
10	Xue Congyan	107,692,308	2.22%
11	RHE Investment Pty Ltd <RHE Investment A/C>	82,822,837	1.71%
12	HSBC Custody Nominees (Australia) Limited	68,574,220	1.42%
13	Joy And K Pty Ltd <Joy & K Family A/C>	65,038,462	1.34%
14	Mr Wenbao Li	64,516,130	1.33%
15	BNP Paribas Nominees Pty Ltd ACF Clearstream	64,257,586	1.33%
16	Straits Investments Limited	56,923,077	1.17%
17	Mr Conglin Yue	50,615,385	1.04%
18	JHY Investments Pty Ltd	38,355,367	0.79%
19	Jo Holding Pty Ltd <Jo Holding Disc A/C>	33,258,065	0.69%
20	Go & Company Ltd	32,307,693	0.67%
	Total	2,771,393,106	57.19%

As at 20 September 2021 the issued capital comprised 4,846,066,366 ordinary fully paid shares.

2. Substantial Holders of Equity Securities

The names of substantial shareholders (NTU) are as follows:

Holder	Number of shares
Vastness Investment Group Limited	375,000,000
Yongquan He	250,000,000
Yuzhen Ma	225,000,000

3. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) Options

No voting rights

4. Stock Exchange Listing

Listing has been granted for ordinary shares (NTU) of the company on all Member Exchanges of the Australian Stock Exchange Limited.

5. Unquoted Securities

	Number	Number of holders
Options expiring 20 December 2021 at $0.1225 to Lind Asset Management X LLC	10,000,000	1
Options expiring 2 March 2024 at $0.045 to Lind Global Macro Fund, LP	34,000,000	1
Options expiring 22 February 2021 at $0.074.	153,061,226	92
Options expiring 27 July 2024 at $0.074.	51,020,408	91

The following persons hold 20% or more of the equity securities in these unquoted classes.

	Name of holder	Number of securities
Options expiring 22 February 2021 at $0.074	Africa Changcheng Mining Holdings Ltd	38,265,307
Options expiring 27 July 2024 at $0.074	Africa Changcheng Mining Holdings Ltd	12,755,102

6. Restricted Securities

As at 20 September 2021 there were 4,353,400 restricted securities on issue.

7. On-Market Buyback

The Company is not performing an on-market buyback at the time of this report.

CORPORATE DIRECTORY

Northern Minerals Limited

Directors

Colin McCavana (Non-executive Chairman)
Ming Lu (Non-executive Director)
Liangbing Yu (Non-executive Director)
Bin Cai (Non-executive Director)

CEO

Mark Tory

Company Secretary

Belinda Pearce

Registered and Principal Office

Ground Floor, 34 Colin Street
West Perth WA 6005
PO Box 669
West Perth WA 6872

Telephone: + 61 8 9481 2344
Email: info@northernminerals.com.au
Website: www.northernminerals.com.au

ABN 61 119 966 353

Share Registry

Automic Group Pty Ltd
GPO Box 5193, Sydney NSW 2001
T 1300 288 664
F +61 2 9698 5414
hello@automic.com.au

ASX Code: NTU

Solicitors

Johnson Winter & Slattery
Level 4, Westralia Place
167 St Georges Terrace
Perth WA 6000

Auditors

Nexia Perth Audit Services Pty Ltd
Level 3, 88 William Street
Perth WA 6000

Investor & Media Relations

Cannings Purple
Level 1, Brookfield Tower 2
123 St Georges Terrace
Perth WA 6000

Bankers

National Australia Bank

www.northernminerals.com.au

info@northernminerals.com.au
Telephone +61 8 9481 2344

Ground Floor, 34 Colin Street
West Perth WA 6005