



**NORTHERN  
MINERALS**

Powering Technology.

**NORTHERN MINERALS LIMITED**

**ABN 61 119 966 353**

**ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2022**

## **NORTHERN MINERALS LIMITED DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

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 2022 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.

#### **Nicholas Curtis AM – Executive Chairman (appointed Non-executive Chairman 23 November 2021 and Executive Chairman on 22 June 2022)**

Mr Curtis has an extensive background in mining and finance over more than 30 years, with a particular knowledge of the rare earths industry.

In 2001 Mr Curtis took control of ASX listed Lynas Corporation and refocused it as a rare earths company developing the Mt Weld rare earth deposit in Western Australia and a large downstream rare earth processing plant in Kuantan in Malaysia. He retired from Lynas in 2015 after the plant in Malaysia was fully commissioned.

Earlier Mr Curtis founded Sino Gold Limited, as Executive Chairman. This company operated gold mines in China. It listed on the Australian Stock Exchange in 2001 and was taken over by Eldorado Gold of Canada in 2006 after becoming a top 100 company on the Australian Stock Exchange.

In 2011 Mr Curtis founded Forge Resources Ltd, a junior ASX mining exploration company. This company acquired the Balla Balla Mine in the Pilbara in Western Australia. The company was privatised by Nick and Todd Corporation in 2014, and is now BBI Group Pty Ltd, focussed on building a large-scale integrated iron ore system in the Pilbara in Western Australia.

In June 2011 Mr Curtis was awarded an AM (member of the Order of Australia) for his services to the community through executive roles supporting medical research and healthcare organisations and also for his work fostering Australia-China relations.

Mr Curtis is a Fellow of the Australian Institute of Company Directors.

Mr Curtis is a member of the Remuneration and the Nomination Committee.

During the past three years Mr Curtis 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 is not a Director of any other listed companies.

Mr Lu is a member of the Remuneration and the Nomination Committee.

#### **Bin Cai – Executive Director (ceased as Alternate Director on 22 July 2021 and was appointed as Non-executive Director on 27 July 2021. Appointed Executive Director on 22 June 2022)**

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

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**DIRECTORS (Continued)**

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)

**Liangbing Yu – *Non-executive Director***

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 dual bachelor's degree in Investment Economics and Economic Law. Mr Yu is not currently a director of any other listed companies.

**Adam Handley – *Non-executive Director (appointed 14 December 2021)***

Mr Handley is the current National Vice President & Director of the Australia China Business Council (ACBC) and Immediate Past President of ACBC (Western Australia). ACBC is the peak Australia China bilateral, not for profit, trade and investment association in Australia.

Mr Handley is also a Partner and China Markets Leader for MinterEllison. MinterEllison is the largest law firm in Australia and is widely regarded as one of the leading legal advisors to Chinese enterprises investing in Australia.

Mr Handley specialises in advising North Asian investors and their Australian counterparts to build successful business relationships across a range of sectors including Energy & Resources, Mining and Project Development and other sectors. He brings a wealth of experience in acquisition and development of major projects in Western Australia, including in relation to negotiation of project development, joint venture and offtake arrangements.

Mr Handley is also a member of the Murdoch University Vice Chancellor's Advisory Board and a Board member of the World Services Group. He was previously an Advisory Board member of a Chinese private equity mining fund, AMF1.

Mr Handley is the Chair of the Remuneration and the Nomination Committee.

During the past three years Mr Handley has not served as a director of any listed companies.

**Colin McCavana – *Non-executive Chairman (resigned 17 November 2021)***

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)

**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.

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**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' 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 2022, 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
Nicholas Curtis	6	6	1	1	N/A	N/A
Colin McCavana	4	4	1	1	N/A	N/A
Ming Lu	10	10	2	2	-	-
Bin Cai	10	10	2	2	N/A	N/A
Liangbing Yu	10	10	2	2	N/A	N/A
Adam Handley	6	6	1	1	-	-
Yanchun Wang	-	-	-	-	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
Nicholas Curtis <sup>1</sup>	106,600	-	-
Ming Lu	-	-	-
Bin Cai	5,600,000	-	-
Liangbing Yu	-	-	-
Adam Handley	-	-	-

1. Mr Curtis also holds an option to acquire 200,000,000 ordinary shares in Northern Minerals at an exercise price of \$0.10 as set out in note 6.3 of the Remuneration Report.

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**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. The pilot plant was placed in care and maintenance in the March quarter of 2022.

**REVIEW OF OPERATIONS**

During the year, the Company continued operation at the Browns Range Pilot Plant Project. The pilot plant project was a three-year research and development project, to assess the economic and technical feasibility of a heavy rare earth mine and process, and forms part of a broader ongoing feasibility study to develop a commercial scale operation at Browns Range. The plant entered care and maintenance in the March quarter of the financial year after the completion of testwork.

**Browns Range Pilot Plant Operations**

Northern Minerals successfully completed the installation and commissioning of the ore sorting system at the end of the 30 June 2021 financial year. During this period, the Group focussed on the testing of the ore sorter system and producing ore sorted material. This material was then processed through the pilot beneficiation plant at Browns Range and converted to a ~30% TREO (Total Rare Earth Oxide) xenotime concentrate, which was then processed through the hydrometallurgical plant to produce a rare earth carbonate (REC). A total of 106,106 kg of REC was shipped for sale to thyssenkrupp.

The Group completed the three year test program on the Pilot Plant at Browns Range during the March 2022 quarter. The results of these test programs including results from the ore sorter will be utilised when the feasibility study is restarted. The Pilot Plant was put on care and maintenance at completion of this testwork.

Following the appointment of a new Chairman and Director in the period the Group undertook a review of the Group's strategy. The review concluded that producing and marketing a mixed heavy rare earth concentrate from the proposed commercial-scale beneficiation plant at Browns Range is the preferred near-term strategy for the Company.

As a result of the strategic review, a pause and review of the feasibility study for a full-scale beneficiation plant at Browns Range was implemented post 31 December 2021. A set of work programs have been developed to address risk areas identified during the strategic review which, together with continuing discussions in relation to off-take agreement for the concentrate, will be required prior to restarting the Feasibility Study (FS) for a commercial-scale beneficiation plant at Browns Range.

**EXPLORATION**

During the second half of the 2021 calendar year, Northern Minerals conducted a drilling programme at Browns Range completing 17,500 metres of reverse circulation (RC) drilling and 3,200 metres of diamond drilling.

RC drilling targeted anomalous prospects within a 20km radius of the Browns Range pilot processing facility whilst diamond drilling provided core samples from the Wolverine hanging wall for geotechnical and underground mine design purposes.

Encouraging drill results were received from the Cyclops, Rockslider and Banshee prospects. Best result from Cyclops was 15.65m @ 1.83% total rare earth oxide (TREO) from 24.35m in BRCD0001. The mineralisation style seen at Cyclops is very similar to that seen at the Company's flagship deposit Wolverine that has a current Mineral Resource estimate of 4.85 Mt @ 0.86% TREO.

Other encouraging assay results were also returned from Dazzler, Rockslider, Banshee and Zero prospects. Best results included 23m @ 1.12% TREO from 30m in BRDR0175 at Dazzler, 103m @

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0.32% TREO from 15m in BRR0560 at Rockslider, 13m @ 0.59% TREO from 43m in BRBR0171 at Banshee and 12m @ 0.62% TREO from 36m in BRR0585A at Zero.

The Company undertook geological mapping and sampling over the highly prospective Boulder Ridge prospect, located 150 km to the south-east of Browns Range. Historical surface rock chip sampling returned highly anomalous TREO grades. This follow up work involved geological mapping, rock chip sampling and pXRF surveys.

Mineralisation was identified within quartz vein breccias over several kilometres in strike. Further significant rock chip samples confirmed anomalous historical TREO results. Best results included 12.69% TREO, 12.22% TREO and 9.6% TREO from quartz breccia veins within the prospect area.

Based on the results from mapping and sampling, the Company has now planned a RC drill programme to test the strike and depth extent of this mineralisation. Drilling is expected to commence at the start of the dry season in 2023.

## **CORPORATE**

### **R&D Funding**

In December 2021, the Company received A\$4.3 million for its 2021 financial year refundable Research and Development tax offset for its eligible R & D work.

## **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:

	<b>30 June 2022 \$</b>	<b>30 June 2021 \$</b>	<b>30 June 2020 \$</b>
Total income	9,292,825	12,100,091	28,426,653
Net loss after tax	(24,356,842)	(8,528,318)	(54,328,360)
Basic EPS (cents)	(0.50)	(0.19)	(2.04)
Net cash used in operating activities	(16,929,326)	(885,013)	(31,756,314)
Net cash used in investing activities	(499,795)	(7,647,904)	(15,844,542)
Net cash from financing activities	259,697	21,818,349	46,152,294

The net loss of the Group for the year ended 30 June 2022 of A\$24.4 million (2021: A\$8.5 million) was impacted by a reduction in the R & D rebate on eligible expenditure, due to the nature of the operations in the year, as well as all deferred revenue in relation to the BBRF grant being recognised in the prior year. This was partly offset by the A\$3.9 million of sales revenue for product sold in the year to our offtake partner thyssenKrupp Materials Trading GmbH in the current financial year.

Depreciation expenses increased to A\$7.7 million (2021: A\$1.6 million) due to a change in estimate of the useful life of assets held as part of the pilot plant. When testwork was completed and the plant entered care and maintenance, a review was undertaken resulting in A\$3.6 million of additional depreciation. Additional depreciation was also incurred after completion of installation and commissioning of the ore sorter at the Browns Range Pilot Plant in the year.

There was an increase in exploration activities in the period including substantial drilling campaigns, as well as commencement of work on the feasibility study for a full-scale beneficiation plant. Exploration expenditure increased by A\$3.4 million in FY22 and feasibility study work programmes totalled A\$1.9 million.

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The Company's cash receipts for the year FY22 were A\$8.6 million (2021: A\$22.1 million). This included A\$3.8 million received for the sale of rare earth carbonate as well as the receipt of A\$4.3 million for the R&D refundable tax offsets due.

Investing cash flows decreased from A\$7.6 million FY21 to A\$0.5 million in FY22. 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 in FY21.

Financing cash inflows for the FY22 included A\$0.3 million for the issue of shares (net of costs) as a result of the exercise of options.

**SUMMARY OF FINANCIAL POSITION**

	<b>30 June 2022 \$</b>	<b>30 June 2021 \$</b>	<b>30 June 2020 \$</b>
Total assets	12,774,300	37,766,284	42,479,796
Debt (current and non - current)	247,019	292,339	5,853,678
Other liabilities	6,945,051	8,476,797	24,969,604
Shareholder funds/net assets	5,582,230	28,997,148	11,656,514
Number of shares on issue (million)	4,864	4,846	3,987
Share price at reporting date (cents)	3.9	3.3	1.8

The Company's cash reserves as at 30 June 2022 totalled A\$2.9 million compared to A\$19.9 million as at 30 June 2021.

The Company's receivables are A\$4.8 million as at 30 June 2022 of which A\$4.1 million is in relation to the R&D claim by the Company for FY22.

Property, plant and equipment has decreased from A\$12.2 million at 30 June 2021 to A\$5.0 million at 30 June 2022. This decrease primarily relates to the reassessment of the useful life of the pilot plant equipment at Browns Range on entering care and maintenance during the year.

Total interest-bearing liabilities represents the lease liabilities of equipment and the lease liability for office premises.

**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 reported a net loss for the year ended 30 June 2022 of A\$24,356,842 (2021: A\$8,528,318) and experienced net cash outflows from operating activities of A\$16,929,326 (2021: A\$885,013). As at 30 June 2022 the Group had cash on hand of A\$2,857,574 (2021: A\$19,897,420) and a net working capital surplus of A\$5,616,912 (2021: A\$22,031,954).

In addition, the claim for the refundable R&D tax offset for FY22 has been lodged and expected to be received within the December 2022 quarter and is estimated at A\$4.1 million.

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

Management has prepared a cash flow forecast which indicates that the Group will need to raise additional funds. The Directors carefully manage discretionary expenditure in line with the Group's cash flow forecast.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and preliminary and incomplete discussions regarding potential funding arrangements, giving then confidence in raising additional funds through the issue of new equity or through alternative funding arrangements. In the event that the Group is not successful in raising sufficient funds, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

#### 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 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	26,500,000	\$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
Unlisted performance rights*	21,536,665	Nil	Based on performance conditions
<b>Total</b>	<b>252,118,299</b>		

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.



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\*Included in these performance rights are rights granted as remuneration to the Directors and the five most highly remunerated officers during the year. Details of performance rights granted to key management personnel are disclosed in the Remuneration Report. In addition, the following performance rights were granted to officers who are among the five highest remunerated officers of the Company and the Group, but are not key management personnel and hence not disclosed in the Remuneration Report.

<b>Name of officer</b>	<b>Date granted</b>	<b>Exercise price of performance rights</b>	<b>Number of rights granted</b>
Belinda Pearce	16 August 2021	\$ Nil	550,000

No performance rights were granted to the Directors or any of the five highest remunerated officers of the Company since the end of the financial year.

The following ordinary shares were issued during the year ended 30 June 2022 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):

<b>Date performance rights were granted</b>	<b>Exercise price of shares (cents)</b>	<b>Number of shares issued</b>
16 August 2021	\$ Nil	10,648,333
28 October 2021	\$ Nil	75,000
7 December 2021	\$ Nil	75,000

The following ordinary shares were issued after the year ended 30 June 2022 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):

<b>Date performance rights were granted</b>	<b>Exercise price of shares (cents)</b>	<b>Number of shares issued</b>
16 August 2021	\$ Nil	480,000

7,500,000 options with an expiry date of 2 March 2024 were exercised at \$0.045 in the year.

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

#### **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.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**REMUNERATION REPORT (Audited)**

This Remuneration Report for the year ended 30 June 2022 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 2021 financial year.

**Details of directors and key management personnel**

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

- Nicholas Curtis AM - Executive Chairman (appointed Non-executive Chairman 23 November 2021 and Executive Chairman on 22 June 2022)
- Colin McCavana - Non-executive Chairman (resigned 17 November 2021)
- Ming Lu - Non-executive Director
- Bin Cai - Executive Director (ceased as Alternate Director on 22 July 2021 and was appointed as Non- executive Director on 27 July 2021. Appointed Executive Director on 22 June 2022)
- Liangbing Yu - Non-executive Director
- Adam Handley - Non-executive Director (appointed 14 December 2021)
- 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 (resigned as Company Secretary on 27 July 2021)
- Robin Jones - Chief Operating Officer
- Simon Pooley - General Manager Geology

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.

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).

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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.

Element	Purpose	Performance metrics	Potential value
Fixed remuneration	Competitively market salary including superannuation and non-monetary benefits	Nil	Competitively set to attract the most qualified and experienced candidates
Short and long term incentives	Reward for performance and retention	Link to short and long term production outcomes	Cash bonuses set at up to 5% of fixed remuneration for each tranche. Performance rights dependent on share price
Long term incentives	Alignment to long-term shareholder value	3 year relative TSR performance	Performance rights dependent on share price

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.

All Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. This letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

## **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.

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

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.

**Short and long term incentives**

The structure of the incentive plan for executives is set out below.

*Performance metrics for CEO and other executives*

- Completion of testing of 5,000 tonnes of crushed ore through the Company's ore sorter at Browns Range.
- Successful development and implementation of the Integrated Management System.
- Completion of the feasibility study for full scale beneficiation plant.
- Board final investment decision on decision to invest in full scale beneficiation plant.
- Practical completion of the full-scale beneficiation plant.

Vesting periods range from 31 December 2021 to 30 June 2025, with between 100% and 0% vesting between nominated dates. Maximum cash bonuses of 5% of base salary payable on each tranche with between 5% and 0% payable.

*Performance metrics for CEO*

Relative Total Shareholder Returns (TSR) for the 12 months to 31 December 2021, 1 January 2022 to 31 December 2022, and 1 January 2023 to 31 December 2023 compared to peers. Rights vesting range from 100% with TSR at or above the 75<sup>th</sup> percentile, 65% with TSR at or above the 50% percentile but below the 74.9% percentile, 30% with TSR at or above the 25% percentile but below the 49.9%, 0% for less than the 25<sup>th</sup> percentile.

*Delivery of incentives*

Maximum specified cash bonuses vest on satisfaction of the above vesting conditions. The payment of the cash bonus for each tranche will be made after the vesting date for each relevant tranche and subject to conditions of continued service of the employee.

Performance rights vest on satisfaction of the vesting conditions. Each tranche of performance rights will expire 12 months from the vesting date of each relevant tranche. Performance rights lapse if conditions are not met.

All performance rights have a \$ nil exercise price.

**NORTHERN MINERALS LIMITED  
DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**4. Service agreements**

*Contract for Services – Mr Nicholas Curtis (Executive Chairman)*

The contract commenced on 22 June 2022 and is not for a fixed period.

The main terms of the contract with Wilkes Holdings Pty Ltd, of which Mr Nicholas Curtis is a director, for the year under review are as follows:

- Total fixed annual remuneration of A\$720,000 pa (inclusive of all employment entitlements including leave and superannuation).
- The Company is entitled to terminate the agreement by giving no less than 90 days' notice.
- Mr Curtis is entitled to terminate the agreement by giving no less than 90 days' notice.
- Mr Curtis' entitlement to receive director fees for his role as Non-executive Chairman ceased on 22 June 2022.

*Contract for Services – Mr Bin Cai (Executive Director)*

The contract commenced on 22 June 2022 and is not for a fixed period.

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

- Total fixed annual remuneration of A\$285,000 pa (inclusive of all employment entitlements including leave and superannuation).
- The Company is entitled to terminate the agreement by giving no less than 90 days' notice.
- Mr Cai is entitled to terminate the agreement by giving no less than 90 days' notice.
- Mr Cai's entitlement to receive director fees for his role as Non-executive Director ceased on 22 June 2022.

Details of the previous Consultancy Agreement with Australian Cayenne Holdings Pty Ltd, of which Mr Bin Cai is a director, for the year under review that expired on 22 June 2022 were as follows.

- Remuneration package of A\$100,000 pa (inclusive of superannuation).

*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\$484,000 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 Tory 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\$407,000 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 Jones 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\$264,000 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 Pooley is entitled to terminate the agreement by giving no less than 3 months' notice.

**NORTHERN MINERALS LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**5. Details of Remuneration for the Year Ended 30 June 2022**

	Short-term		Post-Employment		Share-based Payments			Total	% Fixed remuneration	Remuneration linked to performance
	Salary & Fees	Other Benefits	Cash Bonus	Superannuation Benefits	Long Service Leave	Share Plan	Options/ Performance Rights			
	\$	\$	\$	\$	\$	\$	\$	\$		%
<b>Directors</b>										
Nicholas Curtis <sup>1</sup>	67,321	9,472	-	-	-	-	-	76,793	100%	0%
Colin McCavana <sup>2</sup>	38,985	6,012	-	3,598	-	-	-	48,595	100%	0%
Ming Lu	60,606	15,744	-	6,061	-	-	-	82,411	100%	0%
Bin Cai <sup>3</sup>	172,583	15,744	-	5,417	-	-	-	193,744	100%	0%
Liangbing Yu	65,000	15,744	-	-	-	-	-	80,744	100%	0%
Adam Handley <sup>4</sup>	36,613	8,564	-	-	-	-	-	45,177	100%	0%
Yanchun Wang <sup>5</sup>	5,417	908	-	-	-	-	-	6,325	100%	0%
<b>Key Management Personnel</b>										
Mark Tory	455,941	15,744	22,000	28,059	22,063	-	117,673	661,480	78.88%	21.12%
Robin Jones	378,941	-	18,500	28,059	19,386	-	60,773	505,659	84.32%	15.68%
Simon Pooley	236,310	-	12,000	28,065	-	-	60,773	337,148	78.42%	21.58%
<b>TOTAL</b>	<b>1,517,717</b>	<b>87,932</b>	<b>52,500</b>	<b>99,259</b>	<b>41,449</b>	<b>-</b>	<b>239,219</b>	<b>2,038,076</b>	<b>85.69%</b>	<b>14.31%</b>

**Notes:**

1. Appointed Non-executive Chairman 23 November 2021 and Executive Chairman on 22 June 2022.
2. Resigned on 17 November 2021.
3. Ceased as Alternate Director on 22 July 2021 and was appointed as Non- executive Director on 27 July 2021. Appointed Executive Director on 22 June 2022.
4. Appointed on 14 December 2021.
5. Ceased on 22 July 2021.

**NORTHERN MINERALS LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**Details of Remuneration for the Year Ended 30 June 2021**

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

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.

**NORTHERN MINERALS LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**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**

<b>Grant date</b>	<b>Vesting and exercise date</b>	<b>Expiry date</b>	<b>Value per performance right at grant date</b>	<b>Performance achieved</b>	<b>% vested</b>
16/8/2021	31/12/2021 - 30/06/2025	31/12/2022 - 30/06/2026	\$0.041	To be determined.  Tranche 1 performance achieved in the period.	20%
16/8/2021	31/12/2021 - 31/12/2023	31/12/2022 - 31/12/2024	\$0.0246-\$0.0362	To be determined.  Tranche 1 11.7% forfeited	Tranche 1 vested 21.6%

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

Share-based payments granted as compensation to key management personnel during the 2022 financial year are shown in Note 5 of the Remuneration Report.

During the year, key management personnel exercised their rights that were granted to them as part of their compensation. 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.

The table below shows for each key management personnel how much of their cash bonus was awarded and how much was forfeited.



**NORTHERN MINERALS LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**6.1 Options/Performance Rights and Shares granted as compensation to key management personnel (continued)**

**30 June 2022**

	Total cash bonus		Performance rights			
	Total opportunity	Awarded	Forfeited	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
	\$	%	%	\$	\$	\$
<b>Directors</b>						
Nicholas Curtis	-	-	-	-	-	-
Colin McCavana	-	-	-	-	-	-
Ming Lu	-	-	-	-	-	-
Bin Cai	-	-	-	-	-	-
Liangbing Yu	-	-	-	-	-	-
Adam Handley	-	-	-	-	-	-
Yanchun Wang	-	-	-	-	-	-
<b>Key Management Personnel</b>						
Mark Tory	22,000	100	-	367,033	54,667	35,943
Robin Jones	18,500	100	-	205,000	41,000	20,500
Simon Pooley	12,000	100	-	205,000	41,000	20,500
<b>TOTAL</b>	<b>52,500</b>	<b>100</b>	<b>-</b>	<b>777,033</b>	<b>136,667</b>	<b>76,943</b>

\*The value at grant date calculated in accordance with AASB 2 Share-based Payments of performance rights granted during the year as part of remuneration.

**NORTHERN MINERALS LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**6.2 Performance Rights Holdings of Key Management Personnel for 2022**

	Held at Beginning of Year	Granted as Compensation	Options/Performance Rights	Lapsed/Forfeited	Held at 30 June 2022	Vested	Unvested
<b>Directors:</b>							
Nicholas Curtis	-	-	-	-	-	-	-
Colin McCavana	-	-	-	-	-	-	-
Ming Lu	-	-	-	-	-	-	-
Bin Cai	-	-	-	-	-	-	-
Liangbing Yu	-	-	-	-	-	-	-
Adam Handley	-	-	-	-	-	-	-
Yanchun Wang	-	-	-	-	-	-	-
<b>Key Management Personnel</b>							
Mark Tory	-	9,666,665	(1,333,333)	(1,016,667)	7,316,665	650,000	6,666,665
Robin Jones	-	5,000,000	(1,000,000)	(500,000)	3,500,000	-	3,500,000
Simon Pooley	-	5,000,000	(1,000,000)	(500,000)	3,500,000	-	3,500,000
	-	19,666,665	(3,333,333)	(2,016,667)	14,316,665	650,000	13,666,665

**Performance Rights Holdings of Key Management Personnel for 2021**

	Held at Beginning of Year	Granted as Compensation	Options/Performance Rights	Lapsed/Forfeited	Held at 30 June 2021	Vested	Unvested
<b>Directors:</b>							
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	-	-	-	-	-	-	-
<b>Key Management Personnel</b>							
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)	-	-	-

**NORTHERN MINERALS LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**6.3 Shareholdings of Key Management Personnel for 2022**

	Held at Beginning of Year	Granted as Compensation	Options/Performance Rights	Exercise of Rights	Other Changes <sup>1</sup>	Held at 30 June 2022	Vested	Not Vested
<b>Directors:</b>								
Nicholas Curtis <sup>2,4</sup>	-	-	-	-	106,600	106,600	106,600	-
Colin McCavana	-	-	-	-	-	-	-	-
Ming Lu	-	-	-	-	-	-	-	-
Bin Cai	5,600,000	-	-	-	-	5,600,000	5,600,000	-
Liangbing Yu	-	-	-	-	-	-	-	-
Adam Handley	-	-	-	-	-	-	-	-
Yanchun Wang <sup>3</sup>	210,657,999	-	-	-	(210,657,999)	-	-	-
<b>Key Management Personnel</b>								
Mark Tory	1,352,514	-	1,333,333	1,333,333	-	2,685,847	2,685,847	-
Robin Jones	612,154	-	1,000,000	1,000,000	-	1,612,154	1,612,154	-
Simon Pooley	-	-	1,000,000	1,000,000	-	1,000,000	1,000,000	-
	218,222,667	-	-	3,333,333	(210,551,399)	11,004,601	11,004,601	-

1. Other changes also includes sales and purchases on and off market.
2. Appointed during the year – shares held prior to appointment are shown as movements in other changes.
3. Ceased officeholding during the year – their shares on resignation are shown as movements in other changes
4. Wilkes Holdings Pty Ltd (an entity in which Nicholas Curtis is a shareholder) has acquired a relevant interest in 200,000,000 ordinary shares in Northern Minerals. Hui Yun Chen, the registered holder of ordinary shares in Northern Minerals Limited has granted Wilkes Holdings Pty Ltd an option over 107,692,308 ordinary shares in Northern Minerals Limited pursuant to a Call Option Deed dated 22 December 2021. Under the deed, Wilkes Holdings Pty Ltd has an option to acquire 107,692,308 ordinary shares at an exercise price of \$0.10. The expiry date of the option is 30 November 2023. Yun Zhen Ma, the registered holder of ordinary shares in Northern Minerals Limited has granted Wilkes Holdings Pty Ltd an option over 92,307,692 ordinary shares in Northern Minerals Limited pursuant to a Call Option Deed dated 22 December 2021. Under the deed, Wilkes Holdings Pty Ltd has an option to acquire 92,307,692 ordinary shares at an exercise price of \$0.10. The expiry date of the option is 30 November 2023.

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.

**NORTHERN MINERALS LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**Shareholdings of Key Management Personnel for 2021**

	Held at Beginning of Year	Granted as Compensation	Options/Performance Rights	Exercise of Rights	Other Changes <sup>1</sup>	Held at 30 June 2021	Vested	Not Vested
<b>Directors:</b>								
Adrian Griffin <sup>2</sup>	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	-	-	-	-	-	-	-	-
<b>Key Management Personnel</b>								
Robin Wilson <sup>2</sup>	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.

**NORTHERN MINERALS LIMITED  
DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**6.4 Other transactions with key management personnel**

There have been no other transactions with key management personnel in the reporting period.

\*\*\* End of Remuneration Report \*\*\*

**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](http://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 65.

**NON-AUDIT SERVICES**

Details of the amounts paid or payable to the auditor for audit and non-audit services during the year are disclosed in Note 18. There were no non-audit services carried out in the year ended 30 June 2022.

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 4 August 2022, the Company issued 480,000 ordinary shares as a result of the exercise of unlisted performance rights under the employee incentive scheme.

Post reporting date the Company entered into an agreement to sell the hydrometallurgical equipment to a third party.

The impact of the Coronavirus (COVID-19) pandemic is ongoing as at 30 June 2022 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.



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**Nicholas Curtis AM**

**Executive Chairman**

**31 August 2022**

**NORTHERN MINERALS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
**FOR THE YEAR ENDED 30 June 2022**

	Note	2022 \$	2021 \$
<b>Revenue from continuing operations</b>			
Revenue from contracts with customers	5	3,903,401	-
Interest	6	7,182	19,364
Research and development rebate	5	4,981,638	9,782,024
Other income	5	400,604	2,298,703
<b>Total revenue</b>		<b>9,292,825</b>	<b>12,100,091</b>
<b>Corporate expenses</b>			
Administration expenses		441,278	615,444
Depreciation expense	10(a)	7,744,125	1,635,986
Share-based payments expense	17	607,011	(60,035)
Legal and professional expenses		963,952	1,473,485
Occupancy expenses		184,579	99,166
Employee benefits expense		3,411,664	2,635,765
Other corporate expenditure		144,802	181,927
Royalty expense		160,977	-
Impairment loss on inventory		350,601	-
Changes in the fair value of interest bearing liabilities at fair value through profit & loss		-	189,162
<b>Total corporate expenses</b>		<b>14,008,989</b>	<b>6,770,900</b>
<b>Exploration and evaluation expenditure</b>			
Exploration costs	4	6,564,777	3,207,982
Project evaluation and pre-feasibility	4	12,912,884	10,387,943
Mining expenditure	4	-	43,679
<b>Total exploration and evaluation expenditure expenses</b>		<b>19,477,661</b>	<b>13,639,604</b>
<b>Total expenses</b>		<b>33,486,650</b>	<b>20,410,504</b>
Operating loss for the year		(24,193,825)	(8,310,413)
Finance costs / (Income)	6	163,017	217,905
<b>Loss before income tax for the year</b>		<b>(24,356,842)</b>	<b>(8,528,318)</b>
Income tax expense	7	-	-
<b>Loss for the year</b>		<b>(24,356,842)</b>	<b>(8,528,318)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year attributable to members of the entity</b>		<b>(24,356,842)</b>	<b>(8,528,318)</b>
<b>Loss per share attributable to ordinary equity holders of the company:</b>			
Basic and diluted loss per share (cents per share)	19	(0.50)	(0.19)

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

**NORTHERN MINERALS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 June 2022**

	Note	2022 \$	2021 \$
<b>Current assets</b>			
Cash and cash equivalents	8 (a)	2,857,574	19,897,420
Trade and other receivables	8 (b)	4,764,413	4,669,108
Inventories	10 (b)	90,418	885,842
<b>Total Current Assets</b>		<u>7,712,405</u>	<u>25,452,370</u>
<b>Non-current assets</b>			
Other financial assets	8 (c)	74,167	74,138
Property, plant and equipment	10 (a)	4,987,728	12,239,776
<b>Total Non-Current Assets</b>		<u>5,061,895</u>	<u>12,313,914</u>
<b>Total assets</b>		<u>12,774,300</u>	<u>37,766,284</u>
<b>Current liabilities</b>			
Trade and other payables	8 (d)	1,183,219	1,430,157
Interest bearing liabilities	8 (e)	60,294	73,059
Deferred revenue	8 (f)	-	845,254
Provisions	10 (c)	851,980	1,071,946
<b>Total Current Liabilities</b>		<u>2,095,493</u>	<u>3,420,416</u>
<b>Non-current liabilities</b>			
Interest bearing liabilities	8 (e)	186,725	219,280
Provisions	10 (c)	4,909,852	5,129,440
<b>Total Non-Current Liabilities</b>		<u>5,096,577</u>	<u>5,348,720</u>
<b>Total liabilities</b>		<u>7,192,070</u>	<u>8,769,136</u>
<b>Net assets</b>		<u>5,582,230</u>	<u>28,997,148</u>
<b>Equity</b>			
Issued Capital	11 (a)	270,487,071	270,152,158
Reserves	11 (g)	1,394,908	1,143,529
Accumulated losses		(266,299,749)	(242,298,539)
<b>Total equity</b>		<u>5,582,230</u>	<u>28,997,148</u>

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

**NORTHERN MINERALS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**AS AT 30 June 2022**

Note	ISSUED CAPITAL	ACCUMULATED LOSSES	SHARE-BASED PAYMENTS RESERVE	PERFORMANCE RIGHTS AND OPTIONS RESERVE	OTHER RESERVES	TOTAL
	\$	\$	\$	\$	\$	\$
Consolidated Entity 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 period	-	(8,528,318)	-	-	-	(8,528,318)
Total comprehensive loss for the financial year	-	(8,528,318)	-	-	-	(8,528,318)
<b>Transactions with owners in their capacity as owners:</b>						
11(a) Shares issued net of transaction costs	26,480,823	-	-	-	-	26,480,823
Shares/options issued	-	-	-	348,129	-	348,129
Decrease in value of collateral shares issued	-	-	-	-	(960,000)	(960,000)
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
Balance at 1 July 2021	270,152,158	(242,298,539)	-	1,143,529	-	28,997,148
Loss for the financial year	-	(24,356,842)	-	-	-	(24,356,842)
Total comprehensive loss for the financial year	-	(24,356,842)	-	-	-	(24,356,842)
<b>Transactions with owners in their capacity as owners:</b>						
11(a) Shares issued net of transaction costs	334,913	-	-	-	-	334,913
Shares/options issued	-	-	-	607,011	-	607,011
Transfer of reserves to accumulated losses	-	355,632	-	(355,632)	-	-
<b>Balance at 30 June 2022</b>	<b>270,487,071</b>	<b>(266,299,749)</b>	<b>-</b>	<b>1,394,908</b>	<b>-</b>	<b>5,582,230</b>

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



**NORTHERN MINERALS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS AT 30 June 2022**

	NOTE	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,764,841	372,683
Payments to suppliers and employees		(25,447,462)	(21,065,851)
Interest paid		(39,558)	(1,898,349)
Research & development rebate on eligible expenditure		4,396,282	20,473,002
Other income received		396,571	1,233,502
<b>Net cash outflow from operating activities</b>	12(a)	<u>(16,929,326)</u>	<u>(885,013)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(493,615)	(7,634,379)
Increase in security deposits		(6,180)	(13,525)
<b>Net cash outflow from investing activities</b>		<u>(499,795)</u>	<u>(7,647,904)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		337,500	27,650,000
Repayment of convertible notes		-	(4,000,000)
Share issue costs		(2,587)	(1,681,015)
Proceeds from borrowings		580,864	496,662
Repayment of borrowings		(597,176)	(647,298)
Payments for lease liabilities		(58,904)	-
<b>Net cash inflow from financing activities</b>		<u>259,697</u>	<u>21,818,349</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		(17,169,424)	13,285,432
Cash and cash equivalents at beginning of the financial year		19,897,420	6,660,568
Effects of exchange rate changes on cash and cash equivalents		129,578	(48,580)
<b>Cash and cash equivalents at the end of the financial year</b>	8(a)	<u>2,857,574</u>	<u>19,897,420</u>

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

# NORTHERN MINERALS LIMITED

## 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 2022 were authorised for issue in accordance with a resolution of the directors on 31 August 2022.

### 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 2022. 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 reported a net loss for the year ended 30 June 2022 of A\$24,356,842 (2021: A\$8,528,318) and experienced net cash outflows from operating activities of A\$16,929,326 (2021: A\$885,013). As at 30 June 2022 the Group had cash on hand of A\$2,857,574 (2021: A\$19,897,420) and a net working capital surplus of A\$5,616,910 (2021: A\$22,031,954).

In addition, the claim for the refundable R&D tax offset for FY22 has been lodged and expected to be received within the December 2022 quarter and is estimated at A\$4.1 million.

Management has prepared a cash flow forecast which indicates that the Group will need to raise additional funds. The Directors carefully manage discretionary expenditure in line with the Group's cash flow forecast.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and preliminary and incomplete discussions regarding potential funding arrangements, giving then confidence in raising additional funds through the issue of new equity or through alternative funding arrangements. In the event that the Group is not successful in raising sufficient funds, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern

## NORTHERN MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. Basis of Preparation (continued)

and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

##### 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 2022. 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.

##### *Share-based payment transactions*

The Group 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).

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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

#### *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 Group'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 Group 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.

	2022	2021
	\$	\$
Exploration costs	6,564,777	3,207,982
Project evaluation and pre-feasibility	12,912,884	10,387,943
Mining expenditure	-	43,679
<b>Total exploration and evaluation expenditure</b>	<b>19,477,661</b>	<b>13,639,604</b>

**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. Revenue**

The Group derives the following types of revenue:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Revenue from contracts with customers	3,903,401	-
R&D rebate on eligible expenditure	4,981,638	9,782,024
Covid-19 grant programs	-	990,600
Other government grants	-	1,333,581
Other	400,604	(25,478)
<b>Total revenue from continuing operations</b>	<b>9,285,643</b>	<b>12,080,727</b>

**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.

**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. Finance Income and Costs**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b><i>Finance income</i></b>		
Interest income	7,182	19,364
<b>Total finance income</b>	<u>7,182</u>	<u>19,364</u>
<b><i>Finance costs</i></b>		
Interest for financial liabilities	16,545	(361,296)
Provisions: unwinding of discount	116,277	(18,954)
Right of use assets interest	29,895	41,788
Financing transactions and costs	300	556,367
<b>Total finance costs</b>	<u>163,017</u>	<u>217,905</u>
Amount capitalised	-	-
<b>Finance costs expensed</b>	<u>163,017</u>	<u>217,905</u>
<b>Net finance costs/(income)</b>	<u>155,835</u>	<u>198,541</u>

***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.

**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**7. Income Tax Expense**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Income tax expense</b>		
<i>Reconciliation of income tax expense to prima facie tax payable:</i>		
Loss from continuing operations before income tax expense	(24,356,842)	(8,528,318)
Tax calculated at 25% (2021: 26%) on loss before income tax	(6,089,210)	(2,217,363)
Add tax effect of:		
Share-based payments	151,753	(15,609)
Non-deductible expenses	5,642	(1,199)
Unused tax losses and temporary differences not recognised	1,071,347	(1,244,533)
R & D adjustments	4,860,468	3,478,704
Income tax expense/(benefit)	-	-
<b>(b) Unrecognised deferred tax balances</b>		
<b>The balance comprises temporary differences attributable to:</b>		
<i>Deferred tax assets</i>		
Unused tax losses	43,854,262	40,522,511
Unused capital losses	159,692	166,079
Property, plant & equipment	1,955,851	3,402,322
Deductible temporary differences	3,019,327	4,200,868
Total unrecognised deferred tax assets	48,989,132	48,291,780
<i>Deferred tax liabilities</i>		
Property, plant and equipment	(20,805)	-
Taxable temporary differences - other	-	-
Total unrecognised deferred tax liabilities	(20,805)	-
Net unrecognised deferred tax balances	48,968,327	48,291,780

The corporate tax rate in Australia changed from 26% to 25% for base rate entities with effect from 1 July 2021. 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.

# NORTHERN MINERALS LIMITED

## 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

	2022	2021
Current	\$	\$
Cash at bank and on hand	2,857,574	19,897,420
	<u>2,857,574</u>	<u>19,897,420</u>

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

	2022	2021
Current	\$	\$
Trade receivables	155,452	-
GST receivable	62,569	113,566
Prepayments	398,284	159,260
Other receivables	11,724	-
R&D rebate receivable (Refer note 5)	4,136,384	4,396,282
	<u>4,764,413</u>	<u>4,669,108</u>



# NORTHERN MINERALS LIMITED

## 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 Group 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

The research and development rebate receivable recognises the estimate of the R & D rebate for the financial year at amortised cost.

#### (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.

### (c) Other financial assets

	2022 \$	2021 \$
<b>Non-Current</b>		
Security deposits – rent and performance bonds	74,167	74,138
	<u>74,167</u>	<u>74,138</u>

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

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (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

	2022 \$	2021 \$
<b>Current</b>		
Trade and other payables	1,183,219	1,430,157
	<u>1,183,219</u>	<u>1,430,157</u>

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).

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (e) Interest Bearing Liabilities

<i>At Amortised Cost</i>	<b>Interest Rate</b>	<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Equipment finance (Secured)	2.90%	1,401	16,307
Right of use asset lease liability (Refer to note 10)	15%	58,893	56,752
		<b>60,294</b>	<b>73,059</b>
<b>Non-Current</b>			
Right of use asset lease liability (Refer to note 10)	15%	186,725	219,280
		<b>186,725</b>	<b>219,280</b>
<i>Total Interest Bearing Liabilities</i>			
Current		60,294	73,059
Non-Current		186,725	219,280
		<b>247,019</b>	<b>292,339</b>

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

Within one year	1,407	16,884
Later than one year but not later than five years	-	-
Minimum lease payments	1,407	16,884
Future finance charges	(6)	(577)
Total lease liabilities	1,401	16,307

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

Within one year	1,401	16,307
Later than one year but not later than five years	-	-
Minimum lease payments	1,401	16,307

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.

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

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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

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.

#### *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.

#### *Assets pledged as security*

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

	2022 \$	2021 \$
<b>Non-Current</b>		
<i>Fixed charge</i>		
Property, plant and equipment	-	-
<i>Finance lease</i>		
Property, plant and equipment	-	15,000
<i>Floating charge</i>		
Receivables		
Property, plant and equipment	-	-
Total non-current assets pledged as security	-	15,000
Total assets pledged as security	-	15,000

### (f) Deferred revenue

	2022 \$	2021 \$
<b>Current</b>		
Deferred revenue	-	845,254

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

# NORTHERN MINERALS LIMITED

## 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 will 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.

## NORTHERN MINERALS LIMITED

### 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.

# NORTHERN MINERALS LIMITED

## 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 is invoiced in US dollars. 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:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents - USD	113,796	266,638
Trade receivables - USD	155,452	-
	<u>269,248</u>	<u>266,638</u>

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.

	<b>Impact on post tax profit/(loss) 2022</b>	<b>Impact on post tax profit/(loss) 2021</b>
	<b>\$</b>	<b>\$</b>
US / \$ exchange rate – increase 10%	(24,477)	(24,240)
US / \$ exchange rate – decrease 10%	26,925	26,664

#### 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:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Net foreign exchange gain included in other income	-	3,955
Foreign exchange gain/(loss) in administration expenses	82,564	(48,313)
Net foreign exchange gain/(loss)	<u>82,564</u>	<u>(44,358)</u>

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Financial Risk Management (continued)

#### 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  \$
<b>30 June 2022</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	0.06%	560,923	-	2,296,651	2,857,574
Trade and other receivables	-	-	-	4,303,559	4,303,559
Other financial assets	0.33%	-	74,167	-	74,167
Total financial assets		560,923	74,167	6,600,210	7,235,300
<b>Financial Liabilities</b>					
Trade and other payables	-	-	-	616,832	616,832
Interest bearing liabilities	2.90%	-	1,407	-	1,407
Total financial liabilities		-	1,407	616,832	618,239

	Weighted average interest rate  %	Floating Interest Rate  \$	Fixed Interest  \$	Non-Interest Bearing  \$	Total  \$
<b>30 June 2021</b>					
<b>Financial Assets</b>					
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
<b>Financial Liabilities</b>					
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

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



**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**9. Financial Risk Management (continued)**

The impact of a material movement of +/- 1.5% 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.

**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.

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 no access to undrawn borrowing facilities at the end of the reporting period.

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Financial Risk Management (continued)

#### *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
	\$	\$	\$	\$	\$	\$
<b>As at 30 June 2022</b>						
<b><i>Non-derivatives</i></b>						
Trade payables	616,832	-	-	-	616,382	616,382
Interest bearing liabilities	1,407	-	-	-	1,407	1,401
Lease liabilities	30,344	31,018	65,509	164,822	291,693	245,617
<b>Total non-derivatives</b>	<b>648,583</b>	<b>31,018</b>	<b>65,509</b>	<b>164,822</b>	<b>909,482</b>	<b>863,400</b>

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
	\$	\$	\$	\$	\$	\$
<b>As at 30 June 2021</b>						
<b><i>Non-derivatives</i></b>						
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
<b>Total non-derivatives</b>	<b>972,348</b>	<b>36,803</b>	<b>56,722</b>	<b>170,167</b>	<b>1,236,040</b>	<b>1,226,477</b>

**NORTHERN MINERALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**10. Non-financial Assets and Liabilities**

**(a) Property, plant and equipment**

	Assets under construction	Plant and Equipment	Bulk earthworks	Browns Range Buildings	Right of Use – Assets – Office lease	Total
2022	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
At beginning of the financial year	6,891,209	4,491,514	2,108,973	4,141,712	280,121	17,913,529
Additions	309,764	194,981	-	5,453	-	510,198
Transfers	(7,184,389)	7,135,157	-	49,232	-	-
Disposals	(16,584)	(94,293)	-	-	-	(110,877)
<b>At the end of the financial year</b>	<b>-</b>	<b>11,727,359</b>	<b>2,108,973</b>	<b>4,196,397</b>	<b>280,121</b>	<b>18,312,850</b>
<b>Accumulated Depreciation</b>						
At beginning of year	-	2,991,650	1,725,082	922,006	35,015	5,673,753
Depreciation charge for the year	-	5,932,987	301,575	1,462,877	46,686	7,744,125
Disposals	-	(92,756)	-	-	-	(92,756)
<b>Accumulated depreciation at end of year</b>	<b>-</b>	<b>8,831,881</b>	<b>2,026,657</b>	<b>2,384,883</b>	<b>81,701</b>	<b>13,325,122</b>
<b>Carrying amount at end of the year</b>	<b>-</b>	<b>2,895,478</b>	<b>82,316</b>	<b>1,811,514</b>	<b>198,420</b>	<b>4,987,728</b>
	Assets under construction	Plant and Equipment	Bulk earthworks	Browns Range Buildings	Right of Use – Assets – Office lease	Total
2021	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
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)
<b>At the end of the financial year</b>	<b>6,891,209</b>	<b>4,491,514</b>	<b>2,108,973</b>	<b>4,141,712</b>	<b>280,121</b>	<b>17,913,529</b>
<b>Accumulated Depreciation</b>						
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)
<b>Accumulated depreciation at end of year</b>	<b>-</b>	<b>2,991,650</b>	<b>1,725,082</b>	<b>922,006</b>	<b>35,015</b>	<b>5,673,753</b>
<b>Carrying amount at end of the year</b>	<b>6,891,209</b>	<b>1,499,864</b>	<b>383,891</b>	<b>3,219,706</b>	<b>245,106</b>	<b>12,239,776</b>

## NORTHERN MINERALS LIMITED

### 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.

Ore sorter based on period of use and has been depreciated to its estimated residual value in 2022.

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.

# NORTHERN MINERALS LIMITED

## 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*

	2022	2021
	\$	\$
Plant and equipment – hire purchase	60,000	60,000
Less: Accumulated depreciation	(60,000)	(45,000)
	<u>-</u>	<u>15,000</u>

#### *Lease liability*

	2022	2021
	\$	\$
Current lease liability	1,401	16,307
Non-current lease liability	-	-
	<u>1,401</u>	<u>16,307</u>

Interest charged on hire purchase lease liabilities during the year was A\$571. The average interest rate charged is 2.90%.

#### 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

# NORTHERN MINERALS LIMITED

## 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 until 30 September 2020.

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Interest expense (included in finance costs)	29,895	41,788
Expense relating to short term leases (included in occupancy costs)	42,870	9,197
Expense relating to variable lease payments not included in lease liabilities (included in occupancy costs)	52,084	41,205

Income of A\$66,634 (2021: A\$17,345) has been recognised for sub-leasing of the office premises.

The total cash outflow for leases in 2022 was A\$96,829 (2021: A\$56,292).

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Non-financial Assets and Liabilities (continued)

#### (b) Inventories

	2022 \$	2021 \$
<b>Current</b>		
Diesel fuel and consumables	90,418	885,842

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

#### (c) Provisions

	2022 \$	2021 \$
<b>Current</b>		
Employee benefits	851,980	1,071,946
<b>Non-Current</b>		
Rehabilitation	4,909,852	5,129,440

#### (i) Movements in provisions

2022	<i>Employee benefits</i> \$	<i>Rehabilitation</i> \$	<i>Total</i> \$
Balance at the beginning of year	1,071,946	5,129,440	6,201,386
Amounts expensed for the year	681,034	(219,588)	461,446
Utilisation	(901,000)	-	(901,000)
Balance at the end of year	851,980	4,909,852	5,761,832

#### **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

## NORTHERN MINERALS LIMITED

### 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.



**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**11. Equity**

	Number	2022 \$	Number	2021 \$
<b>(a) Ordinary Shares</b>				
<b>Share Capital</b>				
Ordinary Shares	4,864,364,699	270,487,071	4,846,066,366	270,152,158
<b>Movement in Ordinary Share Capital</b>				
Balance at the beginning of year	4,846,066,366	270,152,158	3,987,080,431	243,671,335
Conversion of Performance Rights	5,795,000	-	-	-
Option Conversion at \$0.045	7,500,000	337,500	-	-
Conversion of Performance Rights	1,508,333	-	-	-
Conversion of Performance Rights	3,080,000	-	-	-
Conversion of Performance Rights	160,000	-	-	-
Conversion of Performance Rights	60,000	-	-	-
Conversion of Performance Rights	195,000	-	-	-
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	-
	4,864,364,699	270,489,658	4,846,066,366	271,833,172
Less: costs of issue	-	(2,587)	-	(1,681,014)
	4,864,364,699	270,487,071	4,846,066,366	270,152,158

**(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:

	2022 Number	2021 Number
Balance at beginning of year	4,353,400	4,353,400
Shares reverted to company and reissued during the year	-	-
Balance at end of year	4,353,400	4,353,400

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Equity (continued)

#### (c) Performance Rights over ordinary shares

	2022 Number	2021 Number
<i>Performance rights with conditions with Nil exercise price vesting and exercisable upon a number of conditions (Unquoted)</i>		
Balance at beginning of year	-	11,000,000
Issued during the year	-	-
Forfeited/lapsed during the year	-	(7,000,000)
Exercised during the year	-	(4,000,000)
Balance at end of year	-	-
 <i>Performance rights with conditions with Nil exercise price vesting and exercisable upon a number of conditions (Unquoted)</i>		
Balance at beginning of year	-	300,000
Issued during the year	-	-
Forfeited/lapsed during the year	-	-
Exercised during the year	-	(300,000)
Balance at end of year	-	-
 <i>Performance rights with conditions with Nil exercise price vesting and exercisable upon a number of conditions (Unquoted)</i>		
Balance at beginning of year	145,750	6,179,900
Issued during the year	-	-
Forfeited/lapsed during the year	(145,750)	(4,678,150)
Exercised during the year	-	(1,356,000)
Balance at end of year	-	145,750
 <i>Performance rights with conditions* with Nil exercise price vesting and exercisable upon a number of conditions (Unquoted)</i>		
Balance at beginning of year	-	-
Issued during the year	44,266,665	-
Forfeited/lapsed during the year	(11,451,667)	-
Exercised during the year	(10,798,333)	-
Balance at end of year	22,016,665	-

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Equity (continued)

#### \* Performance conditions

The Performance Rights Plan was approved by shareholders at the 22 July 2021 General Meeting. Under the plan, participants are granted performance rights which only vest if certain performance conditions are met.

Rights are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary share and can be exercised at any time from and including the vesting date up to and including the date of expiry. The performance rights will expire if not exercised 12 months after they have vested.

The performance rights have been split across numerous tranches and performance conditions:

- Completion of testing of 5,000 tonnes of crushed ore through the Company's ore sorter at Browns Range.
- Successful development and implementation of the Integrated Management System.
- Production of 40 tonnes of rare earth carbonate.
- Processing ore stockpiles through the beneficiation plant to produce 2,000 tonnes of xenotime concentrate.
- Exploration resource upgrade to support a 10-year life of mine.
- Completion of the feasibility study for full scale beneficiation plant.
- Board final investment decision on decision to invest in full scale beneficiation plant.
- Practical completion of the full-scale beneficiation plant.

Vesting periods range from 31 December 2021 to 30 June 2025, with between 100% and 0% vesting between nominated dates.

Included in the total performance rights, a total of 3,000,000 performance rights were issued with the following conditions with 1,000,000 performance rights in each tranche:

Relative Total Shareholder Returns (TSR) for the 12 months to 31 December 2021, 1 January 2022 to 31 December 2022, and 1 January 2023 to 31 December 2023 compared to peers. Rights vesting range from 100% with TSR at or above the 75<sup>th</sup> percentile to 0% for less than the 25<sup>th</sup> percentile.

#### (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 2022	Share options 30 June 2021
30 November 2018	20 December 2021	\$0.1225	-	10,000,000
2 March 2020	2 March 2024	\$0.045	26,500,000	34,000,000
22 February 2021	22 February 2024	\$0.074	153,061,226	153,061,226
22 February 2021	27 July 2024	\$0.074	51,020,408	-
<b>Total</b>			<b>230,581,634</b>	<b>197,061,226</b>

Weighted average remaining contractual life of options outstanding at end of period	1.75 years	2.54 years
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10,000,000 options expired on 20 December 2021 at an exercise price of \$0.1225.

7,500,000 options with an expiry date of 2 March 2024 were exercised at \$0.045 in the year.

**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**11. Equity (continued)**

**(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.

**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**12. Cash Flow Information**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of loss after income tax to net cash outflow from operating activities</b>		
Net Loss after tax	(24,356,842)	(8,528,318)
<i>Adjustments</i>		
Depreciation expense	7,744,125	1,635,986
Amortisation of borrowing costs	-	791,303
Gain/(loss) on disposal of assets	1,539	26,431
Share-based payments (refer note 17)	607,011	(60,035)
Unrealised foreign exchange	126,864	-
Impairment of inventory	350,601	-
Non-cash fair value adjustments	-	25,043
<i>Change in assets and liabilities</i>		
(Increase) /decrease in other receivables	(106,047)	17,104,922
(Increase) / decrease in inventory	444,826	106,257
Increase / (decrease) in trade and other payables	(1,301,848)	(12,104,161)
Increase / (decrease) in provisions	(439,555)	117,559
Net cash flows used in operating activities	<u>(16,929,326)</u>	<u>(885,013)</u>

**(b) Non-cash investing and financing activities**

Conversion of debt to equity (refer note 17)	<u>-</u>	<u>2,000,000</u>
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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**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Non-cash changes</b>			<b>Closing balance</b>
	<b>2021</b>	<b>*</b>	<b>Foreign exchange movements</b>	<b>Conversion of debt to equity</b>	<b>Other non-cash movements</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equipment finance	17,714	(16,313)	-	-	-	1,401
<b>Total liabilities from financing activities</b>	<b>17,714</b>	<b>(16,313)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,401</b>

\*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.

**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**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\$74,167 (2021: A\$74,138).

**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.

If the Company does not comply with an obligation under the agreement and the Commonwealth believes that the non-compliance is incapable of remedy, or if the Company 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.

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 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:

	2022 \$	2021 \$
<b>Exploration Tenements</b>		
Within one year	1,033,900	1,316,900

### 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:

	2022 \$	2021 \$
Short-term employee benefits	1,658,149	1,741,177
Post-employment benefits	99,259	73,646
Other long-term benefits	41,449	27,827
Share-based payments	239,219	(65,674)
Total compensation	2,038,076	1,776,976

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 then 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
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:		
Current receivables	-	-

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Share-based Payments

Total expenses arising from share-based payment transactions recognised during the year:	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Performance rights and options – refer to (i)	607,011	(60,035)
Share purchase plan shares – refer to (ii)	-	-
<b>Total Options and Performance Rights</b>	<b>607,011</b>	<b>(60,035)</b>
• Included in share-based payments expense	607,011	(60,035)
	<b>607,011</b>	<b>(60,035)</b>
Share-based payments by issuing shares		
• Repayment of debt (refer note 12(b))	-	2,000,000
<b>Total shares issued for payment of goods and services</b>	<b>-</b>	<b>2,000,000</b>
<b>Total share-based payments for the year</b>	<b>607,011</b>	<b>1,939,965</b>
<b>Total share-based payments recognised in profit and loss</b>	607,011	(60,035)
<b>Total share-based payments recognised in statement of financial position</b>	-	2,000,000

#### 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 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.



# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Share-based Payments (continued)

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

44,266,665 performance rights were granted to employees and directors during the year (2021: nil) and 51,020,408 (2021: 153,061,226) 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:

	2022 Number	Weighted average exercise price	2021 Number	Weighted average exercise price
Outstanding at the beginning of the year	145,750	\$ nil	17,479,900	\$ nil
Performance rights issued during the year	44,266,665	\$ nil	-	\$ nil
Performance rights forfeited / lapsed during the year	(11,597,417)	\$ nil	(11,678,150)	\$ nil
Performance rights exercised during the year	(10,798,333)	\$ nil	(5,656,000)	\$ nil
Outstanding at the end of the year	<u>22,016,665</u>	\$ nil	<u>145,750</u>	\$ nil
Vested and exercisable at the end of the year	<u>775,000</u>		<u>145,750</u>	

The outstanding balance as at 30 June 2022 is represented by:

Grant date	Expiry date	Exercise price	Performance rights as at 30 June 2022
16 August 2021	20 August 2022	\$ nil	290,000
16 August 2021	21 August 2022	\$ nil	185,000
16 August 2021	31 December 2022	\$ nil	3,816,667
16 August 2021	10 January 2023	\$ nil	300,000
16 August 2021	30 June 2023	\$ nil	4,965,833
7 December 2021	30 June 2023	\$ nil	25,000
22 April 2022	30 June 2023	\$ nil	37,500
16 August 2021	31 December 2023	\$ nil	4,494,167
7 December 2021	31 December 2023	\$ nil	37,500
16 August 2021	30 June 2024	\$ nil	4,333,333
16 August 2021	31 December 2024	\$ nil	1,290,000
7 December 2021	31 December 2024	\$ nil	75,000
16 August 2021	30 June 2025	\$ nil	2,166,665
			<u>22,016,665</u>

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2022 is 1.48 years (2021: nil years).

## NORTHERN MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 17. Share-based Payments (continued)

##### (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.

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 lastly approved in November 2020, 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.

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Share-based Payments (continued)

- 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
  - 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.

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Opening Balance	4,353,400	4,353,400
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	-	-
Closing Balance	<u>4,353,400</u>	<u>4,353,400</u>

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 2022.

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Share-based Payments (continued)

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

The fair value of the equity-settled share options granted 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 issued under the Employee Performance Rights Plan 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 assessed fair value at grant date of the performance rights issued on 21 December 2021 was independently determined using an adjusted form of the Black-Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the vesting period, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the right and the correlations and volatilities of the peer group companies.

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

The following tables list the inputs to the model used for the years ended 30 June 2022 and 2021.

There were no Share Plan shares issued during the year ended 30 June 2022 and 30 June 2021.

The following relates to the unlisted options and performance rights issued during the year ended 30 June 2022 and 30 June 2021:-

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
27/07/2021	27/07/2024	51,020,408	22/02/2021	\$0.048	n/a	n/a	n/a	\$0.000*
24/09/2021	31/12/2021-30/06/2025	40,416,665	16/08/2021	\$0.041	Nil	Nil	Nil	\$0.041
21/12/2021	31/12/2021-31/12/2023	3,000,000	16/08/2021	\$0.041	\$0.043	0.04-0.25%	75%	\$0.0246-\$0.0362
17/01/2022	30/06/2022-31/12/2024	300,000	28/10/2021	\$0.055	Nil	Nil	Nil	\$0.055
		150,000	07/11/2021	\$0.053				\$0.053
		300,000	07/12/2021	\$0.051				\$0.051
23/06/2022	30/06/2022-31/12/2024	100,000	22/04/2022	\$0.052	Nil	Nil	Nil	\$0.052
22/02/2021	22/02/2024	153,061,226	22/02/2021	\$0.048	n/a	n/a	n/a	\$0.003

\* Relates to Tranche 2 free – attaching options on \$20 million placement announced on 16 February 2021.

**NORTHERN MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**18. Auditor's Remuneration**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Nexia Perth Audit Services Pty Ltd</b>		
During the year the following fees were paid or payable for services provided by the auditor:		
<b>Audit and Other Assurance Services</b>		
Audit and review of financial reports under the Corporations Act 2001	110,000	131,476
Other assurance services - audit of government grant final report	-	3,470
Total remuneration of auditors	<u>110,000</u>	<u>134,946</u>

**19. Earnings per share**

	<b>2022</b>	<b>2021</b>
	<b>Cents per share</b>	<b>Cents per share</b>
<b>a) Basic loss per share</b>		
From continuing operations attributable to the ordinary equity holders of the Company	(0.50)	(0.19)
<b>b) Loss used in calculating loss per share</b>		
Loss attributable to ordinary equity holders of the Company for basic and diluted earnings per share	(24,356,842)	(8,528,318)
	<b>Number</b>	<b>Number</b>
<b>c) Weighted average number of shares used as the denominator</b>		
The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic loss per share	4,856,488,010	4,527,871,438

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.

# NORTHERN MINERALS LIMITED

## 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:

	2022 \$	2021 \$
<b>Statement of financial position</b>		
Current assets	7,712,405	25,452,370
Total assets	12,774,300	37,766,284
Current liabilities	2,095,493	3,420,416
Total liabilities	7,192,070	8,769,136
<b>Shareholder's equity</b>		
Share capital	270,487,071	270,152,158
Reserves	1,394,908	1,143,529
Accumulated losses	(266,299,749)	(242,298,539)
	5,582,230	28,997,148
<b>Net Loss for the year</b>	(24,356,842)	(8,528,318)

Contingent liabilities

Refer to note 14

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

### 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 4 August 2022, the Company issued 480,000 ordinary shares as a result of the exercise of unlisted performance rights under the employee incentive scheme.

Post reporting date the Company entered into an agreement to sell the hydrometallurgical equipment to a third party.

The impact of the Coronavirus (COVID-19) pandemic is ongoing as at 30 June 2022 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.

# NORTHERN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2022.

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 2022:

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	1 July 2022
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2023	1 July 2023

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:

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

#### *AASB 2021-5 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:

- the application of AASB 1 by a subsidiary that becomes a first-time adopter after its

## NORTHERN MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 23 New Accounting Standards and Interpretations (continued)

- 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).

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.



## **NORTHERN MINERALS LIMITED**

### **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 2022 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 2022 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 2022.

On behalf of the Board



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**Nicholas Curtis AM**

**Executive Chairman**

**31 August 2022**

### 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 2022 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.



**Nexia Perth Audit Services Pty Ltd**



**Muranda Janse Van Nieuwenhuizen**  
**Director**

Perth  
31 August 2022

## 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 2022, 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 2022 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.

#### Material uncertainty relating to going concern

Without modifying our opinion, we draw attention to Note 2(a) of the financial report, which indicates that the Group will require further funding in the next twelve months from the date of this report to fund its planned operating costs. These conditions, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

## 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.

Key audit matter	How our audit addressed the key audit matter
<p><b>Rehabilitation Provision</b> <i>(Refer to notes 3(a) and 10(c) in the financial report)</i></p> <p>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.</p> <p>The nature of the rehabilitation activities that will be required are governed by local legislative requirements.</p> <p>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.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>▪ Assessing the competency, objectivity and experience of management's internal expert who valued the rehabilitation provision;</li><li>▪ Reconciling the expert's calculations to the basis of the rehabilitation provision in the financial report;</li><li>▪ Assessing the reasonableness of the costs used in the Group's rehabilitation estimates against external sources;</li><li>▪ Agreeing the expected timing of the rehabilitation works in the cash flow model to the expected life of the Pilot Plant;</li><li>▪ Testing the mathematical accuracy of management's cash flow model; and</li><li>▪ Auditing the relevant disclosures in note 3(a) and 10(c) the financial statements.</li></ul>

## 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 2022, 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.

## **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.

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 9 to 20 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Northern Minerals Ltd for the year ended 30 June 2022 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.



**Nexia Perth Audit Services Pty Ltd**



**Muranda Janse Van Nieuwenhuizen**  
**Director**

Perth  
31 August 2022