

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Northern Minerals Limited

ABN

61 119 966 353

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,389	2,389
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(758)	(2,517)
(b) development	(429)	(1,279)
(c) production	(2,986)	(13,571)
(d) staff costs	(703)	(1,922)
(e) administration and corporate costs	(136)	(2,175)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	24
1.5 Interest and other costs of finance paid	(161)	(955)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	(550)	(3,922)
1.8 Other (provide details if material)	60	110
1.9 Net cash from / (used in) operating activities	(3,273)	(23,818)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(2,977)	(10,971)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,977)	(10,971)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,290	33,251
3.2	Proceeds from issue of convertible debt securities	2,500	2,500
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(14)	(3,265)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(229)	(752)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,547	31,734

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,788	8,140
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,273)	(23,818)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,977)	(10,971)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,547	31,734

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	3	3
4.6	Cash and cash equivalents at end of period	5,088	5,088

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,088	5,788
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,088	5,788

Included in 1.7 above are the repayments in relation to the Company's claim for the research and development (R & D) refundable tax offset for the 2016/17 and 2017/18 tax year. Whilst the ATO and AusIndustry continued their review of the Company's claim a partial release was advanced in the March quarter for the 2017/18 tax year. In May 2019 the Company received notices from the ATO that the R & D claim had been denied. In accordance with the in-principle agreement reached with the ATO in June 2019 repayments are being made to repay the partial release advanced for the 2017/18 tax year and the 2016/17 tax year that had previously been received. In February 2020 the Company received formal notification from AusIndustry that it had reversed its initial finding. The Company are continuing to work with the ATO in relation to matters regarding the R & D tax offset claims to confirm the final refundable tax offset.

Included in 2.1 above are the payments made in accordance with the EPC contract with Sinosteel MECC. Under the contract, Sinosteel MECC agreed to defer payments representing 20% of the contract value for a period of 12 months.

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
321
-

Amounts in 6.1 relate to non-executive directors remuneration and the managing directors remuneration for the quarter. It also includes fees paid to the Chairman for additional work undertaken in the period.

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7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	14,500	14,500
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	14,500	14,500

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

On 2nd March 2020, Northern Minerals entered into a Convertible Security Funding Agreement with Lind Global Macro Fund, LP (Lind). The Company received \$2,500,000 net of commitment fees, from the issue of one unsecured convertible note with a face value of \$3,000,000. The maturity date is 6 March 2022. Refer to ASX announcement 2nd March 2020 for further details.

On 23rd April 2019, Northern Minerals entered into a subscription agreement for the issue of 7,500,000 convertible notes with a face value of A\$1.00 per note to a sophisticated investor. Refer to ASX announcement 23rd April 2019 for further details.

On 17th December 2018, Northern Minerals entered into a subscription agreement with JHY Investments Pty Limited (JHY) for the issue of 4,000,000 convertible notes over two tranches with a face value of A\$1.00 per note. Refer to ASX announcement of 17th December 2018 for further details. As announced on 11th December 2019 the terms of the convertible notes issued to JHY provided that the notes would mature on 31 December 2019 and that an interest rate of 16% per annum would be payable on the notes. The Company negotiated an extension of the maturity date for the notes for a further year and a lower interest rate. The maturity date for the notes is now 31 December 2020 and the interest rate payable on the notes reduced to 10%.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(3,273)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(3,273)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	5,088
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	5,088
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.55

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company announced to the ASX on 25th March 2020 that there was a temporary suspension of site operations at Browns Range due to the Covid-19 pandemic, as a result of progressive travel restrictions within regional WA. Therefore the Company will have reduced operating cashflow costs in the April-June 2020 quarter.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: On 20th April 2020 the Company announced that it had entered into subscription agreements with various sophisticated investors to raise \$22 million (before costs) under a private placement. As at date of this report, tranche 1 had been completed with the Company receiving A\$6 million in cash and a further A\$3 million paid directly to the convertible note holder, on behalf of the Company, in partial repayment of the amounts owing on the convertible notes issued on 26 June 2019, with an aggregate face value of A\$7,500,000. Additional tranches are expected to be received at various dates prior to 25 July 2020 as per the announcement to the ASX on 28th April 2020.

In addition, on 20th April 2020 the Company also announced a share purchase plan to raise approximately A\$5 million (before costs) The offer price per share under the SPP will be \$0.02 per new share. Refer to ASX announcement for full details

The Company has no reason to believe that this additional fund raising will not be fully successful.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects to be able to continue its operations and to meet its business objectives based on the additional funds raised as noted above.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and*

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Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.