northern minerals

pathway to production

northern minerals limited **annual report 2012**

ABN 61 119 966 353

key achievements 2011/12

"We have taken some significant strides in advancing toward production and capitalising on the global opportunities for HRE".

see Chairman's report, **page 2**

"Having a high grade mineral concentrate (>30% TREO) significantly reduces the mass of material at the hydrometallurgy processing stage which greatly reduces both capital and operating costs".

see Metallurgical Test Work **page 32**

"The next major milestone on this path will be the delineation of a maiden JORC resource, which is expected by the end of the 2012 calendar year".

see Managing Director's report, **page 5**

corporate directory

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Kevin Schultz
Non-Executive Chairman

George Bauk
Managing Director / CEO

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Non-Executive Director

Colin McCavana
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Bank of Western Australia
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"Demand and price growth has been particularly strong for HRE, with no new sources moving into production".

see REE Overview, **page 8**

"Northern Minerals expanded its prospective HRE landholding in the Browns Range Dome area, with a Joint Venture agreement with Toro Energy".

see Review of Operations, **page 12**

"The Company is committed to local employment opportunities, and during the year, doubled the number of local employees within its operations".

see Stakeholder Engagement, **page 26**

northern minerals

contents

chairman's letter

The past year has been a particularly exciting one for Northern Minerals and its shareholders. The Company's focus has been on development of the Browns Range Heavy Rare Earth (HRE) Project in Western Australia (WA), and we have taken some significant strides in advancing this toward production and capitalising on the global opportunities for HRE.

Our exploration activities have confirmed Browns Range represents a globally significant source of HRE. Results from drilling and metallurgical programs have significantly increased our understanding and confidence in the project. We now have a strategy to take us into production, which will be an outstanding achievement for the Company and its shareholders.

A key feature of Browns Range is its xenotime mineralisation and the dominance of HRE, dysprosium and yttrium in particular. These attributes set the project apart from other potential new sources of HRE supply, and increase the international interest in the Browns Range product.

We have continued to be encouraged by the HRE market, with the price for heavy elements such as dysprosium and yttrium remaining firm after some spectacular increases in 2011. Demand is increasing for these elements for new energy applications such as hybrid vehicles and new digital technology. At the same time, supplies are tight, with most of the new sources of Rare Earth Elements (REE) concentrated on Light Rare Earth (LRE) elements, and China (the world's dominant producer) restricting its exports of HRE in particular. This equation makes the Browns Range mineralisation even more exciting.

During the past twelve months, our success at Browns Range has heightened the Company's focus on developing its HRE suite of projects. With this in mind, the Board reviewed its non-HRE assets, to determine the best way to extract value for shareholders. Within the 10,000km^2 Gardiner-Tanami / Gardner Range JV Project there are a number of targets for gold, uranium and base metals, in a region with a proven gold production history. The Company is now actively pursuing divestment opportunities for these assets and has received indications of interest from a number of parties. A potential divestment or joint venture arrangement will create value through development of these projects, while Northern Minerals retains the rare earth rights.

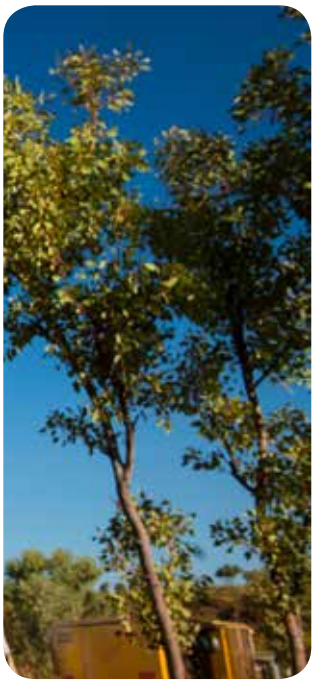
With the growth in our exploration and project management activities, Northern Minerals has significantly expanded its team during the past year. On behalf of shareholders, I want to thank all members of the team, and in particular Managing Director George Bauk, for the great results achieved in the past year. It has been exciting to be part of this growth.

I also want to thank our shareholders for their ongoing support. While the past twelve months have been a volatile period in the financial and equity markets, your Company has remained firmly focused on its core goals and has been successful in delivering its targets. We are looking forward positively to the year ahead, and believe we have the fundamentals in place for success, with the right projects and the right people to deliver our strategy.

Yours sincerely

Kevin Schultz
Chairman

We are looking forward positively to the year ahead, and believe we have the fundamentals in place for success, with the right projects and the right people to deliver our strategy.



pathway to production

managing director's report

It is my pleasure to report on what was a busy, productive and exciting year for Northern Minerals and its expanding team. At the commencement of the 2012 financial year, we were at the early stage of development of what we believed was an exciting HRE project at Browns Range, in WA.

In the past twelve months we have made considerable progress, and by the end of the reporting period, we had confirmed the project to be a globally significant HRE discovery, expanded our resources to develop it and we are on a path to be in production by 2015.

Exploration and metallurgical success

A major focus for the Company was the drilling program at the Wolverine and Gambit prospects to define mineralisation and deliver a Joint Ore Reserves Committee (JORC) resource at Wolverine. The Company completed more than 15,000m of drilling throughout the year with some outstanding results, including high grade HRE with a dominance of high value heavy elements such as dysprosium and yttrium. Ongoing drilling extended the mineralised zones, and has moved us toward the delineation of a JORC resource by the end of the 2012 calendar year.

At the same time Northern Minerals completed a significant program of metallurgical test work. The results have increased confidence in the project by proving that xenotime mineralisation at Browns Range can be processed using a relatively simple and low cost flowsheet, and with infrastructure that will require a relatively low level of capital expenditure. This is a major advantage for the development of a HRE project, and one that makes Browns Range unique.

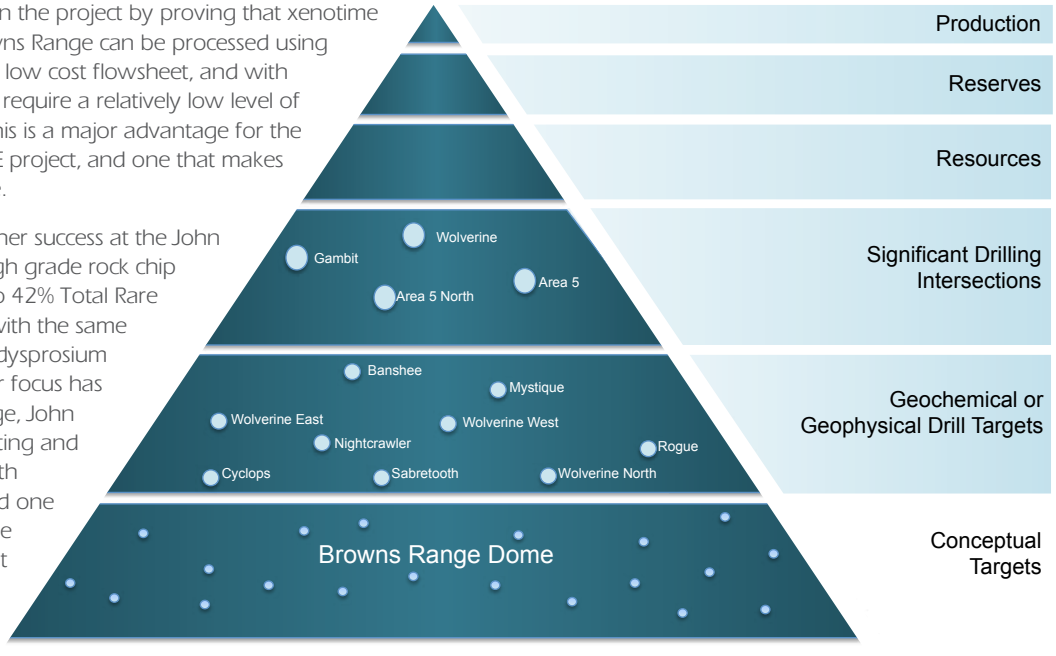
We also achieved further success at the John Galt Project, where high grade rock chip samples showed up to 42% Total Rare Earth Oxides (TREO), with the same strong distribution of dysprosium and yttrium. While our focus has been on Browns Range, John Galt shapes as an exciting and prospective project with similar mineralogy, and one that can play a key role in building a significant HRE inventory in the region.

Regional growth potential

To date, we have only really scratched the surface in terms of exploration across the region. Northern Minerals has a large and highly prospective landholding, including the Browns Range Dome - a large geological structure which hosts the current prospects, and which includes a range of other untested targets. A regional exploration program to date has already identified new prospects which are being drill tested, with a number of other targets that will be tested in programs in the coming year.

With the focus on HRE, Northern Minerals has taken steps to divest some of its non-core assets, while expanding its HRE footprint through a Joint Venture with Toro Energy. This agreement provides the Company with HRE mineral rights across Toro's neighbouring tenements in the Northern Territory (NT) , and gives the Company a commanding position in the prospective Gardiner-Tanami region. In August 2012, the Company was also successfully granted thirteen new tenements in the NT section of the project, opening up almost 5,000km^2 of the Browns Range Dome area.

Pipeline of Prospects



Pathway to production

Our aim is to be in production by 2015. The next major milestone on this path will be the delineation of a JORC resource, which is expected by the end of the 2012 calendar year. Once we have defined the Resource, it will allow the Company to ramp up work on its feasibility studies. The Company is well advanced having already completed preliminary capital and operating cost study work, and logistic reviews. We have also commenced work on approvals, with environmental studies underway along with a broad stakeholder engagement campaign.

The rare earth market remains strong, particularly for the "heavies" given the shortage of available supplies. With the high grade and unique spread of HRE, Northern Minerals has received significant international interest in the Browns Range product, and has commenced discussions with a number of large end users regarding potential off-take relationships. These discussions are advancing well, and we look forward to announcing a development on this front in the year ahead.

Positioned for growth

Northern Minerals is well positioned for the year ahead. In March, the Company successfully raised $10 million through a share placement. These funds have allowed us to fund the exploration and development programs at Browns Range, and put us on track for the pathway to production. We have also expanded our team exponentially, with an expanded geological team on site as well as additional project management and marketing expertise. We now have an excellent team in place, and I would like to thank them all for what has been an outstanding effort during the past twelve months.

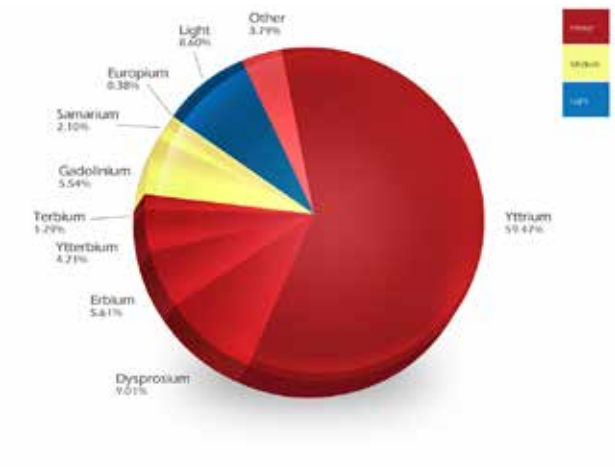
In the past year, Northern Minerals has really brought together the ingredients for success. It has a quality project, with quality people and the capital strength to deliver it. While this year has been exciting, I expect next year to be even more so, and I look forward to sharing in further success with our shareholders.

Yours sincerely

George Bauk
Managing Director / CEO

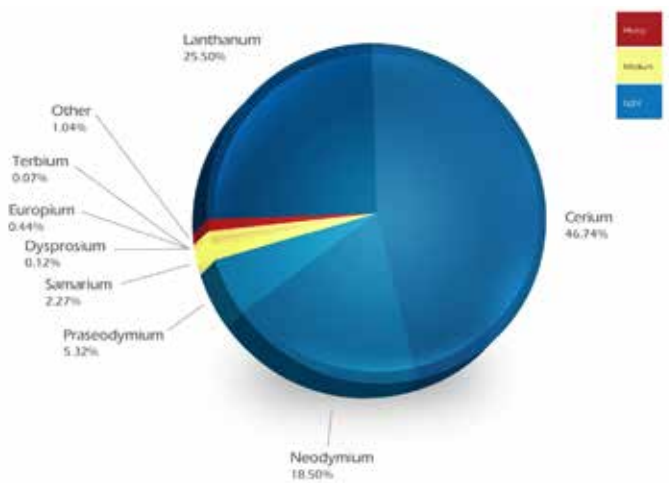
The point of difference is "Heavies"

Browns Range Project



Distribution of Rare Earths at Browns Range. Wolverine (March 2012)

Mt Weld Project



Mt Weld REO composition data above sourced from Lynas Corporation website

highlights for 2011/12

Northern Minerals has focused on developing it's Browns Range HRE Project, and following successful definition drilling and metallurgical testing programs during the year, is advancing the project towards production.

operational

Browns Range REE

- Completed 15,000m of drilling to define mineralisation at Browns Range and deliver maiden JORC resource.
- Outstanding high grade drill results confirm and extend high grade mineralisation, including:
  - Wolverine - 24m @ 2.18% TREO from 96m including 7m @ 5.35% TREO.
  - Area 5 - 2m @ 13.9% TREO from 4m.
  - Gambit - 38m @ 4.15% TREO from 45m.
- Positive results from metallurgical testing:
  - Confirms mineral concentrate can be produced with simple and low cost processing.
  - Hydrometallurgical test work indicates ability to produce high purity mixed chemical concentrate.
- Environmental studies commenced with baseline flora and fauna studies.
- Exciting new prospects including Banshee and Mystique identified by regional drilling program, .
- Off-take discussions with potential international partners is well advanced.
- Proposed pathway to production by 2015.

John Galt REE

- Rock chip samples up to 42% TREO with approximately 95% HREO including 36,791ppm (3.68%) dysprosium.
- Excellent mineral recovery rates (>90%) with potential for concentrate grades greater than 40%.
- High grade mineralisation in scree material - a new exploration target.

corporate

- Joint Venture with Toro Energy to earn up to 80% interest in mineral rights other than uranium in Toro's Browns Range NT tenements.
- Agreement to grant Kurundi Project base metals mineral rights to Tungsten West.
- Raised $10 million to drive exploration and development of Browns Range Project, with an additional $1.97M from the conversion of NTUOB options.
- Significant growth in employee numbers with the appointment of additional geologists and recruitment of key personnel including Project Manager and Commercial Manager.
- Advanced divestment of non-REE assets, with mutual decision to terminate Strategic Alliance with Areva.
- Successful grant of NT tenements opening up 4,842km^2 of prospective exploration ground.
- Commenced divestment of non-REE assets in the Gardiner-Tanami region.

the year ahead
2012/13

With the planned divestment of some of its non-REE assets, the Company will increase its focus on advancing the Browns Range Project in order to capture the exciting global opportunities for heavy rare earth elements.

operational

Browns Range REE

- Ongoing exploration program with 20,000m drilling program planned across Browns Range.
- First drilling program on recently granted Browns Range NT tenements and the Boulder Ridge prospect to commence in 2012.
- Definition of a maiden JORC resource at Wolverine, December 2012.
- Advance environmental baseline studies.
- Commence enviromental approval process.
- Metallurgical test work to optimise beneficiation process.
- Further hydrometallurgical studies to confirm flowsheet.
- Infastructure studies to investigate road and port transport options.
- Complete Scoping Study for Browns Range.
- Commence Pre-Feasibility Study.
- Construction of semi-permanent camp at Browns Range to accommodate up to 20 personnel.

John Galt REE

- Drilling program at John Galt to follow up high grade rock chip samples.
- Further review of John Galt mineralisation.

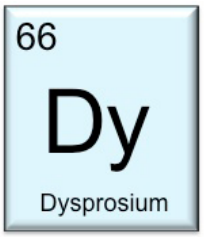
corporate

- Proposed divestment of non-REE assets at Gardiner-Tanami with sale process due to be completed by the end of 2012.
- Continued review of non-REE assets and consideration of divestment options.
- Formalise agreement with strategic partner for off-take of REE concentrate.
- Review and expansion of Northern Minerals team to meet growth requirements.

rare earth overview

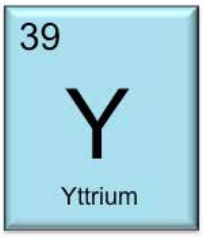
Northern Minerals is well positioned to take advantage of the sought after HRE's market.

Rare earths refer to the "lanthanide" series of elements, plus yttrium, that share similar chemical properties. The unique chemical properties of rare earths gives them an essential role in our modern world in high technological applications. For example, hybrid vehicles, energy efficient lighting and wind turbines are but a few of the numerous applications in which rare earths are critical. Rare earths are in fact not rare at all and are naturally abundant in the Earth's crust. The challenge for rare earth explorers, having identified a deposit, is to develop an economically viable process to extract the elements.



Additive for NdFeB magnets to increase performance at high temperatures ie. hybrid vehicles and wind turbines

Hybrid Vehicle Motor



Possesses high melting point and ideal for energy efficient lighting in the substitution of traditional incandescent light globes

Compact Fluorescent Lamp

The in-situ value of the Browns Range Project still remains without a peer globally, attributable to its superior HRE content.

Despite a retreat in LRE prices during the past twelve months, global demand for HRE has remained steady. The tiered export quota system from China has subtly reduced the volume of HREs available from China, which accounts for over 95% of the world's rare earth exports.

Demand and price growth has been particularly strong for HREs with no new sources moving into production and negligible substitutes for high performance applications.

The Supply Dynamics of Rare Earths

Even with the recent success of the Lynas Mt Weld Project and the Molycorp Mountain Pass projects, China remains the global supplier of rare earths, currently responsible for more than 95% of global supply. HRE supply will remain an issue with China recently commencing the stockpiling of HREs in the interests of preserving feed for their downstream manufacturing base.

Rare earth export quotas continue in China, which has introduced a distinction between LRE and HRE. Despite increasing the overall volume of rare earth product being exported, the net effect is an actual reduction in the HRE export volume from China.

Mountain Pass and Mt Weld will do little to alleviate the urgency in the identification and development of sources of HREs. The ratio in which rare earths are produced does not correspond with the demand for each respective rare earth element. In the case of HREs, demand far exceeds supply.

rare earth overview

The outlook for HREs remains strong due to their low occurrence and critical role in technological and clean energy applications and the absence of any substitutes.

The added dimension of geopolitical tensions around the world presents an extra challenge to nations attempting to source strategically significant rare earths products to feed their extensive high-tech supply chains.

This represents an excellent opportunity for a potential HRE supplier to bring to market new sources of HREs in short supply.

The Demand Dynamics of Rare Earths

In order to correctly assess the demand dynamics of rare earths over the past twelve months it is necessary to draw a distinction between LREs and HREs. Due to rare earths being used in a diverse variety of applications, the industry drivers and markets are as equally diverse with a strong distinction between the LREs and HREs. Consequently pricing and market growth vary greatly across the suite of rare earth products offered.

LREs have been subjected to massive volatility since late 2011 and as prices have moved upwards, downstream customers moved to cheaper substitutes for the relative low-tech applications, such as polishing powders and fluid cracking catalysts.

Conversely, HREs are naturally in short supply and used primarily in high-tech applications that command a price premium with limited price volatility. Importantly, these HREs have a critical role in high performance applications and lack few substitutes. Dysprosium is critical for high performance neodymium-iron-boron magnets used in electric motors; ranging from microscopic surgical motors to motors in electric vehicles and offshore wind turbines where low maintenance and high performance are critical.

Market analysts correctly forecast negligible growth and in some cases demand reduction in the LRE such as cerium and lanthanum that have experienced substancial price declines over the past twelve months. The same analysts remain bullish for HREs with Northern Minerals Browns Range Project named in the top four projects likely to succeed in becoming a global HRE supplier.

rare earth market

The 2011/12 year has seen dramatic changes in the rare earths industry. At the beginning of the year, rare earth prices were at an all-time high for both LRE and HRE. Consequently there was a number of rare earth projects being promoted in the industry with little attention given to capital requirements and lack of robust flowsheets required for the extraction and refinement of the rare earths products.

The landscape is now markedly different with many projects "disappearing from the radar" having been proven unviable under the current, more conservative pricing regime. Throughout this turbulent period, Northern Minerals rare earths projects have continued to stand out with a simple flowsheet and modest capital requirements, attributable to the quality of the HRE rich xenotime mineralisation.

With the imminent full-scale production from Mountain Pass (USA) and Mt Weld (WA), the supply of LREs is no longer an issue as reflected in the current pricing; retreating to about US$18/kg from a high of US$140/kg (China FOB) for a fully separated 99% oxide twelve months ago.

The lack of supply of HREs such as dysprosium, terbium, ytterbium and yttrium remains an issue. No substantial additional supplies of HREs have been brought into production. China's production is an excellent benchmark for the current HRE supply situation. In Q2 2012 the China Ministry of Commerce announced the intention to introduce a strategic stockpile of rare earth oxide in the interests of protecting its downstream manufacturing. To date the only specific rare earths products accumulated into the stockpile are dysprosium and europium (Metal Pages August 2012).

The lack of security of supply has driven downstream original equipment manufacturers (OEMs) to reduce their exposure to the limited number of sources of HREs available. The key means for mitigating the uncertainty of supply is the technological development of substitutes or the complete elimination of any requirements for rare earths products.

These attempts to reduce HRE dependency are fully documented at rare earths conferences held around the world. The most prominent element researched for substitution is dysprosium and its application in the production of high performance rare earths magnets used in hybrid vehicles, computer hard drives and wind turbines.

Japan is the strongest proponent of dysprosium substitution research and development. Despite Japan being a global technology leader in the production of rare earths magnets, in a commercial context these

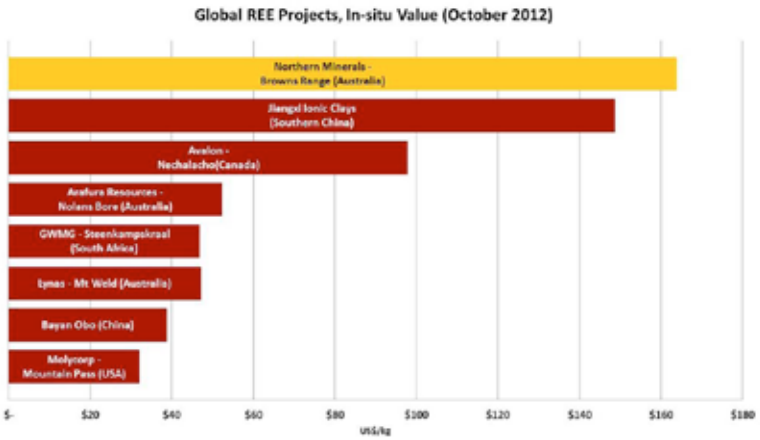
rare earth market

attempts have had varying degrees of success. Any advancement made in the reduction of dysprosium requirements is at the cost of extra weight and lower energy efficiency, two critical factors in the auto industry. It has been conceded that the commercial application of dysprosium reducing technology will take a considerable number of years.

For yttrium which is used in the phosphor and ceramics industry, there are no substitutes.

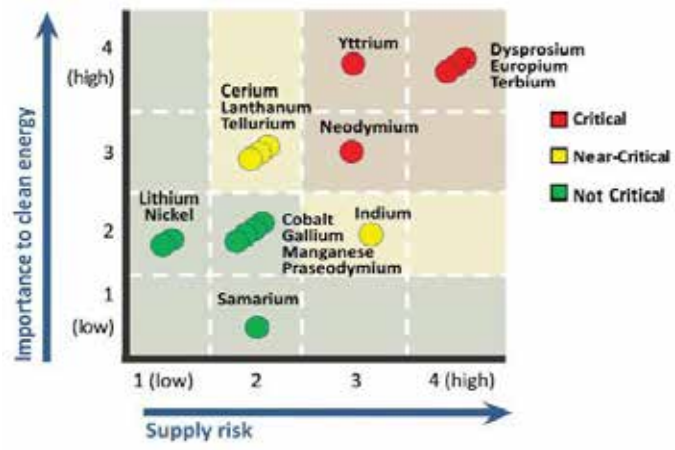
Additionally, upstream OEMs are taking a more active involvement in the identification and development of HRE projects and Northern Minerals has been active in understanding their specific product requirements.

Central governments around the world continue to strive to reduce carbon emissions through better energy efficiency, and the prospects for the lighting industry remain bright. Demand for yttrium, the key element in the Browns Range and John Galt projects, remains strong, by sustained and robust pricing.



NOTE: These values have been calculated on Metal Pages China FOB fully separated oxide prices and published in-situ rare earths distribution values. The chart does not imply fully rare earths recovery and its purpose is primarily for comparison between rare earths projects.

Short-Term (0-5 years) Criticality Matrix



Source: US Department of Energy Critical Materials Strategy, December 2011.

review of operations
overview

During 2011/12 the Company has further advanced its high value HRE portfolio in WA through exploration success.

The Company's main focus has been at the Browns Range Project, where activities have ranged from grass-roots exploration, which has identified several new HRE targets, through to resource definition drilling at the Wolverine prospect. The Gambit and Area 5/Area 5 North prospects, which were identified in 2010, have been further advanced through additional drilling in 2011/12. New targets defined from the 2011 exploration program, such as Banshee and Mystique, have had first-pass drilling programs completed. At the John Galt Project, the first on-ground exploration program has been completed in preparation for drilling during 2012/13.

Xenotime mineralisation at Browns Range occurs in hydrothermal quartz veins, quartz breccias and silicified zones associated with fault structures within arkosic sandstones. Xenotime mineralisation is dominated by high value HRE, with up to 85% of TREO being HRE such as dysprosium and yttrium. In addition, the mineralisation has a relatively small component of radionuclide material, with approximately 40.4ppm U_3O_8 and 34.6ppm ThO_2 per 1% TREO (cut-off of 0.25% TREO) at Wolverine.

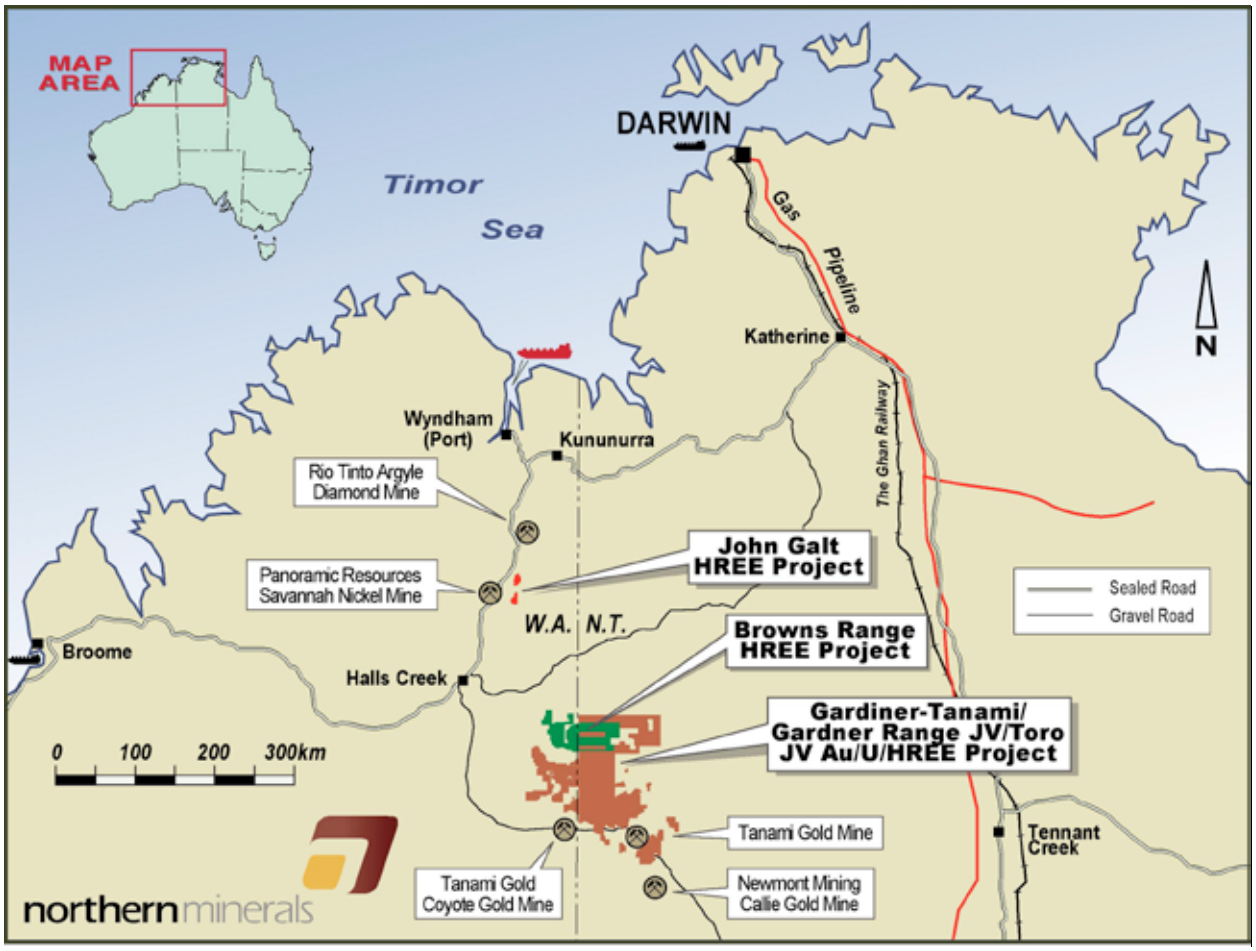
The drilling program at the Browns Range Project during the 2011/12 financial year has comprised reverse circulation (RC) and diamond drilling at the Wolverine and Gambit prospects, with the drilling at Wolverine designed to define a resource to a depth of at least150m vertical. First-pass drilling has also been completed at the Banshee and Mystique prospects where portable XRF measurements have indicated significant mineralisation, however, laboratory assays are currently still pending. At the Wolverine prospect, drilling has indicated significant widths (up to 25m) of REE mineralisation over a strike length of approximately 180m and to a vertical depth of 150m.

The mineralised zone, which shows continuity between sections, strikes approximately east-west, dips steeply towards the north and is open at depth. The best drilling results from Wolverine in 2011/12 include 24m @ 2.18% TREO from 96m and 28.1m @ 1.77% TREO from 114m. At the Gambit prospect, significant REE mineralisation (>0.2% TREO) has been intersected on all drill traverses across a 600m long zone. In 2012, the first of three diamond drill holes completed at Gambit returned the best drilling result yet from the Browns Range Project with 38m @ 4.15% TREO from 45m. Regionally, rock chip and soil sampling in conjunction with airborne radiometrics has defined several more drill targets some which will be drill tested in late 2012.

In December 2011, Northern Minerals announced it had expanded its HRE prospective landholding in the Browns Range Dome area, with signing of a Joint Venture agreement with Toro Energy Limited.

The Joint Venture area consists of seven tenements comprising 1,403km^2, of which three are in the immediate Browns Range Dome area, and contiguous with Northern Minerals 100% owned tenements. In April 2012, the Joint Venture agreement was finalised with the main terms being an initial earn-in of 51% by expenditure of $4 million over three years, with an option to increase up to 80% by further expenditure of $2 million and completion of Definitive Feasibility Study (DFS). The granting of thirteen tenements in the NT portion of the Browns Range and Gardiner-Tanami projects, as announced in August 2012, has added an additional area of 4,842km^2 which is particularly prospective for REE in the Browns Range Dome area, but also includes some known xenotime occurrences further to the south. On-ground REE exploration work will commence on these tenements in 2012/13.

review of operations
overview



At the John Galt Project, first pass on-ground exploration has been completed comprising geological mapping, and soil and rock chip sampling. Rock chip samples from John Galt returned results up to 42% TREO with approximately 95% being Heavy Rare Earth Oxides (HREO). High grade mineralisation was discovered in the scree (talus) material below the John Galt Main Zone ridge, which has the potential to be an exploration target in its own right. The primary hard-rock mineralisation remains the main exploration target. Preparations have been advanced for the drilling program which is scheduled for 2012/13, with the drill hole locations finalised and Aboriginal heritage surveys successfully completed.

With the termination of the Strategic Alliance with Areva, as announced in September 2012, Northern Minerals now holds 100% ownership of the Gardiner-Tanami Project. This allows Northern Minerals to pursue the divestment of its non-REE assets (including gold and uranium) in the region to deliver additional value to shareholders.

The Company continues to seek to divest its interests in phosphate, which comprise the strategically-positioned Epenarra phosphate project, covering over 5,050km^2 in the Georgina Basin. In parts, the project is only 50km from the Wonarah phosphate deposit and covering the same favourable geology and the Amadeus Basin Project in an area near Alice Springs.

browns range project - WA/NT
review of operations

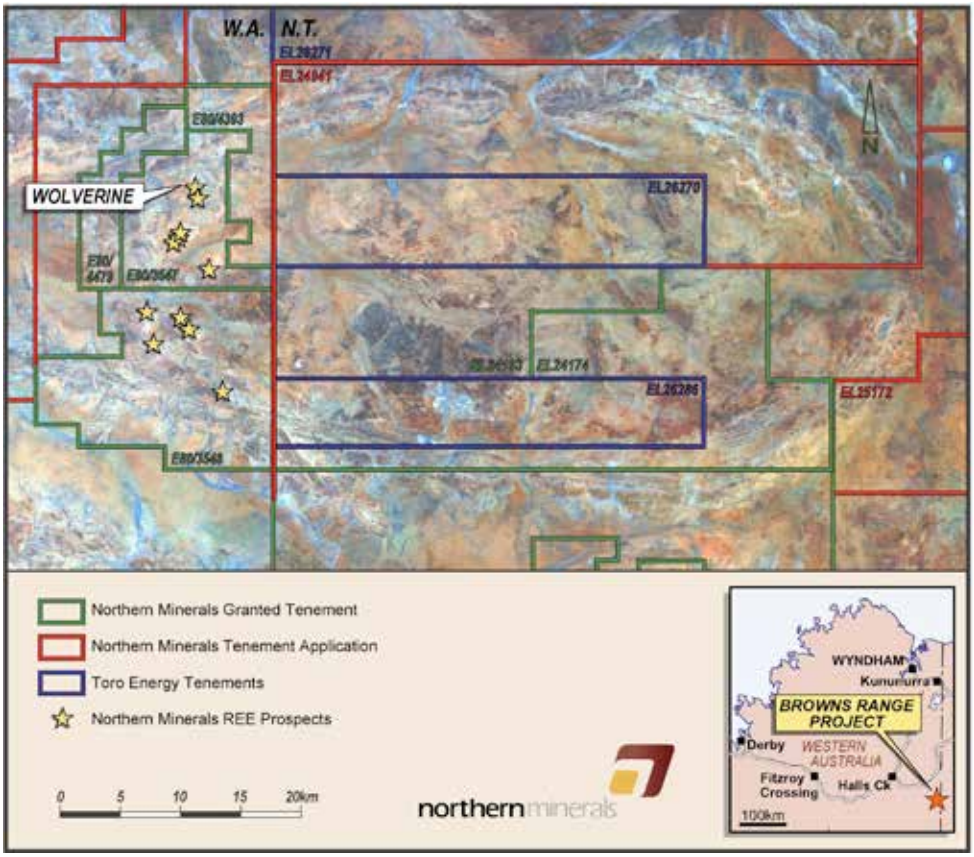


Figure 1 Browns Range Landsat image and tenure

The Browns Range Project has been the focus for the Company's REE exploration program.

The project consists of four granted exploration licenses within WA, covering an area of 454km^2. Two new tenement applications covering a combined area of 767km^2 to the west of the existing WA tenements were submitted in 2012. In addition, three tenements covering an area of 1,134 km^2 within the NT, which are contiguous with the WA tenements, form part of the project. Two of these tenements were granted by the NT Government in August 2012, while the other one remains in moratorium. The tenements are located adjacent to the WA/NT border approximately 150km south-east of Halls Creek (see Figure 1)

Target and Geology

The target is hydrothermal xenotime mineralisation; xenotime being a rare earth phosphate mineral and a rich source of yttrium and high value HRE. Xenotime was first identified in the Browns Range area in the 1980s by PNC Exploration while exploring for uranium. Exploration conducted by Northern Minerals in 2009 and 2010 identified and outlined four priority drill targets (prospects) at Area 5, Area 5 North, Wolverine and Gambit.

The Company's maiden drilling program at the Browns Range Project, which was completed between June 2011 and September 2011, intersected significant HRE mineralisation at all four prospects. The HRE mineralisation is structurally-controlled, occurring within quartz veins, quartz breccias and silicified zones associated with fault structures and hosted by arkosic sandstones.

browns range project - WA/NT
review of operations

The project is centred on the Browns Range Dome, a Paleoproterozoic dome formed by a granitic core intruding the Paleoproterozoic "Browns Range Metamorphics" (arkoses, feldspathic sandstones and schists) and an Archaean orthogneiss and schist unit on the southern edge of the dome. The dome and its aureole of metamorphics are surrounded by the Mesoproterozoic Gardiner Sandstone of the Victoria-Birrindudu Basin.

Exploration Update

Extensive soil sampling programs were completed over two areas in late 2011. The program comprised a total of 1,445 soil samples, the results of which have defined new HRE drill targets and significantly extended existing targets. The soil sampling program focused on an area between the Area 5 prospect in the south up to the north of the Wolverine prospect.

This area is approximately 20km in extent and also covers the Gambit prospect. The southern area of soil sampling is located approximately 6km south of the Area 5 prospect, and was first identified as a uranium radiometric anomaly by Northern Minerals in 2010. Rock chip sampling in early 2011 returned assays up to 5.1% TREO at the Banshee prospect and 1.86% at the Mystique prospect. Soil sampling was conducted on a 200m x 100m grid over an area of approximately 9km. Two significant geochemical soil anomalies were identified, one centered on the Banshee prospect and the other at Mystique.

pathway to production

browns range project - wolverine prospect
review of operations

At the Wolverine prospect, drilling has indicated significant widths (up to 25m true width) of REE mineralisation over a strike length of approximately 180m.

The mineralised zone strikes approximately east-west, dips steeply towards the north and is open at depth. In 2011 a total of 41 RC holes (NMBRRC073 - 092, NMBRRC111 - 123, NMBRRC156 - 163) were drilled at the Wolverine prospect. Best intersections from the Wolverine prospect in 2011 include:

- NMBRRC160 - 24m @ 2.18% TREO (2,072ppm Dy_2O_3) from 96m (to EOH) including 7m @ 5.35% TREO (5,151ppm Dy_2O_3) from 112m
- NMBRRC082 - 41m @ 1.01% TREO (881ppm Dy_2O_3) from 24m
- NMBRRC163 - 6m @ 2.68% TREO (2,321ppm Dy_2O_3) from 99m (to EOH) including 2m @ 6.71% TREO (5,838ppm Dy_2O_3) from 103m (to EOH)
- NMBRRC119 - 33m @ 1.53% TREO (1470ppm Dy_2O_3) from 54m
- NMBRRC123 - 15m @ 1.37% TREO (1,307ppm Dy_2O_3) from 87m

Encouraged by the excellent results of the RC drilling, Northern Minerals commenced an 11 hole 1,300m diamond drilling program at Wolverine in December 2011. Diamond drill holes tested a zone approximately 175m in strike length with most of the drilling focused on a zone of 75m strike length. All diamond drill holes intersected zones of variably altered (silica, sericite and hematite alteration) and quartz veined arkose, within which are discrete breccia zones. Best results from this drilling included:

- NMBRDD001 - 47.24m @ 0.82% TREO (737ppm Dy_2O_3) from 64.26m
- NMBRDD003 - 28m @ 1.77% TREO (1,619ppm Dy_2O_3) from 114m
- NMBRDD004 - 24.8m @ 1.43% TREO (1,260ppm Dy_2O_3) from 108.2m

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

browns range project - wolverine prospect
review of operations

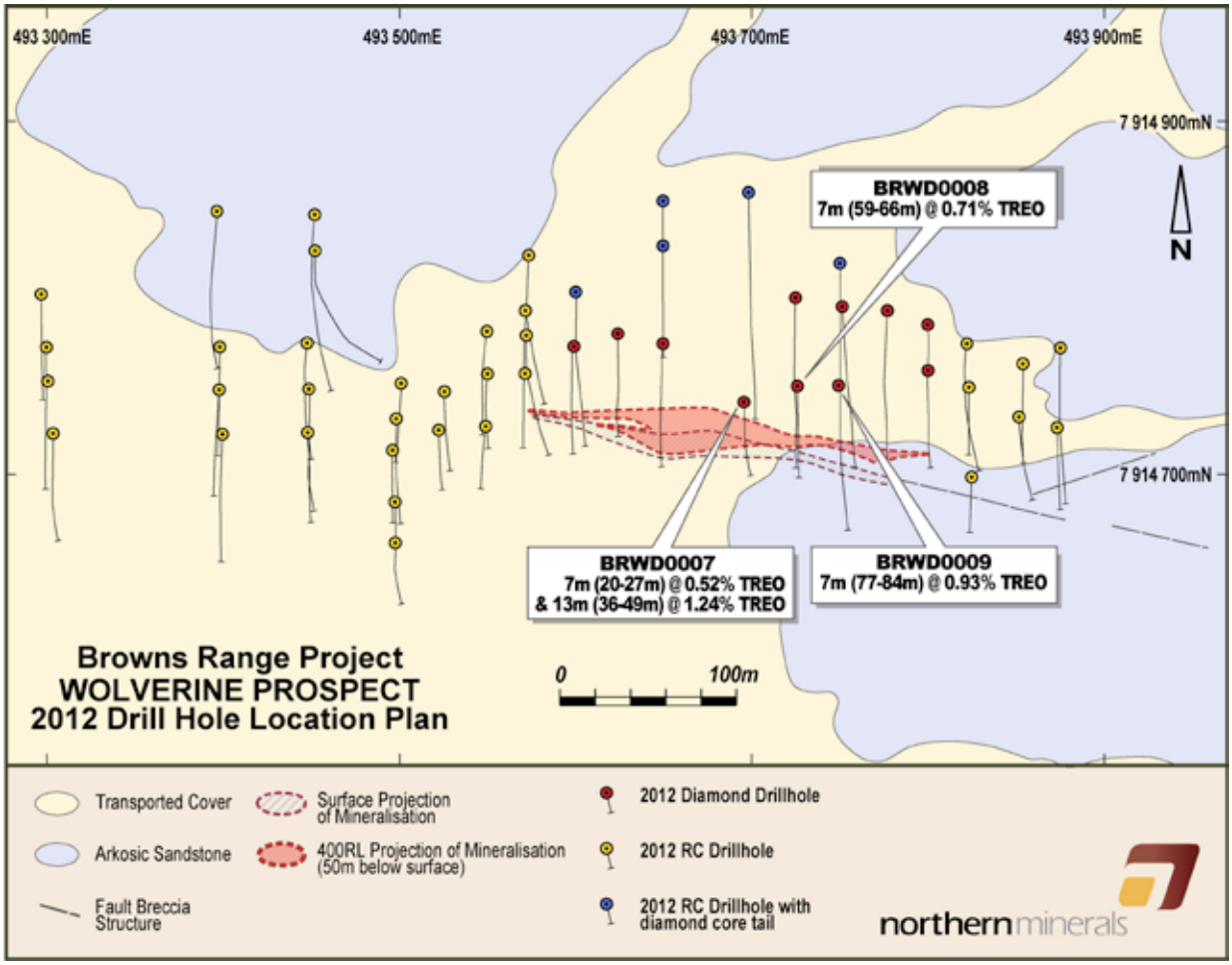


Figure 2 - Wolverine Prospect 2012 Drilling completed and significant assay results

This program was completed in February 2012, and the follow-up program at Wolverine commenced in June 2012. The most recent drill program completed at Wolverine has seen 12 diamond drill holes for 1,560m, 48 RC drill holes for 5,152m and 9 RC precollars with diamond drill tails for 1,409m. This program was designed to test for along strike and depth extensions of mineralisation to the main zone previously outlined (see Figure 2).

The drilling also included infill drilling in order to provide sufficient data to determine a JORC compliant resource calculation. At the time of writing, results from only three diamond drill holes had been received from this program. These holes were within the known mineralised zone and intersected mineralisation as predicted.

pathway to production

browns range project - gambit prospect
review of operations

The geochemical results from the soil sampling completed in 2011 defined a greater than 150ppm TREO anomaly extending for 2km by 150m width in an approximate east-west orientation. The late 2011 sampling extended anomalism for 650m to the west of low hills containing outcropping xenotime and where the drilling at Gambit has been focused to date. The Gambit prospect drilling has tested two zones, approximately 350m and 150m in strike extent, with fault breccia structures and xenotime mineralisation outcrops within arkosic sandstones. The orientation of these fault breccia structures is east-west, although there is also evidence of northwest-southeast trending structures controlling mineralisation. The greater than 150ppm TREO anomaly also extends discontinuously to the east of the drilling for an additional 600m, with several soil samples greater than 200ppm TREO in this area.

A total of 57 drill holes (NMBRRC034 - 072 & NMBRRC093 - 110) have been completed, with the program targeting the centre of the soil geochemical anomaly which extends over 2km. Holes were drilled 20-25m apart on north-south trending sections every 50m. Drill hole fences were directed alternately north and south to intersect an interpreted dominant east-west trending sub-vertical fault structure. Significant REE mineralisation (>0.2% TREO) has been intersected on all drill traverses across a 600m wide zone that has been partially drill-tested (see Figure 3). Mineralisation is hosted by quartz-veined, brecciated, silicified and/or hematitic arkosic sandstone. Assay results have returned significant results (10m @ 1.08% TREO and 8m @ 1.4% TREO) on the western most drill lines indicating mineralisation is open to the west. Mineralisation appears to be controlled by one or more east-west trending fault structures, and north-west trending cross-cutting structures.

The geometries of the mineralised zones are currently being assessed, with several possible interpretations for the orientations. One interpretation is that mineralisation is broadly sub-vertical, with higher grade zones at fault intersections which create pipe-like plunging shoots.

browns range project - gambit prospect
review of operations

Analysis of the assay results has shown the REE mineralisation to be dominated by HRE with an average of 83% of TREO being HRE (above a cut-off of 0.2% TREO). Best results from the Gambit prospect include:

- NMBRRC094 -10m @ 1.08% TREO (1,011ppm Dy_2O_3) from surface
- NMBRRC097 - 8m @ 1.4% TREO (1,308ppm Dy_2O_3) from 41m
- NMBRRC104 - 6m @ 1.07% TREO (1,002ppm Dy_2O_3) from 58m
- NMBRRC055 -11m @ 2.07% TREO (0.19% Dy_2O_3) from 35m
- NMBRRC057 - 18m @ 1.19% TREO (0.11% Dy_2O_3) from 51m
- NMBRRC045 - 9m @ 1.68% TREO (0.15% Dy_2O_3) from 86m
- NMBRRC046 - 11m @ 1.07% TREO (0.10% Dy_2O_3) from 48m
- NMBRRC051 - 7m @ 1.61% TREO (0.15% Dy_2O_3) from 66m

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

In 2012, three diamond drill holes were completed at the Gambit prospect. The drill holes were designed to intersect the areas of known mineralisation defined by RC drilling in 2011, and obtain geological and structural data to aid in the understanding of mineralisation.

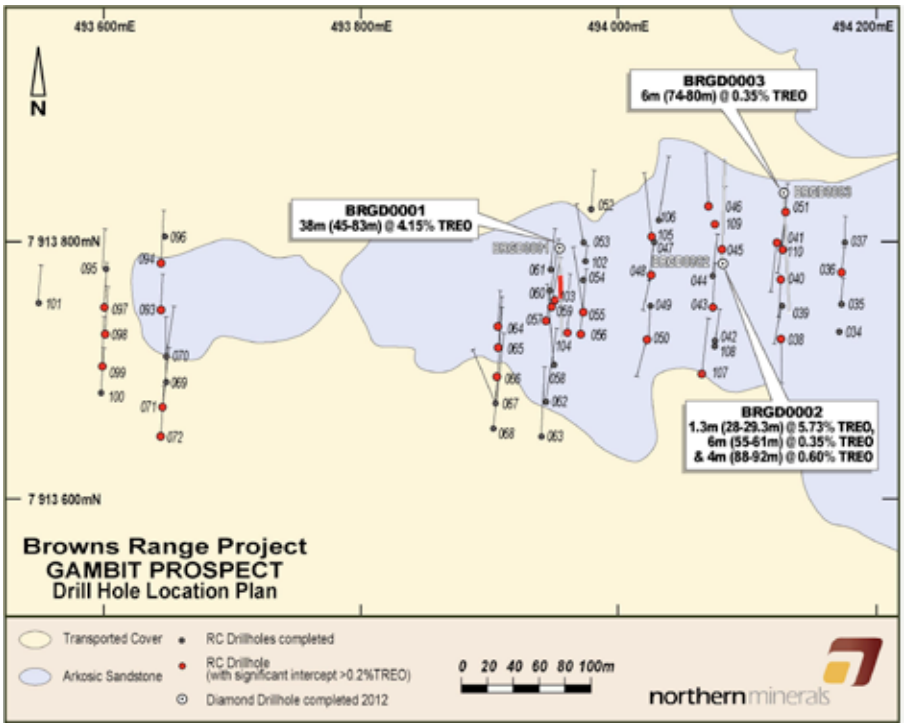


Figure 3 - Gambit Prospect Drill hole location and diamond drilling significant intercepts

The first diamond drill hole drilled at the Gambit prospect (BRGD0001) intersected a mineralised zone with 38m (45m to 83m) at 4.15% TREO.

The high grade mineralisation occurs within a siliceous brecciated arkosic sandstone, located on the western edge of the RC drilling area completed in 2011 (see Figure 3). The geometry and dimensions of the mineralised zone in BRGD0001 are unclear, but is likely to be part of a high grade, steeply plunging shoot.

Further drilling is required to confirm the geological interpretation and outline the extent of mineralisation, and a program of 4,000m RC holes is proposed for the second half of 2012.

browns range project - Area 5/ Area 5 North Prospects
review of operations

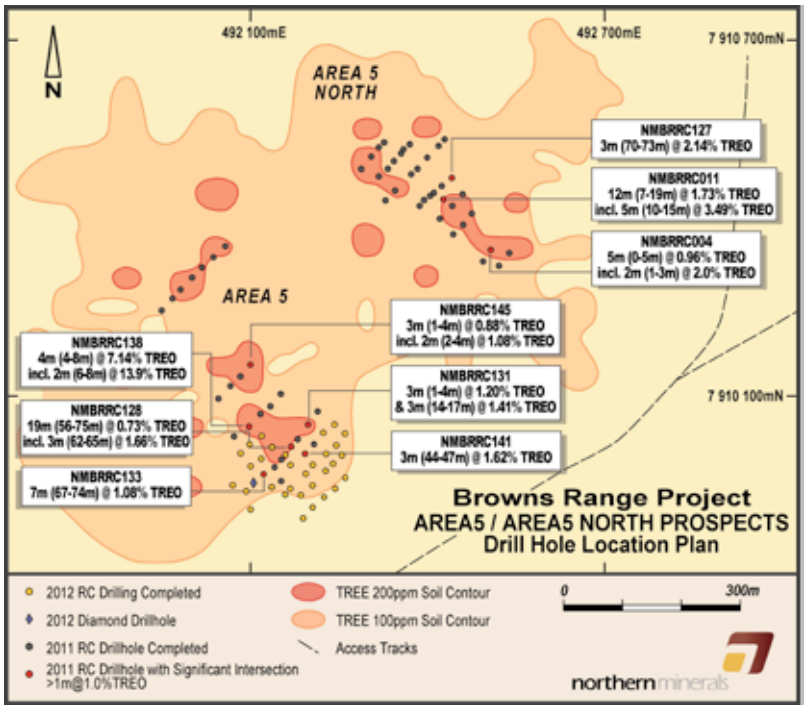


Figure 4 - Area 5/Area 5 North Prospects Drill hole location plan and significant intercepts

The best results from Area 5 North include:

- NMBRRC011 - 12m @ 1.73% TREO including 5m @ 3.49% TREO (including 5m @ 0.32% Dy_2O_3) from 7m
- NMBRRC004 - 5m @ 0.96% TREO including 2m @ 2.0% TREO (including 2m @ 0.16% Dy_2O_3) from surface
- NMBRRC014 - 5m @ 0.45% TREO (including 285ppm Dy_2O_3) from 34m
- NMBRRC013 - 2m @ 0.51% TREO (including 297ppm Dy_2O_3) from 38m
- NMBRRC019 - 3m @ 0.36% TREO (including 223ppm Dy_2O_3) from 7m

At Area 5, the greater than 150ppm TREO soil anomaly now covers an area 1.1km by 800m extending known anomalism to the west.

The soil sampling results have enhanced the Area 5 drill target. A new zone trending northwest-southeast has been delineated which is 700m in strike length. Drilling to date at Area 5 and Area 5 North has been focused on an area of 600m x 400m where arkosic sandstone and xenotime mineralisation outcrops.

Drilling at the Area 5 North prospect commenced in June 2011, with a total of 37 holes (NMBRRC001 - 033, NMBRRC124 - 127) completed for a total of 2,531m. The drilling mostly intersected what is interpreted to be weathered arkose. Intense silica and hematite alteration occurs throughout the drilling area. The rare earth mineralisation is commonly associated with quartz veining and hematitic alteration.

No further drilling has been completed at Area 5 North in 2012.

At the Area 5 prospect, which is located just 800m south-west of Area 5 North, 28 drill holes (NMBRRC128 - 155) have been completed to date. Significant mineralisation has been intersected in several holes over down hole widths of 2-19m. In addition, some shallow high grade mineralisation was intersected in NMBRRC138, with 2m @ 13.9% TREO from 4m. The best results from Area 5 include:

- NMBRRC138 - 4m @ 7.14% TREO including 2m @ 13.9% TREO (with 2m @ 1.31% from 4m Dy_2O_3)
- NMBRRC128 - 19m @ 0.73% TREO including 3m @ 1.66% TREO (with 3m @ 0.134% 56 Dy_2O_3)

browns range project - Banshee and Mystique Prospects
review of operations

- **NMBRRC133 - 7m @ 1.08% TREO (including 7m @ 868ppm Dy_2O_3) from 67m**
- **NMBRRC141 - 3m @1.62% TREO (including 3m @ 0.128% Dy_2O_3) from 44m**
- **NMBRRC142 - 5m @ 0.91% TREO (including 5m @ 577ppm Dy_2O_3) from 67m**

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

Mineralisation occurs mostly in holes drilled in the southeastern corner of the target area, and is open to the southeast. As at Area 5 North, mineralisation occurs within quartz veined, silicified and hematitic arkosic sandstones, and appears to be controlled by east-west and northwest-southeast oriented fault structures.

Further drilling has been completed at Area 5 in 2012 with 32 RC drill holes for 2,834m and one diamond drill hole drilled to a depth of 131.4m (see Figure 4). Samples have been submitted to Genalysis Laboratory for analysis, and at the time of writing assays are pending.

Banshee Prospect

At Banshee, a greater than 150ppm TREO geochemical soil anomaly extends approximately 1.4km in strike length in a northwest-southeast orientation (see Figure 5). Rock chip sampling has been conducted over Banshee with results up to 14.7% TREO. Six of the ten rock chip samples from the prospect returned assays greater than 1% TREO. Outcropping lithologies in the area are dominantly arkosic sandstones with laminated and mineralised quartz veins and breccias.

First-pass drilling commenced at Banshee in September 2012, with 19 RC drill holes for 1,495m completed to date.

Samples have been submitted to Genalysis Laboratory for analysis, and at the time of writing assays are pending.

Mystique Prospect

At the Mystique prospect, a greater than 150ppm TREO geochemical soil anomaly has been defined extending 1km in length in an approximate east-west direction (see Figure 5). As with Banshee, arkosic sandstone is the dominant rock type outcropping in the area, with some evidence of brecciation. Further rock chip sampling has been completed at Mystique with assays up to 2.52% TREO. Petrological studies of rock chips from Mystique have identified xenotime, the same HRE mineral as at the Wolverine and Gambit prospects.

First-pass drilling commenced at Mystique in August 2012, with 27 RC drill holes for 2,173m completed to date. Samples have been submitted to Genalysis Laboratory for analysis, and at the time of writing assays are pending.

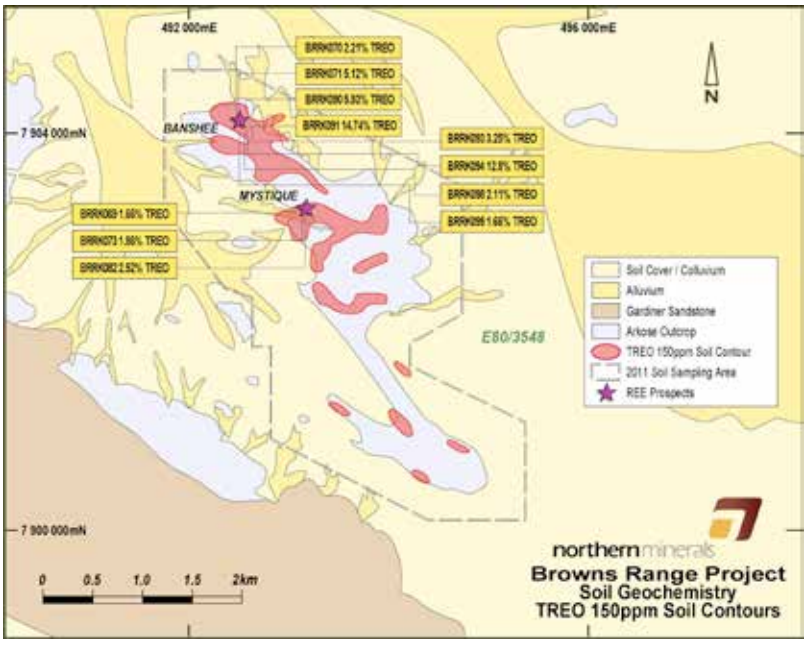


Figure 5 - Mystique and Banshee prospects Soil sampling anomalies (>150ppm TREO) and rock chip sampling

browns range project - Regional Exploration
review of operations

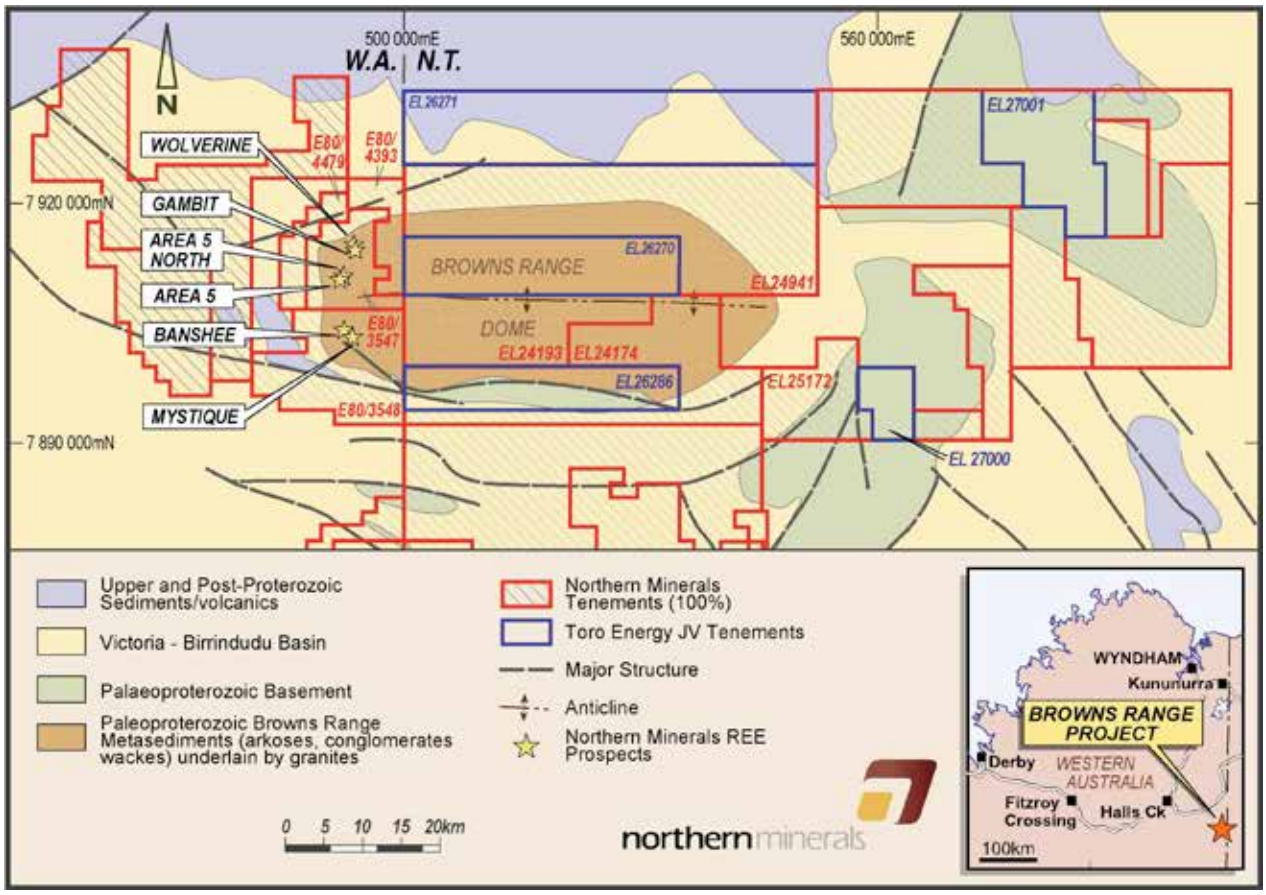


Figure 6 - Browns Range Project Tenement holdings and geology

Regional Exploration

The regional exploration program across the Browns Range area has been successful in identifying and testing multiple new targets. The strategy behind the program is to develop a number of high quality prospects and ultimately build a significant HRE inventory in the Browns Range region.

The current regional program includes:

- **Mapping, rock chip and soil sampling at a number of targets where outcropping xenotime mineralisation has been identified. Targets will be followed up with Aircore or Rotary Air Blast (RAB) drilling in late September 2012.**
- **Airborne geophysics and reconnaissance geological mapping over newly granted tenements in the NT in the eastern portion of the Browns Range Dome.**

Recent reconnaissance mapping and rock chip sampling of selected targets has identified further outcropping xenotime mineralisation. A total of 15 out of 38 rock chip samples taken returned assay results with greater than 1% TREO. Tenement applications in the NT in the eastern portion of the Browns Range Dome were granted in August 2012, following the execution of access agreements with the Aboriginal traditional owners.

browns range project - Regional Exploration
review of operations

The Browns Range Dome is considered to be significant in terms of the genesis of the HRE mineralisation discovered by Northern Minerals, and as such, the entire Browns Range Dome area is considered prospective for the discovery of further HRE mineralisation.

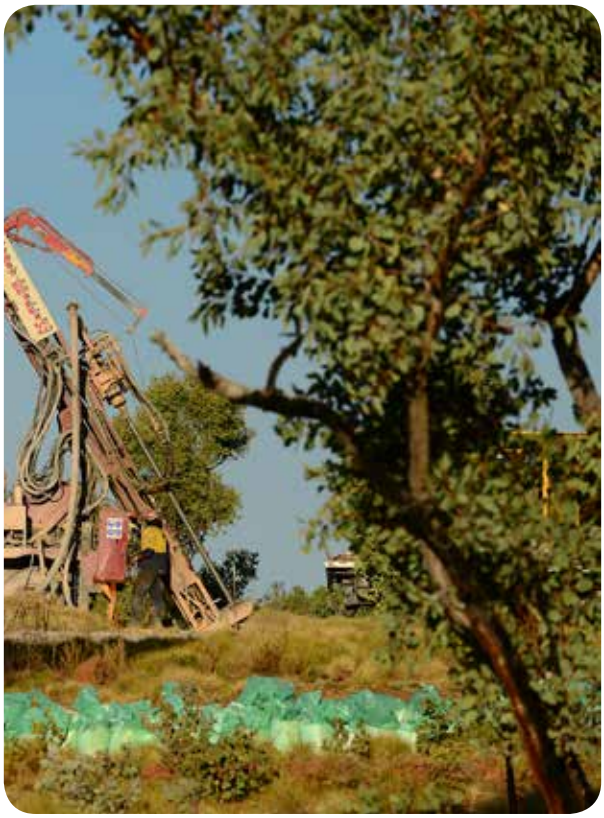
Future Work

Completion of a JORC compliant resource calculation on the Wolverine prospect is targeted for late 2012. Further diamond drilling at Wolverine is currently planned for the second half of 2012 which will include metallurgical and geotechnical drill holes as well as testing for the depth extent of mineralisation to below 150m vertical. At the Gambit prospect a 4,000m RC drilling program is planned for September/October 2012 to systematically test the extent of mineralisation. Elsewhere, a major aircore drilling program is planned for the significant new targets defined in the 2012 regional exploration program, which will include the Sabretooth prospect.

Follow-up work programs at Area 5/Area 5 North, Banshee and Mystique will be determined as results are received and interpreted.

First-pass exploration will commence on the NT tenements and Toro JV tenements within the Browns Range Dome in late 2012 with airborne geophysical surveys (magnetic, radiometrics and hyperspectral mapping) and follow-up reconnaissance geological mapping and rock chip sampling.

Airborne geophysical surveys are proposed to commence in late 2012, while on-ground exploration will commence once Aboriginal heritage surveys have been completed.

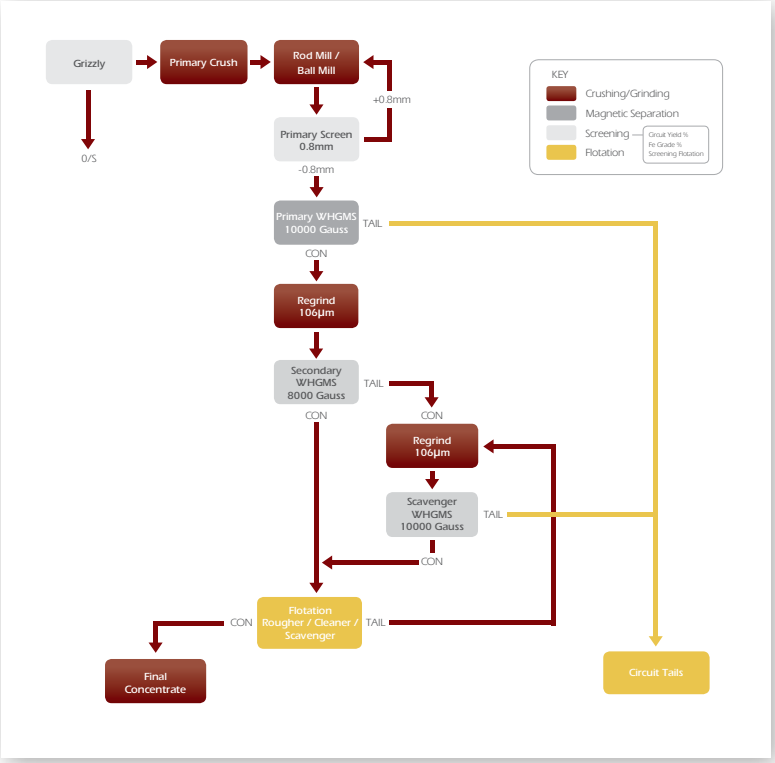


scoping study
review of operations

Process Plant

In late 2011, the Company engaged Bateman Engineering (Bateman) to undertake a desktop capital study estimate based on the metallurgical flowsheet prepared by Nagrom below. Bateman developed scoping level capital cost estimates for three conceptual process plant sizes of 0.375 million tonnes per annum (Mtpa), 0.75Mtpa and 1.5Mtpa of ore treated.

Nagrom Conceptual Flowsheet



This capital study for the processing plant, produced with a confidence level of ± 35%, resulted in estimated capital costs ranging from $58M, $89M and $134M for the three conceptual process plant sizes respectively.

Following on from this work, Bateman undertook a scoping level (± 35%) mill operating cost estimate for these three conceptual process plant sizes. The results of this estimate indicate a mill operating cost of $50, $32 and $25 per tonne of ore for the three process plant sizes respectively.

Detailed mining costs will not be completed until a JORC Resource estimate has been produced. While the operating and capital cost estimates are order of magnitude, the results to date indicate the potential for positive economics for the Browns Range Project, in particular at the higher feed grades.

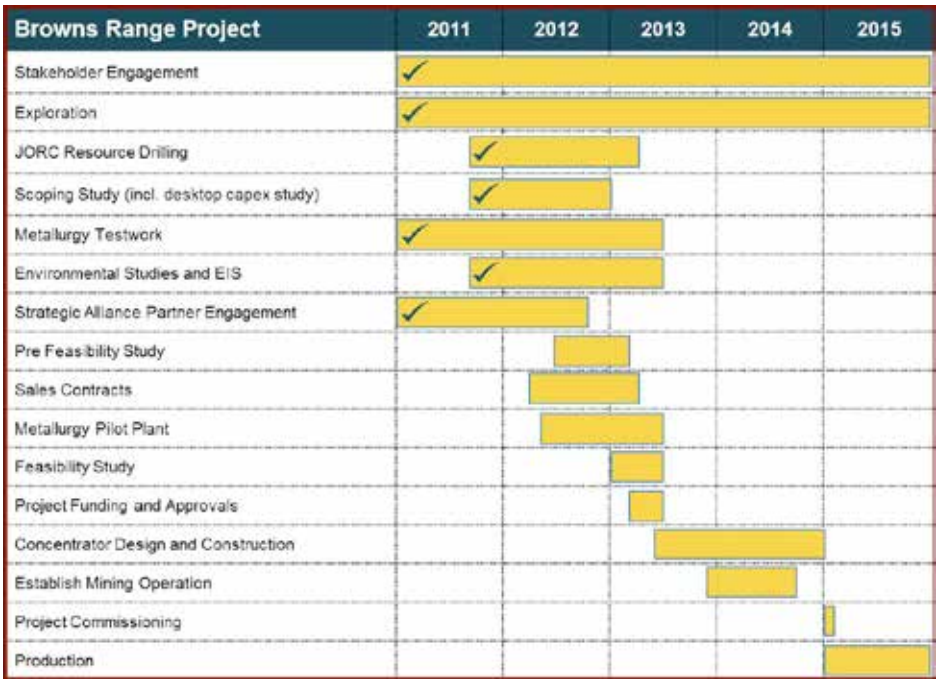
NOTE : The desktop capital study and operating cost study was conducted by Bateman Engineering based on the metallurgical test work and development of beneficiation flowsheets conducted by Nagrom following preliminary resource drilling and metallurgical studies, to produce a conceptual flowsheet. At this stage the Company has not yet estimated a JORC resource. Accordingly inferences to production should not be used as a basis for investment decisions about shares in the company.

scoping study
review of operations

Project Infrastructure and Approvals

Project development and approval activities continue to advance concurrently with metallurgical test work, resource definition work and environmental baseline studies. Current activities include:

- Infrastructure scoping studies to investigate access road, airstrip, mining infrastructure and port options,
- Scoping studies in relation to tailings storage facilities, and
- Hydro-geological and hydrological studies to consider water supply options, including ground and surface water management.



The Company has expanded its exploration and project management team during the year and has received approval from the Department of Mines and Petroleum (DMP) for its program of works to significantly upgrade and expand the exploration camp at Browns Range. The new camp will accommodate an initial exploration team of 20 personnel in demountable units with space allowed to expand to 40 persons.

Due to the simple processing model and relatively low capital expenditure required to get the processing plant established, the Company is targeting production in 2015 via the above pathway to production of a mineral concentrate.

stakeholder engagement
review of operations

Kija Traditional Owners signing of 2012/13 John Galt program of work in August 2012.

During the past year, as it has expanded its exploration and development activities, Northern Minerals has significantly stepped up its engagement with the local communities in which it operates. The Company has forged a strong association with the local Ringer Soak community, where it is identifying and sharing development opportunities from the Browns Range Project. It is proud to be a part of the Ringer Soak community, and to be able to support a number of groups within it.

A key part of the project scope is a commitment to local employment and training, including human resource development through to identifying long term job and business opportunities. The Company is committed to local employment opportunities, and during the year, doubled the number of local employees from within its operations, from three in 2011, to six in 2012. It has plans and processes in place to increase this further in the year ahead. Northern Minerals is also working with local contractors in order to assess current service capability within the region to support Northern Minerals future work schedule.

To integrate the Company and its employees into the community, Northern Minerals is working with the Kimberley Language and Resource Centre to implement a cultural awareness training program specifically for employees working on the Browns Range Project. This ongoing training is being delivered by the traditional owners of the land and provides an opportunity for employees to gain a better understanding of local Indigenous culture.

A key focus for the Company has been to build and grow relationships with local Indigenous leaders, as well as key representative groups such as the Kimberley Land Council and Kimberley Development Commission. It has also held a number of meetings with local government, in particular, the Shire of Halls Creek, in order to keep them informed on the development of the project, and to identify any community issues and opportunities.

stakeholder engagement
review of operations

Northern Minerals is also working closely with local Indigenous communities as part of its Heritage Survey process which continued during 2011/12.

The Company remains committed to ensuring the local community is well informed and given the opportunity to participate in the development of its projects. An ongoing community engagement strategy is in place which will further develop as project activities increase.

An ongoing stakeholder engagement process is underway with state, local and federal governments, key industry bodies and the local business community.

Northern Minerals has held meetings with a number of key Government stakeholders including the Federal Minister for Resources, Energy and Tourism, the Hon Martin Ferguson MP, as well as a number of state and local members of parliament. The Company is committed to keeping stakeholders engaged and informed as it progresses its project development activities and moves from exploration through to operational phase.

The Ringer Soak Football Team (the Kundat Djaru Cats) played in the 2012 Grand Final of the East Kimberley Football League. An outstanding achievement for a team that only commenced in the league of 10 teams in 2009

environment
review of operations

The Existing Environment

The Browns Range Project is located within an area of rocky outcrop at the northern edge of the Tanami Desert. It lies within the Tanami bioregion, which extends eastward into the central NT.
The majority of the land within the Tanami bioregion is Aboriginal freehold. This land continues to be used by traditional Aboriginal landowners for the hunting and gathering of food, and the practice of cultural ceremonies associated with the land (Stoll et al. 2005).
The remaining land within the bioregion is Unallocated Crown Land or Crown leasehold used for pastoral leases and conservation reserves (ANRA 2009b). Grazing occurs throughout one quarter of the bioregion, and mining (predominantly for gold) and tourism are also important industries (ANRA 2009b). The project is located within the Gordon Downs pastoral lease in the Shire of Halls Creek.

Environmental Baseline Studies and EIA

The key environmental approval required for mining projects in WA is normally an assessment by the Environmental Protection Authority. Project assessments rely upon information from a range of baseline environmental studies and a formal programme of risk-based impact assessments which includes active stakeholder consultation.

Outback Ecology has been engaged to undertake the environmental baseline studies for the Browns Range Project and to prepare the Environmental Impact Assessment (EIA) documentation for the project.

A number of environmental surveys have already been completed, with others planned for 2012/13. Baseline surveys and impact assessments have been commissioned in relation to:

- Terrestrial fauna
- Subterranean fauna
- Flora and vegetation
- Soils
- Tailings and waste geochemistry
- Radiation
- Air quality
- Surface hydrology
- Hydrogeology

Terrestrial Fauna - A total of 122 vertebrate species were recorded during baseline field surveys. This number is indicative of a good "capture" of the assemblage of animals occurring in the area, although birds and reptiles were not as well represented as other groups, such as mammals and amphibians.
The animals recorded during field surveys included twelve species not previously known to occur in the area.
Up to eleven "conservation significant" vertebrate species are expected to occur in the project area. Some of these were observed during the field studies, while others were considered as likely to occur on the basis of the habitat observed and published records of fauna distribution.

Four unusual invertebrate species (three spiders and a pseudoscorpion) were collected in or near proposed operations areas and further surveys and studies, including DNA testing, are in progress to identify and evaluate the distribution of these species.

environment
review of operations

Subterranean Fauna - Preliminary sampling of subsurface invertebrate fauna ("stygofauna" and "troglofauna") has found evidence that some subterranean organisms exist in groundwater in the project area. Further studies are planned to evaluate the occurrence and significance of these animals and the possible effects of mining and water abstraction on the subsurface fauna.

Flora and Vegetation - Seasonal conditions during the May 2012 survey were excellent. This has resulted in a comprehensive census of flora and vegetation, however the large number of species collected has resulted in a longer than expected time to complete sample identification. The project area has a rich and diverse flora, although no Declared Rare Flora listed on Department of Environment and Conservation (DEC) databases have been observed during the baseline field surveys. Some Priority Flora species are present in the general project area.

Baseline Soil Assessment - A baseline soil survey was completed in the project area during August 2012. The results of this work are pending and will feed into the mine closure plan and will complement planned geochemical testing of waste rock.

Background Radiation Study - The mineralisation at Browns Range contains low levels of uranium and thorium and a DMP approved Radiation Management Plan is in place for the current exploration activities at the project. Radiation Professionals has been engaged to conduct a background radiation study.

Geochemical Characterisation - A study to characterise the geochemical properties of mined waste rock and also process tailings has commenced. Samples of tailings and rock samples representing the expected dominant waste rock lithologies have been identified and are being collected for submission to appropriate laboratories for testing. Radiological testing of the tailings and waste rock will proceed in parallel with geochemical characterisation of mine wastes.

Air Quality, Noise and Light - A baseline air quality (dust) and meteorological characterisation program is planned to commence in October 2012 with the installation of field monitoring equipment. Dust samples collected will also be subject to mass and radiological analysis which will form part of the Background Radiation Study. Given the remote location, no baseline surveys of noise or light are proposed.

Hydrogeology and Hydrology - Preliminary groundwater and surface water studies have been completed. As the definition of the project advances further studies will be undertaken to determine what impacts, if any, the project may have on surface and groundwater environments.

Mine Closure Planning - Mine closure planning is an integral part of developing a mining project in WA. The Company will engage suitable consultants at the appropriate time to assist the Company to prepare a mine closure plan for the project.

pathway to production

metallurgical test work
review of operations

During 2011/12, significant advances were made in the development of the processing flowsheet to recover the TREO contained in the xenotime mineralisation from the Browns Range Project. Xenotime (YPO_4) is a rare earth phosphate mineral rich in yttrium (60-65%) and dysprosium (8-12%) and is low in radioactivity.

Further beneficiation test work has been undertaken at Nagrom, culminating in the production of a bulk sample of marketable mineral concentrate. This was followed by preliminary hydrometallurgical test work at Nagrom and ANSTO to examine the next stage of downstream processing.

Beneficiation Test Work - Mineral Concentrate

In November 2011, nine RC drill chip samples were submitted to Nagrom to conduct variability testing and to produce a bulk mineral concentrate sample. The samples, four tonnes in total, were sourced from the Wolverine, Gambit and Area 5 North prospects and at three cut-off grades of 0.25%, 0.5% and 1% respectively.

Variability Test Work

The variability test work included magnetic susceptibility tests, rougher magnetic separation tests using Wet High Gradient Magnetic Separation (WHGMS) and rougher flotation of the WHGMS magnetic concentrates. Magnetic recovery of the xenotime mineral relies on the paramagnetic nature of this mineral and a 10,000 Gauss WGHMS unit was used.

The variability test program verified that a broad range of feed grades from the three prospects can be treated in a two stage process, using magnetic separation as the primary beneficiation technique followed by simple flotation; techniques that are well understood in the Australian mining industry. All nine samples returned similar rougher magnetics and rougher flotation recoveries. Optimisation and scavenger duties in both magnetic and flotation stages are expected to increase the primary recovery considerably.

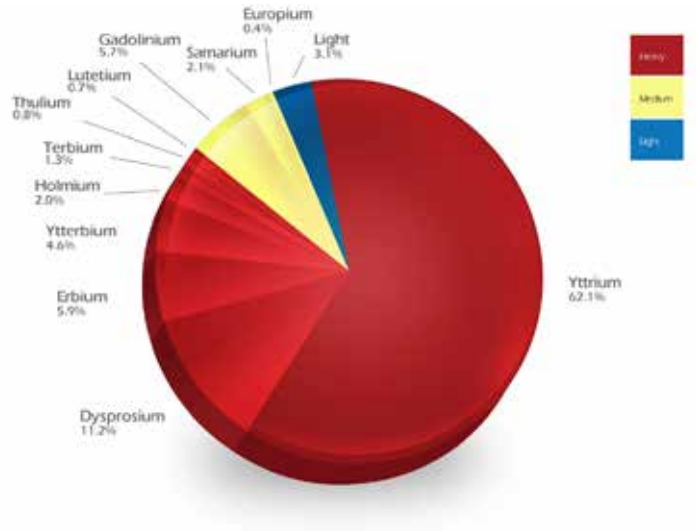
Mineralogical examination (SEM/XRD) of the concentrate confirmed that xenotime is the dominant rare earth mineral and that the xenotime occurs as liberated single crystals or as composites with quartz.

Mineral Concentrate

As a complement to the variability test work, Nagrom was requested to produce a marketable concentrate at a grade of +30% TREO. The block flow diagram of the Nagrom HG Circuit depicts the circuit used to produce the mineral concentrate. The flow diagram does not represent the definitive flowsheet for the project and neither the magnetic nor the flotation elements have been optimised.

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

Mineral Concentrate TREO Distribution



Source: Nagrom Testwork Synopsis

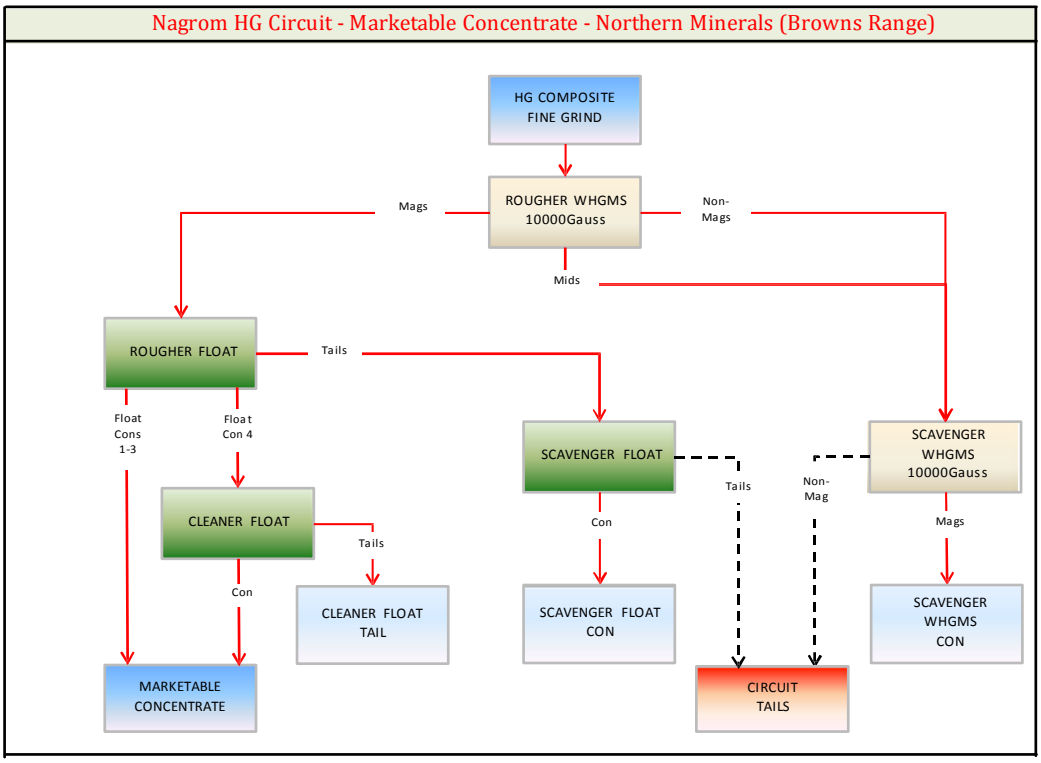
metallurgical test work
review of operations

The scavenger flotation and WHGMS elements were executed during the test run to gain insight into these streams but the products were not processed beyond this stage

A 680kg composite sample of high grade material, from Wolverine, Gambit and Area 5 North, was taken and ground to -106 micron, before presenting to WGHMS at 10,000 Gauss to produce 76kg of magnetic material. This magnetic concentrate was fed to a flotation circuit to produce 11kg of mineral concentrate at 33% TREO.

This test work confirms the Browns Range xenotime mineralisation can be processed using a relatively un-optimised magnetic and flotation flowsheet to produce high grade mineral concentrates of 33% TREO.

Of the total contained rare earths in the mineral concentrate, the distribution confirmed a TREO distribution typical of xenotime mineralisation, as shown in the chart.



metallurgical test work
review of operations

Hydrometallurgical Test Work - Mixed Chemical Concentrate

Following the successful beneficiation test work, the Company engaged Nagrom and ANSTO to undertake preliminary hydrometallurgical testwork to examine the potential recovery of TREO from the mineral concentrate using two conventional approaches to the processing of xenotime, caustic conversion and sulphuric acid bake.

Test work carried out at ANSTO on caustic conversion, followed by hydrochloric acid leaching, showed that the response was very poor and that the xenotime mineralisation at Browns Range is not readily 'cracked' under the conditions tested. However, it is possible that under more aggressive conditions, such as, increased temperature and pressure, the xenotime mineralogy would "crack' and allow recovery of the TREO and rejection of phosphorus.

In contrast, a sulphuric acid bake followed by water leaching resulted in liberation of 99% of the HRE and yttrium. Furthermore, given the presence of a number of Si-containing minerals in the mineral concentrate, the rejection of 96% of the Si by sulphuric acid bake-water leaching is exceptional and eliminates any potential issues with gelling of the resultant liquor.

The Company engaged Tenova Bateman to develop a conceptual hydrometallurgical flowsheet based on these results and on additional precipitation and calcination test work undertaken at Nagrom.

The flowsheet developed includes conventional unit processors of sulphation bake, water leaching, impurity removal, oxalate precipitation and calcination to produce a high purity mixed chemical concentrate. Although further testwork is required to confirm recovery and product purity, these initial results indicate that a very marketable end product can be produced from Browns Range mineral concentrates.

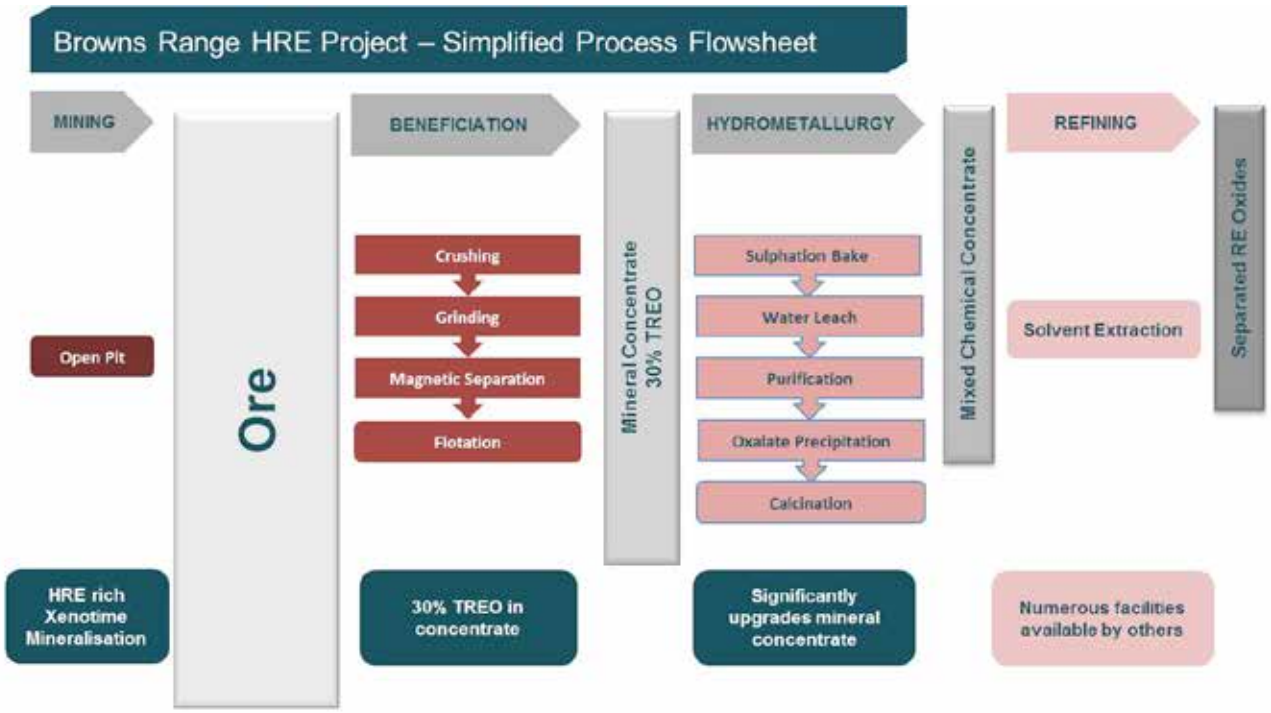
Having a high grade mineral concentrate (>30% TREO) significantly reduces the mass of material at the hydrometallurgy processing stage which greatly reduces both capital and operating costs of the process in producing high purity mixed chemical concentrate.

pathway to production

metallurgical test work
review of operations

Future Metallurgical Test Work

The next phase of metallurgical flowsheet development will be focused on the confirmation and optimisation of the beneficiation circuit and continued work on the downstream hydrometallurgical process. A graphic representation of the study work done on the process flowsheet is as follows:



NOTE: The conceptual simplified process flowsheet has been developed by Tenova Bateman following ongoing metallurgical test work and studies. At this stage the company has not yet estimated a JORC resource. Accordingly inferences to production should not be used as a basis for investment decisions about shares in the company.

Nagrom is currently engaged in WHGMS optimisation and variability test work which will be followed by a flotation optimisation program based on the mineralogy of the WHGMS magnetic concentrate produced.

A PQ diamond drilling program will be undertaken at Wolverine before the end of the 2012 field season to provide a four tonne core sample for the next stage of beneficiation confirmation test work.

This work will result in the provision of 80-100kg of mineral concentrate that can either be supplied to potential off-take partners or be used for further hydrometallurgical test work.

Nagrom has also been engaged to process approximately one tonne of Browns Range material currently available at their facility to generate 12kg of mineral concentrate at 30% TREO for confirmatory test work of the conceptual hydrometallurgical flowsheet.

john galt project - WA (Northern Minerals option to acquire 100%)
review of operations

The John Galt Project is situated in the East Kimberley region of WA, approximately 200km south of Kununurra (28km south of Warmun) and 35km from the Great Northern Highway. The John Galt Project comprises the tenement E80/4298 which covers an area of 65km^2 and a new tenement application (E80/4671). The dominant ore mineral within the John Galt Project is xenotime, as at Browns Range, and the distribution of HRE is also similar to that at Browns Range.

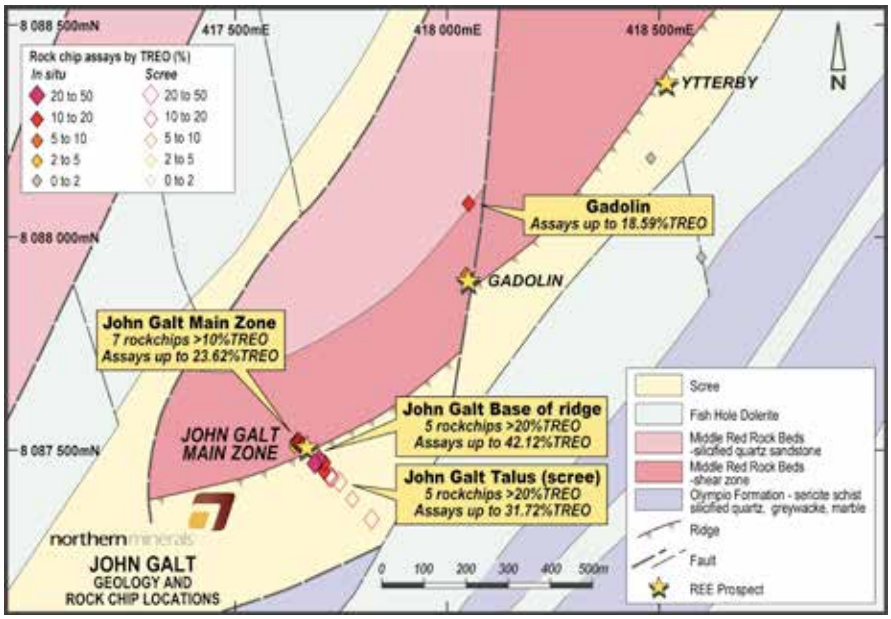


Figure 7 - John Galt Project Geology and location of 2011 rock chip samples

John Galt REE Project

The John Galt REE Project was discovered in 1971 following an airborne gamma spectrometer survey of the Kimberley region of WA.

The distribution of xenotime mineralisation at John Galt has been identified to occur in three separate zones which are located approximately 600m apart on the current topographical surface of the ridge. The "Main Zone" is where most of the exploration work has been conducted and is considered to be the primary ore zone. A partial exploration program was completed at the Main Zone in 1973 with nine diamond drill holes for a total of 503m. No further drilling or field work has been carried out on the deposit since the drilling was completed in 1973 and much of the area remains essentially untested.

During 2010/11 the Company completed a high resolution airborne magnetics and radiometric survey, as well as reconnaissance geological investigations at John Galt. Extreme wet weather conditions during early 2011 severely impacted the region, and caused delays in completing Aboriginal heritage surveys, prior to commencement of on-ground exploration.

Exploration Update

On-ground exploration commenced in November 2011 with rock chip sampling and geological mapping. In 2012 further geological mapping, as well as soil and rock chip sampling has been completed over prospective areas. A total of 45 rock chip samples were taken in November 2011 from several sites including the Main Zone at John Galt, where historical exploration identified high grade HRE. Samples were selected using a spectrometer, a portable XRF (measuring yttrium), and visual xenotime mineralisation.

pathway to production

john galt project - WA (Northern Minerals option to acquire 100%)
review of operations

Of the 45 samples, 33 returned assays greater than 1% TREO. The sampling focused on the Main Zone plus two other historical prospects, now named Gadolin and Ytterby, located approximately 600m and 1,200m north-east of Main Zone, along the top of the main ridge, (see Figure 7). Samples from Gadolin returned assays up to 18.6% TREO, and 1.4% TREO from Ytterby. The Main Zone, which is located at the top of the ridge, returned several rock chip assays greater than 1% TREO and up to 23.6% TREO. Mineralisation is bounded by north-west striking faults and hosted by quartz veins or quartz breccias within an arkosic sandstone. At the base of the hill, approximately 100m directly below the Main Zone, further outcropping mineralisation was located, containing the highest rock chip assays up to 42.1%. Mineralisation at the base of the ridge is similar in style to the Main Zone, being quartz breccias within an arkosic sandstone. These results highlight the potential for further mineralisation beneath the talus material. A single historical drill hole only partially tested this zone intersecting 3.48m @ 3.5% TREO. The program included sampling of the loose talus or scree material at the bottom of the John Galt ridge, returning up to 31% TREO. The highest grade samples are from mineralisation outcropping at the base of the ridge (see Figure 8). The results from the talus sampling confirm this material to be a new HRE target, although secondary to the primary hard rock target.

The Company also completed characterisation testing on two 30kg samples of mineralisation which have provided highly encouraging early metallurgical results. Preliminary tests verify very good metallurgical recoveries in excess of 90%, with potential concentrate grades of greater than 40% TREO. Based on this preliminary test work, the mineralised material at the Company's Browns Range and John Galt projects exhibit similar characteristics and are therefore likely to provide similar process outcomes within the current beneficiation flowsheet.

Future Work

Diamond drilling is planned to commence in 2013 at the end of the northern monsoonal wet season.

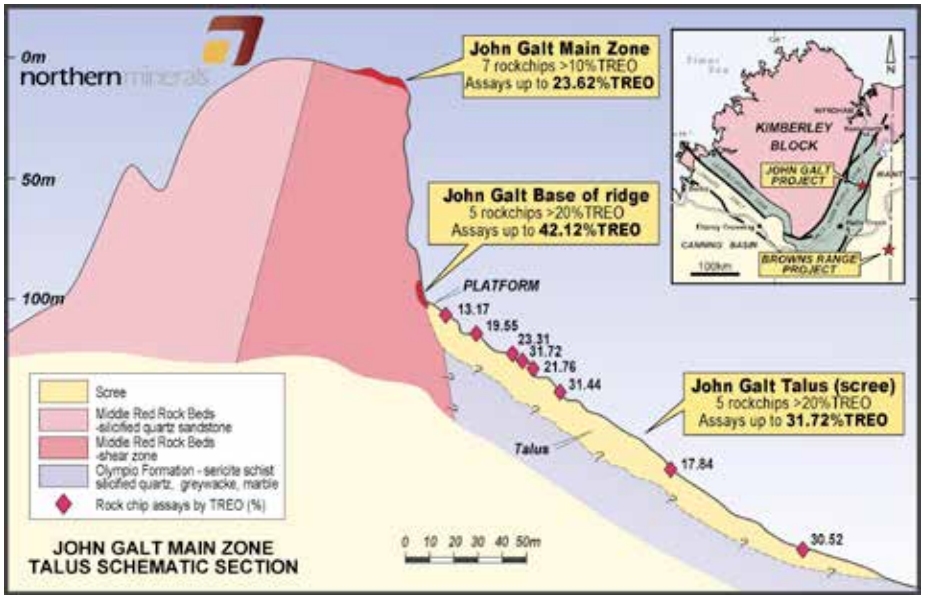


Figure 8 - John Galt Project Main Zone/Talus schematic section and location of 2011 rock chip samples

gardiner-tanami/gardner range jv project

(Northern Minerals 100%) (Northern Minerals 60% Manhattan Corporation 40%)

review of operations

The Gardiner-Tanami/Gardner Range JV Project covers an area of approximately 8,352km^2 and consists of twenty six granted exploration licenses and fourteen tenement applications. Tenements on the WA side of the border cover an area of 1,559km^2, while those on the NT side cover 6,793 km^2.

In the NT, exploration access agreements were successfully negotiated for nine tenement applications located on Aboriginal freehold land during 2011, leading to the tenements being granted by the NT Government in 2012. The newly granted tenements cover an area of 4,842km^2. Eight of the tenement applications in the NT have been placed in moratorium following refusal of the Aboriginal freehold landowners to consent to the grant of the applications.

Target and Geology

The project area is located within the Tanami-Arunta region which is a world-class gold province, with several plus million ounce deposits (Callie, Granites, Tanami), and is considered by many to be the most under-explored major gold terrain in Australia. The region's largest gold deposit (Callie > 5million ounces) was a 7ppb Au anomaly at surface, which extends from 100m depth downwards, yet the region has had little in the way of deeper drilling (+100m). The lithologies that host these major deposits (and Coyote, 500,000 ounces) are similar in age to the Killi Killi Beds found at The Don-Venus area and elsewhere within the Gardiner-Tanami/Gardner Range Project. Much of the Gardiner-Tanami/Gardner Range Project area is covered by younger (Mesoproterozoic) Gardiner Sandstone, which is not considered prospective for gold mineralisation, and which unconformably overlies the prospective Killi Killi Beds (or equivalents). From the uranium drilling completed to date by the Company, most of the Gardiner Sandstone cover is less than 100m deep, meaning significant high-grade gold mineralisation intersected below the cover rocks will most likely be economic. In addition, several regional-scale west-northwest trending faults transect the area, similar to the Trans-Tanami Faults which are known to control mineralisation at the Callie deposit. These facts make for compelling reasons to consider the project area to be highly prospective for gold.

Historical exploration conducted by BHP in the 1980s discovered the "Venus" gold anomaly, which is 2-3km to the south-east of The Don prospect (see figure 9). Stream sediment samples from the Venus area were consistently anomalous, with follow-up rock chip sampling returning a best assay of 5.54g/t gold from a quartz vein stockwork associated with the core of an antiform. Further follow-up rock chip samples returned a best assay of 16.8 g/t gold from narrow vertical quartz veins.

Exploration Update

During the uranium drilling program in November 2011 at the Don prospect, visible gold was identified in drill hole GR001 with an assay result of 2m (36-38m) @1.74ppm Au, which occurs within an anomalous zone of 4m (36-40m) @ 0.95ppm Au.

In 2011, soil geochemical results from samples taken near The Don and Venus prospects at the Gardner Range JV returned highly encouraging results. The results indicate several areas of gold anomalism with assays up to 228ppb Au. One anomaly lies immediately to the east of the historic Venus prospect, and extends semi-continuously for 1.2km in an east-west orientation. The other anomalous area lies approximately 1.2km to the north-east of Venus, extends discontinuously over 1.3km in an approximate east-west orientation and is open to the east.

gardiner-tanami/gardner range jv project

(Northern Minerals 100%) (Northern Minerals 60% Manhattan Corporation 40%)
review of operations

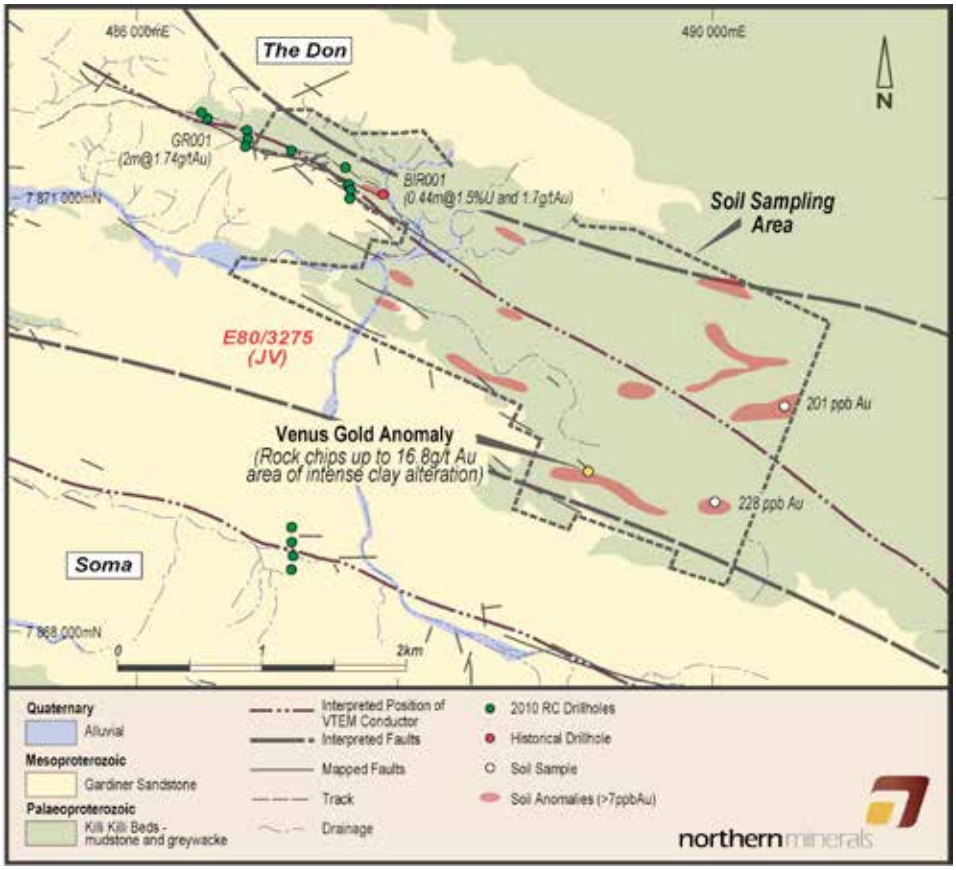


Figure 9 - Gardner Range JV Don and Venus prospects - Geology and soil geochemical anomalies

Divestment Opportunity

The Company announced in October 2012 that it has formally commenced the divestment process for a package of its non-Rare Earth Element assets (including gold) at the Gardiner-Tanami Project in northern Australia.

The successful bidder will hold the rights for the exploration and development of all minerals other than REE, which will be retained by Northern Minerals.

The primary target for the region is gold mineralisation similar to the large deposits found at nearby projects such as Callie, Groundrush, Buccaneer and Tanami, which range from 2-10 million ounces.

Previous exploration has identified drill ready gold targets, with recently defined soil anomalies which are also untested.

other projects
review of operatons

Epenarra Project - NT
(Northern Minerals 100%)

The Epenarra Project area lies approximately 150km east and south-east of Tennant Creek. Access to the project area is via the Barkly Highway and local pastoral tracks. The project is in reasonable proximity to existing rail and road infrastructure.

The Epenarra Project comprises eleven licenses (EL26818, EL26775, EL26776, EL27072, EL27085, ELA27555, EL27554, EL27636, ELA27635, EL27382 and ELA29321) which cover an aggregate area of 5,054km^2. The Epenarra phosphate project is within close proximity and shares the same geological setting as the Wonarah phosphate deposit, which is Australia's largest undeveloped phosphate resource.

Amadeus Basin Project - NT
(Northern Minerals 100%)

The Amadeus Basin phosphate project is located approximately 60km east of Alice Springs and within close proximity to existing rail and road infrastructure.

The Amadeus Basin Project comprises eight granted licenses (EL26920, EL27016, EL27017, EL27018, EL27019, EL27020, EL28530 and EL28531) which cover an aggregate area of 1,445km^2 and are situated approximately 60km east of Alice Springs NT.

The tenements host 84km strike length of the Early Cambrian Todd River Dolomite which is confined to the eastern portion of the Amadeus Basin and considered to be the most prospective unit for hosting phosphate mineralisation.

Wallal Project - WA
(Northern Minerals 100%)

Northern Minerals has one granted exploration licence at the Wallal Project, which covers approximately 57km^2 and is located 140km east of Port Hedland. The project area is at the southwestern margin of the Canning Sedimentary Basin.

A short RC drilling program (4-6 holes for 800m) is proposed to test an airborne EM/Moving Loop Electromagnetic (MLEM) conductor identified in 2010.

Yarawindah Project - WA

(E70/2923, 2914 - Northern Minerals 100%)
(E70/3080, 2914 - Northern Minerals 80%, Murchison Resources 20%)

The Yarawindah Project comprises three granted tenements (E70/2923, 2914 and 3080) located 135km north-northeast of Perth and has been explored since the mid 1970s for base metals, gold and PGE. The tenements overlie mafic and ultramafic rocks of the Archean Jimperding Igneous Complex. It is at an advanced stage of exploration with a large geological and geophysical database to assist in planning ongoing evaluation. It contains an Inferred Mineral Resource of 2.7Mt at 0.9 g/t Pt plus Pd at a cut off grade of 0.5 g/t Pt +Pd.

Airborne geophysics and geochemical surveys have defined areas of interest outside the main zone where further evaluation is warranted. The envelope of anomalous supergene PGE mineralisation has been extended by the most recent exploration and requires further analysis.

Kurundi Project - NT

(Northern Minerals 100%)

The Kurundi Project is located in the NT about 110km south-east of Tennant Creek. It is centred on the Mosquito Creek Tungsten Field which has a production history that dates back to the early 1950s. Tungsten mineralisation, dominantly occurring as scheelite, is associated with the Hill of Leaders Granite and was initially exploited on a small scale in the 1950s. Tungsten mineralisation has been shown to extend for several hundred meters away from the historical workings and innovative geochemical sampling methods have been successful in delineating anomalies. There may be some potential for an alluvial style resource existing in the detrital material shed from the main workings. Further drilling is recommended to test for sources of primary mineralisation in anomalous zones away from the workings.

board of directors

Kevin Schultz - Non-Executive Chairman (appointed 22 June 2006)

Mr Schultz, a geologist and mining engineer from the Western Australia School of Mines, and a Fellow of the Australasian Institute of Mining and Metallurgy, has extensive experience in mining, mineral exploration, international consulting and company management. His experience ranges across a wide variety of mineral commodities, with gold and uranium of particular relevance to Northern Minerals.

George Bauk - Managing Director / CEO (appointed 2 March 2010)

Mr Bauk has more than 20 years' experience in the resources sector, having worked in both mining operational and corporate roles globally with a variety of companies including WMC Resources, Arafura Resources and most recently, from 2006 to 2009, Indago Resources as Managing Director.

He has broad experience in the resource sector, including specific involvement in uranium and rare earths.

Dudley John Kingsnorth - Non-Executive Director (appointed 8 April 2011)

Mr Kingsnorth is an international leader in Rare Earth Elements (REE), with more than 20 years experience in the development, evaluation and marketing of Rare Earths Projects. Prior to his appointment as a Director, he had been consulting to Northern Minerals on the development of its REE projects in northern Australia. Mr Kingsnorth's REE experience includes Executive Director of IMCOA, and editor/writer of the last four Roskill REE Reports.

Adrian Christopher Griffin - Non-Executive Director (appointed on 22 June 2006)

An Australian trained mining professional with exposure to metal mining and processing throughout the world, Mr Griffin has been involved in the development of extraction technology for platinum group metals and agricultural commodites. He was also a pioneer of the lateritic nickel processing industry. He specialises in mine management and production.

Colin James McCavana - Non-executive Director (appointed on 22 June 2006)

Mr McCavana has more than 35 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.

executives

Robin Wilson - Exploration Manager

Mr Wilson has held senior exploration positions in several exploration and mining companies, including Polaris Metals, Tanganyika Gold, Troy Resources and CRA Exploration. In addition, he spent five years working in oil and gas exploration for Woodside Energy. During the 20 years of his involvement in mineral exploration Mr Wilson has worked on gold, nickel, copper, REE and uranium projects in Western Australia and Africa and was involved in the initial discovery of several gold deposits.

Robert Sills - Commercial Manager

Mr Sills career spans several industries and commodities in rewarding roles in London, Tokyo and Perth. He has considerable experience in identifying and developing global business opportunities in Australia, Asia, Europe and North America in both niche and bulk commodities, most recently within the REE industry. Through this he has a particularly strong commercial understanding and business network in some of the key REE markets. Mr Sills has held senior commercial roles with Gold Corporation, Japan Telecom, Arafura Resources, Rio Tinto Alcan and Rio Tinto Diamonds (Argyle Diamonds Limited).

Robin Jones - Project Manager

Mr Jones has more than 20 years experience in the mining industry, the majority of which has been in the assessment and development of resource projects from scoping study level through to operation. Mr Jones has worked on PGM, nickel, copper, gold and uranium projects in Australia, South Africa and China, and has held senior management positions in several companies including Mega Uranium, CopperCo, Aquarius Platinum and Impala Platinum.

Simon Storm - CFO / Company Secretary

Mr Storm is a Chartered Accountant with over 25 years of Australian and international experience in the accounting profession and commerce. He has held various senior finance and/or company secretarial roles with listed and unlisted entities in the banking, resources, construction, telecommunications and property development industries. In the last 10 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

Competent Persons Statement

The information in this report accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by Mr R Wilson, an employee of the Company who is a Member of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting.

Mr Wilson has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE GOVERNANCE

The Board and Management are committed to Corporate Governance and, to the extent they are applicable to the Company, have adopted the Eight Essential Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Principles and Recommendations"). The Board has adopted comprehensive systems of control and accountability as the basis for the administration of Corporate Governance. These policies and procedures are summarised below. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Other information about the Company's Corporate Governance practices as adopted by the Board and which are continually reviewed to ensure they remain consistent with the needs of the company are set out on the Company's website at www.northernminerals.com.au.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Recommendation	Compliance with ASX Principles and Recommendations	If not, why not	Recommendation	Compliance with ASX Principles and Recommendations	If not, why not
1.1	√	Refer (a) below	**4.2**	**n/a**	n/a
1.2	√	Refer (a) below	**4.3**	**n/a**	n/a
1.3	√	Refer (a) below	**4.4[3]**	**n/a**	n/a
2.1	√	Refer (b) below	**5.1**	√	Refer (i) below
2.2	√	Refer (b) below	**5.2**	√	Refer (i) below
2.3	√	Refer (b) below	**6.1**	√	Refer (j) below
2.4	√	Refer (b) below	**6.2**	√	Refer (j) below
2.5	√	Refer (c) below	**7.1**	√	Refer (k) below
2.6	√	Refer (d) below	**7.2**	√	Refer (k) below
3.1	√	Refer (e) below	**7.3**	√	Refer (l) below
3.2	**X**	Refer (f) below	**7.4**	√	Refer (l) below
3.3	**X**	Refer (f) below	**8.1**	√	Refer (m) below
3.4	√	Refer (g) below	**8.2**	**X**	Refer (m) below
3.5	**X**	Refer (f) below	**8.3**	√	Refer (n) below
4.1	**X**	Refer (h) below	**8.4**	√	Refer (n) below

(a) Principle 1 Recommendation 1.1, 1.2 and 1.3

Companies should establish and disclose functions reserved for the Board and those delegated to senior executives and disclose the process for evaluation of senior executive performance.

Disclosure:
The Company has 4 non-executive directors and a Managing Director. The Managing Director is responsible for ensuring that the Company achieves the goals established by the Board.

The appointments of non-executive directors are formalised in accordance with the regulatory requirements and the Company's constitution.

CORPORATE GOVERNANCE STATEMENT (continued)

The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that Shareholder value is increased.

These policies are set out in the "Board Charter" which is posted on the Company's website.

(b) Principle 2 Recommendations 2.1, 2.2, 2.3 and 2.4

A majority of the Board should be independent directors and the Chair should be an independent director. The roles of the Chair and Chief Executive Officer should not be exercised by the same individual. The Board should establish a Nomination Committee.

Disclosure:
The independent directors of the Board are Kevin Schultz, who is the Non-Executive Chairman, and Adrian Griffin, Dudley Kingsnorth and Colin McCavana.

A Nomination Committee has been established by the Board and comprises Kevin Schultz, Adrian Griffin and Colin McCavana.

(c) Principle 2 Recommendation 2.5

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Disclosure:
The Board has adopted a self-evaluation process to measure its performance each year by way of an annual Director's Questionnaire, as well as the Chairman reviewing the individual performance of each Board member. To assist with this process the Board commissioned Mr Mike Horabin from Board Advice. This process includes a review of the composition, performance, effectiveness and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's Executives include:

Annual performance evaluations carried out by the Managing Director/CEO against an established set of performance targets.
Executive performance evaluation report prepared by the Managing Director/CEO and provided to the Board as a basis for making recommendations to the Board in relation to remuneration levels of Executives.

(d) Principle 2 Recommendation 2.6

Companies should provide the information indicated in the Guide to Reporting on Principle 2.

Disclosure:
Skills, Experience, Expertise and term of office of each Director
A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors
The independent directors of the Company during the Reporting Period are disclosed in (b) above. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice
To assist directors with independent judgment, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters
The Board refers to the Nomination Committee in relation to nomination matters.

Performance Evaluation
During the Reporting Period the performance evaluations for the Board and individual directors did occur on an informal basis in accordance with the disclosed process in Recommendation 2.5.

Selection and re-appointment of Directors
The Nominations Committee considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness. Each director other than the Managing Director must retire from office no later than the longer of the third annual general meeting of the company or 3 years following that director's last election or appointment. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Reappointment of directors is not automatic.

(e) Principle 3 Recommendation 3.1

The Company should establish a formal code of conduct.

Disclosure:
Northern Minerals is committed to the highest standards of ethical business conduct. As part of that commitment, Northern Minerals established a Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that Northern Minerals' standards of behaviour and corporate culture reflect best practice in Corporate Governance.

Northern Minerals also has a number of specific policies that underpin the Code of Conduct and elaborate on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within Northern Minerals, and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

(f) Principle 3 Recommendation 3.2, 3.3 and 3.5

Companies should establish a policy concerning diversity, the measurable objectives for achieving gender diversity, and provide the information listed in Box 3.2 of the Principles & Recommendations for the content of a diversity policy.

Notification of Departure
A Diversity policy has not been established.

Explanation for Departure
The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of a diversity policy is justified at this time.

(g) Principle 3 Recommendation 3.4

Companies should disclose the proportion of woman employees and those in executive and on the board.

Disclosure:
Northern Minerals has 20 employees, of which 5 are women. There are no women in senior executive positions or on the board.

CORPORATE GOVERNANCE STATEMENT (continued)

(h) Principle 4 Recommendations 4.1, 4.2, 4.3 and 4.4

Notification of Departure
An audit committee has not been formed.

Explanation for Departure
The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or a special committee is justified at this time. The Board as a whole considers those matters that would usually be the responsibility of an audit committee and adheres to its Charter. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee.

(i) Principle 5 Recommendation 5.1 and, 5.2

The Company should have written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Disclosure:
The Company has a continuous disclosure policy. Procedures are in place to ensure that price sensitive information is reported to the ASX in accordance with the continuous disclosure requirements. The Board has nominated the Managing Director and the Company Secretary as being responsible for all matters relating to disclosure.

(j) Principle 6 Recommendation 6.1 and 6.2

Companies should establish a formal Shareholder communication strategy.

Disclosure:
The Company has established a formal Shareholder communication strategy and it actively communicates with its Shareholders in order to identify their expectations and actively promotes Shareholder involvement in the Company. It achieves this by posting on its website copies of all information lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.

(k) Principle 7 Recommendation 7.1 and 7.2

Companies should establish a sound system of risk oversight and management and internal control.

Disclosure:
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 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 consolidated entity's risk profile. Where appropriate the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

(l) Principle 7 Recommendation 7.3 and 7.4

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Company should provide the information indicated in Principle 7.

Disclosure:
The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and

internal control and that the system is operating effectively in all material respects in relation to financial risk.

(m) Principle 8 Recommendations 8.1, 8.2

The Board should establish a Remuneration Committee. The remuneration committee should be structured so that it: consists of a majority of independent directors, is chaired by an independent chairperson and has at least three members

Disclosure
The Company has established a Remuneration Committee Charter. The Committee comprises two independent directors, being Messrs Colin McCavana (Chairman) and Adrian Griffin.

Notification of Departure
The Remuneration Committee only comprises 2 members.

Explanation for Departure
The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of a larger committee is justified at this time.

(n) Principle 8 Recommendations 8.3 and 8.4

Companies should distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. They should provide information indicated in the ASX Guide to Reporting on Principle 8.

Disclosure:
The policies adopted by the Company are set out in the audited Remuneration report in the Directors' Report. The Board has formed a Remuneration Committee and a Remuneration Committee Charter. Appropriate remuneration policies are developed and approved by the Remuneration Committee and the Board each year to reflect the Company's plans for growth.

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northern minerals

ABN 61 119 966 353

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2012.

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 were in office for this entire period unless otherwise stated.

Kevin Schultz - ***Chairman (appointed 22 June 2006)***

Mr Schultz, a geologist and mining engineer from the Western Australia School of Mines, and a Fellow of the Australasian Institute of Mining and Metallurgy (Chartered Professional), has extensive experience in mining and mineral exploration management. His experience ranges across a variety of mineral commodities including gold, iron ore and uranium. As Director of Operations for the Uranium Branch exploration division of the Australian Atomic Energy Commission ('AAEC') from 1975-76, Mr Schultz was in charge of four teams of geoscientists involved in exploration for uranium in the Alligator Rivers area in the Northern Territory (NT). From 1977-1982, Mr Schultz continued in uranium exploration as Exploration Manager for Nord Resources Corporation, which had a number of uranium projects in northwest Western Australia (WA) and the NT. Mr Schultz is a member of the nomination committee.

George Bauk – ***Managing Director/Chief Executive Officer (appointed 2 March 2010)***

Mr Bauk has more than 20 years' experience in the resources sector, having worked in both mining operational and corporate roles globally with a variety of companies including WMC Resources, Arafura Resources and most recently, from 2006 to 2009, Indago Resources (formerly Western Metals) as Managing Director. He has broad experience in the resource sector, including specific involvement in uranium and rare earths. During the past three years Mr Bauk has served as a director of the following listed company:

- Indago Resources Ltd (Managing Director 26 June 2006 – 7 August 2009)

Adrian Christopher Griffin ***- Non executive Director (appointed 22 June 2006)***

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

- Empire Resources Limited (Director February 2004 – January 2010)
- Reedy Lagoon Corporation Limited (Director since May 2007 – November 2009)
- Ferrum Crescent Limited (formerly Washington Resources Limited – January 2010 – September 2010)
- Midwinter Resources NL (Director February 2011 – Present)
- Potash West NL (October 2010 – Present)

Colin James McCavana - ***Non executive Director (appointed 22 June 2006)***

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. Mr McCavana is a Fellow of the Australian Institute of Company Directors and a Member of the Australasian Institute of Mining and Metallurgy. Mr McCavana is a member of the remuneration and nomination committee. During the past three years Mr McCavana has also served as a director of the following listed companies:

- Reward Minerals Limited (Director February 2010 – Present)

Dudley John Kingsnorth - ***Non executive Director (appointed 8 April 2011)***

Mr Kingsnorth is an international leader in Rare Earth Elements (REE), with more than 20 years experience in the development, evaluation and marketing of Rare Earth Projects. Prior to his appointment as a Director, he had been consulting to Northern Minerals on the development of its REE projects in northern Australia. Mr. Kingsnorth's REE experience includes Managing Director of IMCOA, and editor for the last three Roskill REE Reports.

DIRECTORS' REPORT

Mr. Kingsnorth has also been involved at a Board and management level with a number of ASX-listed resource exploration and development companies. During the past three years has also served as a director of the following listed company:

- Amex Resources (Director April 2007 – March 2012)

COMPANY SECRETARY

Simon Storm *(appointed 6 April 2010)*

Mr Storm is a Chartered Accountant with over 25 years of Australian and international experience in the accounting profession and commerce. He has held various senior finance and/or company secretarial roles with listed and unlisted entities in the banking, resources, construction, telecommunications and property development industries. In the last 10 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

DIRECTORS' MEETINGS & AUDIT AND REMUNERATION COMMITTEE MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director while they were a director was as follows:

Director	Board Meetings		Audit Committee		Remuneration Commmittee	
	A	B	A	B	A	B
Kevin Schultz	12	12	n/a	n/a	n/a	n/a
George Bauk	12	12	n/a	n/a	n/a	n/a
Adrian Griffin	11	12	1	1	3	3
Colin McCavana	12	12	1	1	3	3
Dudley Kingsnorth	12	12	n/a	n/a	n/a	n/a

A - meetings attended
B - meetings held whilst a director

DIRECTORS' INTERESTS

Interests in the shares and options of the Company as at the date of this report:

Director (direct and indirect holdings)	Ordinary Shares	Listed 30/9/12 $0.20 Options	Performance Rights	Unlisted 1/3/13 $0.108 Options	Unlisted 1/3/13 $0.30 & $0.50 Options	Unlisted 31/12/13 $0.50 Options	Share Purchase Plan Shares
Kevin Schultz	817,500	117,500	1,000,000	-	-	-	-
George Bauk	1,890,238	-	2,000,000	-	4,000,000	-	1,000,000
Adrian Griffin	2,356,829	350,500	1,000,000	500,000	-	-	-
Colin McCavana	2,556,250	143,750	1,000,000	500,000	-	-	-
Dudley Kingsnorth	50,000	-	1,000,000	-		150,000	100,000

DIVIDENDS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was exploration and evaluation of uranium, phosphate and rare earth element mineral interests.

There were no significant changes in the nature of activities during the year.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The Company has continued to advance the development of its flagship projects with a quarterly review of operations as follows:

September 2011 Quarter

- undertook a 12,000m drilling program at Browns Range. Assays received included exceptional Heavy Rare Earth Elements (HREE) intersections and confirmed REE mineralisation at the four prospects tested. The results confirmed Browns Range as a significant new HREE discovery, with a strong suite of high value heavy rare earths (particularly dysprosium and yttrium) in xenotime mineralisation.
- continued to progress the uranium and gold potential across its large asset base. Commenced a drilling program for uranium at Gardiner-Tanami, and received positive gold results from a soil sampling program.

December 2011 Quarter

- commenced a diamond drilling program at Browns Range, with initial indications of depth extensions to the identified mineralisation.
- continued to advance metallurgical studies from Browns Range, the results of which are also being used to progress off-take discussions with a number of international parties.
- commenced on-ground exploration activities at John Galt, following completion of Aboriginal Heritage Surveys. A rock chip program at John Galt returned high grade samples, and identified an early exploration target in the talus (scree) material at John Galt.
- completed two transactions during the quarter which consolidated a dominant land position in a highly prospective region in the Northern Territory (NT), and strengthened the focus on rare earths assets. This included a Joint Venture with Toro Energy to earn up to 80% interest in mineral rights other than uranium in Toro's Browns Range NT tenements.
- agreement to grant Kurundi Project base metals mineral rights to Tungsten West, with Northern Minerals retaining all REE, uranium and gold rights.

March 2012 Quarter

- successful diamond drilling and metallurgical results boosted confidence in the Wolverine prospect.
- regional exploration identified new targets at Browns Range, confirming the prospectivity of the region and the potential to build a significant mineral inventory in the region.
- preliminary operating and capital cost studies have also confirmed robust economics for the project, which remains on track for commencement of HREE production in 2015.
- successfully raised $10 million (before costs) through a share placement.
- $1.698 million received from the conversion of NTUOB options ($1.879 million received during year), which expired at quarter end.
- bolstered exploration team on the ground to support the increase in activity.

June 2012 Quarter

- final assay results from diamond drilling in February 2012 extend mineralised zone at Wolverine – confirming high-grade HREE over a strike length of 200m, with widths of between 2m and 25m.
- up to 20,000 metres of drilling planned for the season, with the first phase of the drilling program commencing at quarter end.
- ongoing stakeholder engagement program for the Browns Range project, including meetings with local community and Government representatives.
- continued to grow, with the recruitment of a project manager, and a growing exploration team.
- moved to a larger corporate office to accommodate the expanded team and allow for further growth.

DIRECTORS' REPORT

- Exciting new prospect identified 5km southeast of Wolverine, with similar geological characteristics.
- Ongoing metallurgical development work with ANTSO and NAGROM.
- Environmental studies advanced, with flora and fauna surveys underway, as well as hydrogeological and surface water studies.

OPERATING RESULTS FOR THE YEAR

The net loss for the year ended 30 June 2012 was $10,736,376 (2011: $6,331,499).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In March 2012 the Company completed a placement of 22,727,273 shares at 44 cents raising $10 million before costs.

Other than this there have been no significant changes in the state of affairs of the consolidated entity to the date of this report, not otherwise disclosed in this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

ENVIRONMENTAL REGULATION

The exploration 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.

OPTIONS

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
Listed options	8,503,133	0.20	30 September 2012
Unlisted options	1,900,000	0.108	Between 1 March and 16 June 2013
Unlisted options	1,900,000	0.30	Between 1 March and 16 June 2013
Unlisted options	3,000,000	0.50	1 March 2013
Unlisted options	1,885,000	Between 0.50 and 0.63	Between 31 December 13 and 5 June 2015
Unlisted performance rights[1]	9,000,000	Nil	Between 31 December 2014 and 30 June 2015
Total	26,188,133		

Note 1 - Vesting of the rights are subject to the Company meeting a performance condition during the performance period being 6 July 2012 ending 30 June 2015. The performance condition is the company making the first commercial shipment, being a shipment or shipments in aggregate, of heavy rare earth mineral concentrates containing at least 250 tonnes of total rare earth oxides ("TREO"), to one or more customers from any of the Company's rare earth projects, to a buyer or buyers on normal commercial terms, prior to 31 December 2014 (all vest) or by 30 June 2015 (half vest).

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

The following ordinary shares were issued during the financial year as a result of the exercise of options:

Number	Issue Price Cents
218,550	0.20
12,532,467	0.15
650,000	0.108

The following options lapsed during the year:

Number	Issue Price Cents
188,133	0.15
100,000	0.80

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 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.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for directors, secretaries and senior managers of Northern Minerals Limited (the Company).

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;
3. Share-based payments − including participation in option and share plans; and

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

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 caliber, whilst incurring a cost which is acceptable to the shareholders.

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

At the Company's 2007 Annual General Meeting shareholders approved and authorised the issue of shares to a fixed amount and at a fixed price to some of the non-executive directors in accordance with the share purchase plan. At a General Meeting held in June 2010 and July 2012, shareholders approved and authorised the issue of options and performance rights respectively, to the non-executive directors.

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 23 November 2011 when shareholders approved an aggregate remuneration of $350,000 per year. Annual Non-executive Chairman and Non-executive directors' base fees are presently $64,000 and $54,000 respectively, inclusive of superannuation, with $5,000 per annum paid for representation on each respective board committee.

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

3. Executive Remuneration

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

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

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

4. Service agreements

Employment Contract – Mr George Bauk (Managing Director/Chief Executive Officer)

The employment contract commenced on 2 March 2010 and is not for a fixed period.

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

- Remuneration package (inclusive of superannuation) of $350,000 pa (increased to $403,300 pa effective from 1 July 2012)
- Salary reviewed in June each year.
- The Company is entitled to terminate the agreement by giving no less than 12 months notice
- Mr Bauk is entitled to terminate the agreement by giving no less than 3 months notice.
- On redundancy the Company will be obliged to make a payment of one years' salary.

Other executives are employed under contracts with no fixed term and can be terminated by either party by between one and three month's notice in writing.

Consultancy Agreement – Mr Dudley Kingsnorth (Non-executive Director)

The Consultancy Agreement with Industrial Minerals Council of Australia Pty Ltd (IMCOA), a Company associated with Mr Kingsnorth, commenced prior to Mr Kingsnorth being appointed a Director, on 8 April 2011, on 1 December 2010, and continued until December 2011.

The main terms of the Consultancy Agreement with IMCOA were consulting fees of $4,000 (plus GST) per month for 3 days consultancy per month and thereafter at $1,250 (plus GST) per day. Any unused portion of the nominated 3 days of consultancy per month will be carried forward on an accrual basis.

DIRECTORS' REPORT

5. Details of Remuneration for the Year Ended 30 June 2012

	Short-term		Post Employment		Share-based Payments	Total	Share-based Payments % of Total Remuneration
	Salary & Fees	Other Benefits	Superannuation Benefits	Long Service Leave	Share Plan or Options		
	$	$	$	$	$	$	%
Directors:							
Kevin Schultz	**41,667**	**1,272**	**12,833**	**-**	**4,394**	**60,166**	**7.30%**
George Bauk	**374,225**	**1,272**	**19,935**	**23,507**	**8,092**	**427,031**	**1.89%**
Adrian Griffin	**42,000**	**1,272**	**3,780**	**-**	**4,394**	**51,446**	**8.54%**
Colin McCavana[3]	**11,500**	**1,272**	**45,780**	**-**	**4,394**	**62,946**	**6.98%**
Dudley Kingsnorth[1]	**74,155**	**1,272**	**-**	**-**	**24,807**	**100,234**	**24.75%**
Specified Executives:					**-**		
Robin Wilson	**205,000**	**4,364**	**18,450**	**11,326**	**42,529**	**281,669**	**15.10%**
Simon Storm[2]	**112,161**	**1,272**	**-**	**-**	**18,480**	**131,913**	**14.01%**
Robin Jones	**24,159**	**-**	**2,174**	**-**	**9,025**	**35,358**	**25.52%**
Robert Sills	**141,529**	**-**	**23,638**	**-**	**73,904**	**239,071**	**30.91%**
TOTAL	**1,026,396**	**11,996**	**126,590**	**34,833**	**190,019**	**1,389,834**	**13.67%**

Note 1 - Includes consulting fees paid to Industrial Minerals Company of Australia Pty Ltd of $28,375 to December 2011.

Note 2 - Fees paid to Dorado Corporate Services Pty Ltd for company secretarial and accounting services.

Note 3 - Includes $11,500 paid to Bell Bay Investments Pty Ltd for consulting services.

Details of Remuneration for the Year Ended 30 June 2011

	Short-term		Post Employment		Share-based Payments	Total	Share-based Payments % of Total Remuneration
	Salary & Fees	Other Benefits	Superannuation Benefits	Long Service Leave	Share Plan or Options		
	$	$	$	$	$	$	%
Directors:							
Kevin Schultz	50,000	7,029	4,500	-	2,240	63,769	3.51%
George Bauk[1]	292,096	1,703	26,100	-	9,325	329,224	2.83%
Adrian Griffin	42,000	1,703	3,780	-	2,240	49,723	4.50%
Colin McCavana	35,000	1,703	10,780	-	2,240	49,723	4.50%
Dudley Kingsnorth[2]	37,682	388	-	-	24,403	62,473	39.06%
Specified Executives:						-	
Robin Wilson	186,203	6,620	16,920	9,665	21,285	240,693	8.84%
Simon Storm[3]	105,450	1,703	-	-	9,544	116,697	8.18%
TOTAL	748,431	20,849	62,080	9,665	71,277	912,302	7.81%

Note 1 - Includes a bonus of $40,000 plus super not paid at 30 June 2011

Note 2 - Includes consulting fees paid to Industrial Minerals Company of Australia Pty Ltd of $29,700 since appointed a director on 8 April 2011.

Note 3 - Fees paid to Dorado Corporate Services Pty Ltd for company secretarial and accounting services

There were no cash bonuses or termination benefits payable as at 30 June 2012.

6. Options and Share Plan Shares Granted as Part of Remuneration

6.1 Options/Performance Rights

30 June 2012

	Value of Options/ Performance Rights Granted During the Year	Value of Options/ Performance Rights Exercised During the Year	Value of Options/ Performance Rights Lapsed During the Year	Remuneration Consisting of Options/ Performance Rights for the Year
	$	$	$	%
Directors:				
Kevin Schultz	**-**	**64,800**	**-**	**0.0%**
George Bauk	**-**	**-**	**-**	**0.0%**
Adrian Griffin	**-**	**-**	**-**	**0.0%**
Colin McCavana	**-**	**-**	**-**	**0.0%**
Dudley Kingsnorth	**-**	**-**	**-**	**0.0%**
Specified Executives:				
Robin Wilson	**285,000**	**-**	**-**	**101.2%**
Simon Storm	**-**	**-**	**-**	**0.0%**
Robin Jones	**311,460**	**-**	**-**	**880.9%**
Robert Sills	**330,360**	**-**	**-**	**141.3%**

30 June 2011

	Value of Options/ Performance Rights Granted During the Year	Value of Options/ Performance Rights Exercised During the Year	Value of Options/ Performance Rights Lapsed During the Year	Remuneration Consisting of Options/ Performance Rights for the Year
	$	$	$	%
Directors:				
Kevin Schultz	-	-	-	-
George Bauk	-	-	-	-
Adrian Griffin	-	-	-	-
Colin McCavana	-	-	-	-
Dudley Kingsnorth	28,560	-	-	75%
Specified Executives				
Robin Wilson	-	-	-	-
Simon Storm	-	-	-	-

6.2 Share Plan Shares

30 June 2012

	Value of Shares Granted During the Year	Value of Shares Exercised During the Year	Value of Shares Lapsed During the Year	Remuneration Consisting of Shares for the Year
	$	$	$	%
Directors:				
Kevin Schultz	**-**	**-**	**100,992**	**0.0%**
George Bauk	**-**	**-**	**-**	**0.0%**
Adrian Griffin	**-**	**-**	**80,794**	**0.0%**
Colin McCavana	**-**	**-**	**80,794**	**0.0%**
Dudley Kingsnorth	**-**	**-**	**-**	**0.0%**
Specified Executives:				
Robin Wilson	**45,864**	**-**	**-**	**16.3%**
Simon Storm	**22,604**	**-**	**-**	**17.1%**
Robin Jones	**32,340**	**-**	**-**	**91.5%**
Robert Sills	**10,319**	**-**	**-**	**4.4%**

The cost of these share plan shares is being recognised as an equity based payment expense over the vesting period from the date of grant.

30 June 2011

	Value of Shares Granted During the Year	Value of Shares Exercised During the Year	Value of Shares Lapsed During the Year	Remuneration Consisting of Shares for the Year
	$	$	$	%
Directors:				
Kevin Schultz	-	-	-	-
George Bauk	-	-	-	-
Adrian Griffin	-	-	-	-
Colin McCavana	-	-	-	-
Dudley Kingsnorth	20,650	-	-	54.2%
Specified Executives				
Robin Wilson	41,429	-	-	18.0%
Simon Storm	20,725	-	-	18.5%

6.3 Compensation Options/Performance Rights and Shares for the Year Ended 30 June

Options/Performance Rights - 30 June 2012

	Grant Date	Number Granted	Number Vested	Value at Grant Date	Exercise Price	Expiry Date	Date Vested & Exercisable
Directors:							
Kevin Schultz	-	-	-	-	-	-	-
George Bauk	-	-	-	-	-	-	-
Adrian Griffin	-	-	-	-	-	-	-
Colin McCavana	-	-	-	-	-	-	-
Dudley Kingsnorth	-	-	-	-	-	-	-
Specified Executives:							
Robin Wilson	**14-Jun-12**	**1,000,000**	**-**	**28.5 cents**	**Note 1**	**30-Jun-15**	**Note 1**
Simon Storm	-	-	-	-	-	-	-
Robin Jones	**05-Jun-12**	**300,000**	**-**	**8.82 cents**	**43.6 cents**	**05-Jun-15**	**05-Jun-13**
	14-Jun-12	**1,000,000**	**-**	**28.5 cents**	**Note 1**	**30-Jun-15**	**Note 1**
Robert Sills	**26-Sep-11**	**300,000**	**-**	**15.12 cents**	**56 cents**	**26-Sep-14**	**26-Sep-12**
	14-Jun-12	**1,000,000**	**-**	**28.5 cents**	**Note 1**	**30-Jun-15**	**Note 1**

Options/Performance Rights - 30 June 2011

	Grant Date	Number Granted	Number Vested	Value at Grant Date	Exercise Price	Expiry Date	Date Vested & Exercisable
Directors:							
Kevin Schultz	-	-	-	-	-	-	-
George Bauk	-	-	-	-	-	-	-
Adrian Griffin	-	-	-	-	-	-	-
Colin McCavana	-	-	-	-	-	-	-
Dudley Kingsnorth	31-Dec-10	150,000	-	19.04 cents	50 cents	31-Dec-13	31-Dec-11
Specified Executives							
Robin Wilson	-	-	-	-	-	-	-
Simon Storm	-	-	-	-	-	-	-

Note 1

Vesting of the rights are subject to the Company meeting a performance condition during the performance period being 6 July 2012 ending 30 June 2015. The performance condition is for the company to make the first commercial shipment, being a shipment or shipments in aggregate, of heavy rare earth mineral concentrates containing at least 250 tonnes of total rare earth oxides ("TREO"), to one or more customers from any of the Company's rare earth projects, to a buyer or buyers on normal commercial terms, prior to 31 December 2014 (all vest) or by 30 June 2015 (half vest). Should this condition be satisfied, each right entitles the holder to one ordinary share for nil consideration.

DIRECTORS' REPORT

Share Plan Shares – 30 June 2012

	Date of Issue	Number of Shares	Number Vested	Value Grant Date
Directors:				
Kevin Schultz	-	-	-	-
George Bauk	-	-	-	-
Adrian Griffin	-	-	-	-
Colin McCavana	-	-	-	-
Dudley Kingsnorth	-	-	-	-
Specified Executives:				
Robin Wilson	**25-Jan-12**	**280,000**	**-**	**45,864**
Simon Storm	**25-Jan-12**	**138,000**	**-**	**22,604**
Robin Jones	**25-Jan-12**	**300,000**	**-**	**32,340**
Robert Sills	**05-Jun-12**	**63,000**	**-**	**10,319**

Share Plan Shares – 30 June 2011

	Date of Issue	Number of Shares	Number Vested	Value Grant Date
Directors:				
Kevin Schultz	-	-	-	-
George Bauk	-	-	-	-
Adrian Griffin	-	-	-	-
Colin McCavana	-	-	-	-
Dudley Kingsnorth	31-Dec-10	100,000	-	20,650
Specified Executives	-	-	-	-
Robin Wilson	16-Mar-11	186,700	-	41,429
Simon Storm	16-Mar-11	93,400	-	20,725

For details on the attributes of the Share Plan shares, please refer to note 21.

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.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is attached to the Independent Audit Report and forms part of the Directors' Report for the year ended 30 June 2012.

NON-AUDIT SERVICES

There were no Non-Audit services carried out in the year ended 30 June 2012.

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 6 July 2012 shareholders approved the grant of the following performance rights to directors:-

- 6,000,000 if the first commercial shipment of heavy rare earth mineral concentrate from any of the Company's rare earth projects to a buyer or buyers occurs on normal commercial terms prior to 31 December 2014; or

- 3,000,000 if the first commercial shipment of heavy rare earth mineral concentrate from any of the Company's rare earth projects to a buyer or buyers occurs on normal commercial terms subsequent to 31 December 2014 but prior to 30 June 2015.

No other matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the state of affairs of the Company in future financial years.

Signed in accordance with a resolution of the directors.

George Bauk
Director

Perth
27 August 2012

NORTHERN MINERALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME	Note	Consolidated 2012 $	Consolidated 2011 $
REVENUE FROM CONTINUING ACTIVITIES			
Interest		**352,906**	382,764
Other	**4**	**62,975**	696
TOTAL REVENUE		**415,881**	383,460
EXPENSES			
Corporate			
Administration		**449,832**	327,385
Depreciation expense		**191,843**	49,610
Equity based payments		**419,765**	361,224
Legal and professional		**744,759**	856,599
Occupancy		**129,183**	108,812
Remuneration		**1,295,082**	654,398
Shareholders		**134,922**	132,374
Total Corporate		**3,365,386**	2,490,402
Exploration			
Consultants and contractors		**1,560,394**	476,969
Drilling		**1,879,121**	377,066
Field costs		**1,536,055**	558,374
Geophysical surveys		**8,365**	277,242
Scoping study/Joint venture		**139,024**	363,724
Native title and heritage		**369,690**	162,875
Remuneration		**1,101,176**	494,945
Tenement costs		**319,871**	1,363,567
Support costs		**70,101**	22,990
Other exploration activities		**803,074**	126,805
Total Exploration		**7,786,871**	4,224,557
TOTAL EXPENSES		**11,152,257**	6,714,959
OPERATING LOSS		**(10,736,376)**	(6,331,499)
OTHER OPERATING INCOME		**-**	-
LOSS BEFORE INTEREST AND TAXES		**(10,736,376)**	(6,331,499)
Income tax	**5**	**-**	-
NET LOSS		**(10,736,376)**	(6,331,499)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(10,736,376)**	(6,331,499)
Basic and diluted loss per share (cents per share)	**6**	**(5.7)**	(4.2)

The accompanying notes form part of these financial statements

NORTHERN MINERALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

STATEMENT OF FINANCIAL POSITION	Note	Consolidated 2012 $	Consolidated 2011 $
CURRENT ASSETS			
Cash and cash equivalents	7	**9,215,943**	7,705,314
Trade and other receivables	8	**164,311**	116,381
Total Current Assets		**9,380,254**	7,821,695
NON CURRENT ASSETS			
Other financial assets	9	**359,283**	151,433
Plant & equipment	10	**785,487**	252,278
Total Non-Current Assets		**1,144,770**	403,711
TOTAL ASSETS		**10,525,024**	8,225,406
CURRENT LIABILITIES			
Trade and other payables	11	**1,575,292**	693,896
Provisions	12	**153,738**	92,235
Total Current Liabilities		**1,729,030**	786,131
NON-CURRENT LIABILITIES			
Provisions	12	**81,763**	41,889
Total Non-Current Liabilities		**81,763**	41,889
TOTAL LIABILITIES		**1,810,793**	828,020
NET ASSETS		**8,714,231**	7,397,386
EQUITY			
Issued capital	13	**38,192,674**	26,534,218
Reserves	14	**1,471,526**	1,076,761
Accumulated losses	15	**(30,949,969)**	(20,213,593)
TOTAL EQUITY		**8,714,231**	7,397,386

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF CASH FLOWS	Note	Consolidated 2012 $	Consolidated 2011 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		**(9,667,050)**	(5,039,673)
Interest received		**380,358**	347,306
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**7(a)**	**(9,286,692)**	(4,692,367)
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(719,194)**	(207,623)
Purchase of tenements and rights		**-**	(1,075,000)
Proceeds from disposal of tenements		**70,000**	-
Proceeds from disposal of plant and equipment		**20,909**	15,350
Increase in security deposits		**(207,850)**	(60,998)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(836,135)**	(1,328,271)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**12,266,856**	11,717,747
Share issue costs		**(633,400)**	(544,740)
CASH FLOWS RECEIVED FROM FINANCING ACTIVITIES		**11,633,456**	11,173,007
NET DECREASE IN CASH AND CASH EQUIVALENTS		**1,510,629**	5,152,369
Effect of Foreign Exchange		**-**	-
Cash and cash equivalents at beginning of year		**7,705,314**	2,552,945
CASH AND CASH EQUIVALENTS AT END OF YEAR	**7**	**9,215,943**	7,705,314

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF CHANGES IN EQUITY	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Share Options Reserve	Total
Consolidated Entity					
Balance at 1 July 2010	15,375,810	(13,882,094)	455,166	260,370	2,209,252
					-
Net income/expense recognised directly in equity	-	-	-	-	-
Loss for the financial period	-	(6,331,499)	-	-	(6,331,499)
Total recognised income and expense for the year	-	(6,331,499)	-	-	(6,331,499)
Shares issued net of transaction costs	11,158,408	-	-	-	11,158,408
Shares/options issued	-	-	113,242	118,240	231,482
Shares/options exercised or lapsed	-	-	(4,092)	133,835	129,743
Balance at 30 June 2011	26,534,218	(20,213,593)	564,316	512,445	7,397,386
Consolidated Entity					
Balance at 1 July 2011	**26,534,218**	**(20,213,593)**	**564,316**	**512,445**	**7,397,386**
Net income/expense recognised directly in equity					
Loss for the financial period	**-**	**(10,736,376)**	**-**	**-**	**(10,736,376)**
Total recognised income and expense for the year	**-**	**(10,736,376)**	**-**	**-**	**(10,736,376)**
Shares issued net of transaction costs	**11,658,456**	**-**	**-**	**-**	**11,658,456**
Shares/options issued	**-**	**-**	**203,761**	**191,004**	**394,765**
Shares/options exercised or lapsed	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2012	**38,192,674**	**(30,949,969)**	**768,077**	**703,449**	**8,714,231**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The financial report of Northern Minerals Limited (the Company) and controlled entities (the Group) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 27 August 2012 . Northern Minerals Limited is a company limited by shares incorporated in Australia the shares of which are publicly traded on the Australian Securities Exchange.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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 available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

b) New Accounting Standards and Interpretations

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods).

The following new and revised Accounting Standards and Interpretations have, where applicable, been adopted in the current year but have had no significant effect on the amounts reported or disclosures.

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments" Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project'	AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards.
AASB 124 'Related Party Disclosures' (revised December 2009)	AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	Interpretation 114 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of AASB 119.
AASB 2009-12 'Amendments to Australian Accounting Standards'	The application of AASB 2009-12 makes amendments to AASB 8 'Operating Segments' as a result of the issuance of AASB 124 'Related Party Disclosures (2009).
AASB 2010-5 'Amendments to Australian Accounting Standards'	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations.
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets.

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group

At the date of the authorization of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 19 (2011)'	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014

The Group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Group's assessment of those new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2. 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in

respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

  AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the 'special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and is not expected to significantly impact the Group.

  To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

  AASB 13 requires:

  - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
  - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

  These Standards are not expected to significantly impact the Group.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is not expected to significantly impact the Group.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 9.

c) Basis of Consolidation

The consolidated financial statements comprise the separate financial statements of Northern Minerals Limited ("Company" or "Parent") and its subsidiary as at 30 June each year (the "Group"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees, vendors and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black Scholes option pricing model, using the assumptions detailed in note 21.

e) Exploration, evaluation and development expenditure

Exploration, evaluation and acquisition costs are expensed as incurred.

f) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

g) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise 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. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

h) Trade and Other Receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

i) Investments and Other Financial Assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets under Trade and Other Receivables in the balance sheet.

(i) Loans and receivables

Loans and receivables including loans to Key Management Personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

j) Interest in a Jointly Controlled Operation

The Group has an interest in a joint venture. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its portion of exploration expenses as they are incurred.

k) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the plant and equipment over 2 to 10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

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

l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance 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.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

m) Trade and Other Payables

Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that 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.

n) Provisions and Employee Benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate

relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and accumulated annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised 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 in accordance with individual contracts. Consideration is given to current wage and salary levels to match as closely as possible, the estimated future cash outflows.

o) Share-based Payment Transactions

(i) Equity settled transactions

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

Refer to note 21 for a more detailed description.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Northern Minerals Limited (market conditions) 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 income statement 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 income statement 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 6).

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.

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.

p) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue

Revenue is recognised as interest is earned.

r) Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as

part of the expense item as applicable

- Receivables and payables, which are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

s) Earnings/(Loss) Per Share

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.

3. SEGMENT INFORMATION

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

	Consolidated	
	2012 $	2011 $
4. REVENUE AND EXPENSES		
REVENUE		
Sale of tenements	70,000	
Net (loss)/gains on disposal of property, plant and equipment	(7,025)	696
Total Other Revenue	62,975	696

5. INCOME TAX

	Consolidated 2012 $	Consolidated 2011 $
Reconciliation of income tax expense/(income) to the pre-tax net loss		
Loss before income tax	**(10,736,376)**	(6,331,499)
Tax calculated at 30% on loss before income tax	**(3,220,913)**	(1,899,450)
Add tax effect of:		
Share based payment	**125,930**	108,367
Non-deductible expenses	**50,470**	47,440
Unused tax losses and temporary differences not recognised	**3,044,513**	1,743,643
Income tax expense/(income)	**-**	-
Unrecognised deferred tax balances		
Deferred tax assets		
Unused tax losses	**9,113,659**	5,983,331
Deductible temporary differences	**482,492**	358,593
Total unrecognised deferred tax assets	**9,596,151**	6,341,924
Deferred tax liabilities		
Assessable temporary differences:		
Taxable temporary differences	**(14,055)**	(19,356)
Total unrecognised deferred tax liabilities	**(14,055)**	(19,356)
Net unrecognised deferred tax balances	**9,582,096**	6,322,568

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

6. EARNINGS PER SHARE

	Consolidated 2012 Cents	Consolidated 2011 Cents
(a) Basic loss per share	**(5.7)**	**(4.2)**
	$	$
(b) Loss used in calculating loss per share		
Loss attributable to the ordinary equity holders of the Company	**(10,736,376)**	(6,331,499)
	Number	Number
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the year used in calculations of basic loss per share	**186,957,305**	150,838,099

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

7. CASH AND CASH EQUIVALENTS	Consolidated 2012 $	Consolidated 2011 $
Cash at Bank and on hand	**143,870**	2,096
Cash on Deposit	**9,072,073**	7,703,218
	9,215,943	7,705,314

The Company only deposits cash surpluses with major banks of high quality credit standing.

Cash at bank and in hand is kept to a minimum to limit non-interest earning component of available cash.

Bank deposits at call earn interest at a floating rate based on the deposit balance.

Short-term deposits are made on a monthly basis with a drawdown amount dependent upon the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

	Consolidated 2012 $	Consolidated 2011 $
(a) Reconciliation to Cash Flow Statement		
Net loss	**(10,736,376)**	(6,331,499)
Adjustments:		
Depreciation expense	**191,843**	49,610
(Loss)/Gain on disposal of assets	**7,025**	(696)
Proceeds from disposal of tenements	**(70,000)**	-
Purchase of tenements and rights	**-**	1,075,000
Share-based payment	**419,765**	361,224
Change in assets and liabilities:		
(Increase)/decrease in other receivables	**32,147**	(24,483)
Increase/(decrease)/ in trade and other payables	**767,527**	109,270
Increase in provisions	**101,377**	69,207
Net cash flows used in operating activities	**(9,286,692)**	(4,692,367)
(b) Reconciliation of cash		
Cash balance comprises:		
Cash and cash equivalents	**9,215,943**	7,705,314

8. TRADE AND OTHER RECEIVABLES	Consolidated 2012 $	Consolidated 2011 $
GST Receivable	**116,462**	47,340
Prepayment	**28,115**	18,333
Other receivables	**1,000**	4,522
Accrued interest	**18,734**	46,186
	164,311	116,381

Trade receivables are non-interest bearing, are generally on 30 day terms and are not overdue.

9. OTHER FINANCIAL ASSETS	Consolidated 2012 $	Consolidated 2011 $
Non Current		
Security deposits - rent & performance bonds	**359,283**	**151,433**
	359,283	**151,433**

10. PLANT AND EQUIPMENT	Consolidated 2012 $	Consolidated 2011 $
Plant and equipment		
Gross carrying amount at beginning of year	**371,525**	184,558
Disposals	**(46,404)**	(22,000)
Additions	**752,986**	208,967
Gross carrying amount at end of year	**1,078,107**	371,525
Accumulated depreciation at beginning of year	**119,247**	76,983
Accumulated depreciation on disposals	**(18,470)**	(7,346)
Depreciation expense	**191,843**	49,610
Accumulated depreciation at end of year	**292,620**	119,247
Carrying amount at end of the year	**785,487**	252,278

The useful lives of plant and equipment are estimated between 2 and 10 years (2010: 2 and 10 years).

11. TRADE AND OTHER PAYABLES	Consolidated 2012 $	Consolidated 2011 $
Trade payables and accruals	**1,475,994**	665,366
Employee benefits	**99,298**	28,530
	1,575,292	693,896

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 day terms;
- Other payables are non-interest bearing.

12. PROVISIONS	Consolidated 2012 $	Consolidated 2011 $
Current		
Employee entitlements	**153,738**	**92,235**
Non-Current		
Employee entitlements	**81,763**	**41,889**

The current employee entitlements provision relates to annual leave accrued by employees.

The non-current employee entitlements provision relates to long service entitlements which vest in approximately 3 years.

13. ISSUED CAPITAL	Consolidated and Company 30-Jun-12		Consolidated and Company 30-Jun-11	
	Number	$	Number	$
(a) Ordinary Shares				
Share Capital				
Ordinary shares	**212,357,318**	**38,192,674**	174,435,438	26,534,218
Movement in Ordinary Share Capital				
At 1 July	**174,435,438**	**26,534,218**	103,783,016	15,375,810
Exercise of 20c Options - September 2010	**-**	**-**	1,634,367	326,873
Exercise of 15c Options - September 2010	**-**	**-**	11,695,511	1,754,324
Exercise of Options - October 2010 at 20 cents	**-**	**-**	97,650	19,530
Exercise of Options - October 2010 at 15 cents	**-**	**-**	48,070	7,211
Rights issue - October 2010	**-**	**-**	46,491,072	7,438,572
Exercise of Options - December 2010 at 15 cents	**-**	**-**	21,694	3,254
Issue of Share Purchase Plan shares - December 2010	**-**	**-**	200,000	-
Share Purchase Plan shares (i)	**-**	**-**	-	50,625
Exercise of Options - January 2011 at 20 cents	**-**	**-**	88,824	17,765
Sale of Share Purchase Plan Shares	**-**	**-**	-	77,111
Exercise of Options - January 2011 at 15 cents	**-**	**-**	1,330,008	199,501
Issue of Share Purchase Plan shares - January 2011	**-**	**-**	200,000	-
Exercise of Options - February 2011 at 20 cents	**-**	**-**	179,055	35,811
Exercise of Options - February 2011 at 15 cents	**-**	**-**	1,150,755	172,613
Exercise of Options - February 2011 at 25 cents	**-**	**-**	250,000	62,500
Exercise of Options - February 2011 at 55 cents	**-**	**-**	500,000	275,000
Exercise of Options - March 2011 at 15 cents	**-**	**-**	600,574	90,086
Exercise of Options - March 2011 at 25 cents	**-**	**-**	887,249	177,450
Issue of Share Purchase Plan shares - March 2011	**-**	**-**	550,500	-
Exercise of Options - April 2011 at 15 cents	**-**	**-**	889,340	133,401
Exercise of Options - April 2011 at 20 cents	**-**	**-**	1,421,770	284,354
Exercise of Options - April 2011 at 25 cents	**-**	**-**	250,000	62,500
Sale of Share Purchase Plan Shares	**-**	**-**	-	114,550
Exercise of Options - May 2011 at 20 cents	**-**	**-**	1,054,383	210,877
Exercise of Options - May 2011 at 15 cents	**-**	**-**	661,600	99,240
Exercise of Options - June 2011 at 20 cents	**-**	**-**	450,000	90,000
Exercise of Options - July 2011 at 20 cents	**128,250**	**25,650**	-	-
Exercise of Options - July 2011 at 15 cents	**277,999**	**41,700**	-	-
Share issue - share based payment	**30,590**	**25,000**	-	-
Exercise of Options - Aug 2011 at 10.8 cents	**50,000**	**5,400**	-	-
Payment for Share Purchase Plan Shares	**-**	**3,750**	-	-
Exercise of Options - September 2011 at 20 cents	**80,000**	**16,000**	-	-
Exercise of Options - September 2011 at 15 cents	**160,000**	**24,000**	-	-
Issue of Share Purchase Plan shares - September 2011	**300,000**	**-**	-	-
Exercise of Options - November 2011 at 20 cents	**1,000**	**200**	-	-
Exercise of Options - November 2011 at 15 cents	**4,124**	**619**	-	-
Sale of Share Purchase Plan Shares	**-**	**269,326**	-	-
Exercise of Options - January 2012 at 20 cents	**6,000**	**1,200**	-	-
Exercise of Options - January 2012 at 15 cents	**576,235**	**86,435**	-	-
Issue of Share Purchase Plan shares - January 2012	**125,000**	**-**	-	-
Issue of Share Purchase Plan shares - January 2012	**938,000**	**-**	-	-
Exercise of Options - February 2012 at 15 cents	**2,781,358**	**417,204**	-	-
Placement of shares - March 2012 at 44 cents	**22,727,273**	**10,000,000**	-	-
Exercise of Options - March 2012 at 15 cents	**7,962,801**	**1,194,420**	-	-
Exercise of Options - March 2012 at 20 cents	**3,300**	**660**	-	-
Issue of Share Purchase Plan shares - March 2012	**100,000**	**-**	-	-
Exercise of Options -April 2012 at 15 cents	**769,950**	**115,492**	-	-
Exercise of Employee Options -June 2012 at 10.8 cents	**600,000**	**64,800**	-	-
Issue of Share Purchase Plan shares - June 2012	**300,000**	**-**	-	-
	212,357,318	**38,826,074**	174,435,438	27,078,958
Less: costs of issue	**-**	(633,400)	-	(544,740)
At 30 June	**212,357,318**	**38,192,674**	174,435,438	26,534,218

13. ISSUED CAPITAL (continued)

(i) Share Purchase Plan shares not taken up on termination are brought to account at market value on date of termination. For further details on the nature of these shares, refer to Note 21.

The Company does not have authorised capital or par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Share Purchase Plan Shares

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

	Consolidated and Company	
	30-Jun-12	30-Jun-11
	Number	Number
Balance at beginning of year	**3,450,500**	3,050,000
Shares dealt with on resignation of share plan participant	**-**	(325,000)
Shares reverted to Company on non repayment of loan	**(666,700)**	
Repayment of loan	**(50,000)**	(225,000)
Shares issued during the year	**1,763,000**	950,500
Balance at end of year	**4,496,800**	3,450,500

	Consolidated and Company	
	30-Jun-12	30-Jun-11
	Number	Number
(c) Options/Performance Rights over ordinary shares		
Exercise price of $0.20 expiring 30/9/2012 (Quoted):		
Balance at beginning of year	**8,721,683**	14,534,981
Issued during the year	-	-
Exercised during the year	**(218,550)**	(5,813,298)
Balance at end of year	**8,503,133**	8,721,683
Exercise price of $0.15 expiring 31/3/2012 (Quoted):		
Balance at beginning of year	**12,720,600**	-
Issued during the year	**-**	29,118,572
Forfeited on expiry	**(188,133)**	-
Exercised during the year	**(12,532,467)**	(16,397,972)
Balance at end of year	**-**	12,720,600
Exercise price of $0.108 expiring between 1/3/ 2013 and 16/6/2013(Unquoted):		
Balance at beginning of year	**2,550,000**	2,550,000
Issued during the year	**-**	-
Exercised during year	**(650,000)**	-
Balance at end of year	**1,900,000**	2,550,000

13. ISSUED CAPITAL (continued)

	Consolidated and Company	
	30-Jun-12	30-Jun-11
	Number	Number
Exercise price of $0.30 expiring between 1/3/ 2013 and 16/6/2013(Unquoted):		
Balance at beginning of year	**1,900,000**	1,900,000
Issued during the year	**-**	-
Balance at end of year	**1,900,000**	1,900,000
Exercise price of $0.50 expiring 1/3/ 2013 (Unquoted):		
Balance at beginning of year	**3,000,000**	3,000,000
Issued during the year	**-**	-
Balance at end of year	**3,000,000**	3,000,000
Exercise prices between $0.50 and $0.63 expiring between 31/12/ 2013 and 5/6/2015 (Unquoted):		
Balance at beginning of year	**800,000**	-
Forfeited during the year	**(100,000)**	
Issued during the year	**1,185,000**	800,000
Balance at end of year	**1,885,000**	800,000
Performance rights with conditions with Nil exercise price expiring between 31/12/ 2014 and 30/6/2015 (Unquoted):*		
Balance at beginning of year	**-**	-
Forfeited during the year	**-**	-
Issued during the year	**3,000,000**	-
Balance at end of year	**3,000,000**	-
Exercise price of $0.55 expiring 30/3/2011 (Unquoted):		
Balance at beginning of year	**-**	500,000
Exercised during the year	**-**	(500,000)
Balance at end of year	**-**	-
Exercise price of $0.25 expiring 31/12/ 2013 (Unquoted):		
Balance at beginning of year	**-**	-
Issued during the year	**-**	500,000
Exercised during the year	**-**	(500,000)
Balance at end of year	**-**	-

*Performance conditions

- 3,000,000 shares if the first commercial shipment of heavy rare earth mineral concentrate from any of the Company's rare earth projects to a buyer or buyers occurs on normal commercial terms prior to 31 December 2014; or

-1,500,000 shares if the first commercial shipment of heavy rare earth mineral concentrate from any of the Company's rare earth projects to a buyer or buyers occurs on normal commercial terms subsequent to 31 December 2014 but prior to 30 June 2015.

For the purposes of the conditions, a "commercial shipment" of the concentrate is regarded as a shipment or shipments in aggregate, of heavy rare earth mineral concentrates containing at least 250 tonnes of total rare earth oxides ("TREO") to one or more customers.

14. RESERVES	Consolidated 2012 $	Consolidated 2011 $
Reserves	**1,471,526**	1,076,761
Reserves comprise the following:		
Share-option reserve		
Balance at start of financial year	**512,445**	260,370
Vesting charge on employee performance rights	**191,004**	118,240
Vesting charge on options issued during year	**-**	133,835
Balance at end of the financial year	**703,449**	512,445
Share based payments reserve		
Balance at start of financial year	**564,316**	455,166
Employee share plan allocation	**203,761**	113,242
Vesting charge reversed on terminated staff's share plan shares	**-**	(4,092)
Balance at end of the financial year	**768,077**	564,316
Total reserves	**1,471,526**	1,076,761

The share option reserve is used to recognise the fair 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 fair 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 company issued options as payment for acquisition of tenements or rights to explore for the John Galt rare earth project with a total value of $Nil (2011: $133,835).

15. ACCUMULATED LOSSES	Consolidated 2012 $	Consolidated 2011 $
Accumulated losses	**(30,949,969)**	(20,213,593)
Accumulated losses comprise the following:		
Balance at start of financial year	**(20,213,593)**	(13,882,094)
Loss for the financial period after related income tax benefit	**(10,736,376)**	(6,331,499)
Balance at end of the financial year	**(30,949,969)**	(20,213,593)

16. AUDITOR'S REMUNERATION	Consolidated 2012 $	Consolidated 2011 $
During the financial period the following fees were paid or payable for services provided by the auditor:		
(a) Audit services		
Stantons International		
Audit and review of financial reports under the Corporations Act 2001	**24,075**	24,571
Total remuneration of auditors	**24,075**	24,571

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(i) Contingent Liability

Arnhem Resources Pty Ltd

Under the terms of an agreement with Arnhem Resources Pty Ltd ("Arnhem"), Northern Minerals Ltd has through its wholly owned subsidiary Northern Rare Earth Metals Pty Ltd, acquired a right for a four year period to acquire a 100% interest in the John Galt Project, which is located in the Kimberley region of Western Australia. The Group has completed the option to purchase agreement, with a cash payment of $25,000.

Upon granting of the tenement to Arnhem, the Company issued Arnhem 500,000 unlisted options with a three year exercise period at 25c per share. These were exercised during the prior year.

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

- a cash payment of $250,000;
- the issue of ordinary shares to the value of $500,000; and
- a 1% Net Smelter Return Royalty on all minerals on the tenement.

Guarantees

The Group has guarantees in the form of security deposits for rent & performance bonds of $359,283 (2011: $151,433).

(ii) Contingent asset

During the financial year ended 30 June 2011 and 2012 the Company had a contingent asset which related to the extension of the option to acquire a 95% interest in Mineral Claim 968 in the Northern Territory.

The option exercise price was $100,000 payable by way of cash or the issue of Northern Minerals shares, valued according to the volume weighted average trading price over the previous 30 days trading up to the date at which the option is exercised. The option exercise period expires on 6 June 2013.

Other than these there are no other material contingent liabilities or assets of the Company at the end of the financial year.

18. DIVIDENDS

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

19. EXPENDITURE COMMITMENTS

(i) Operating Lease Commitments

	Consolidated	
	2012 $	2011 $
Commitments for minimum lease payments are:		
Within one year	**336,390**	117,087
Later than one year but less than five years	**1,452,813**	97,572
Later than five years	**-**	-
	1,789,203	214,659

The Company leases offices in West Perth, Western Australia, under a non-cancellable operating lease expiring 1 May 2017.

(ii) Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the balance date but not recognised as liabilities, payable:		
Within one year	**403,300**	350,000
Later than one year but less than five years	**-**	-
	403,300	350,000

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of the Managing Director referred to in the Directors' Report that are not recognised as liabilities and are not included in the directors' or executives' remuneration.

(iii) 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:

	Consolidated	
Exploration Tenements	2012 $	2011 $
Within one year	**3,981,833**	2,788,479

The Company has no capital or expenditure commitments that span more than one year.

(iv) Farm-in with Manhattan Corporation Limited

The Company has earned the right to 60% in the Gardner Range Uranium project, having spent $1 million within four years. Manhattan has elected not to contribute to further expenditure in accordance with its 40% interest and will be free carried to completion of a pre-feasibility study and thereafter, retain a 20% interest.

(v) Joint Venture with Toro Energy for REE rights at Browns Range

In April 2012, the Company announced it was proceeding to a formal Joint Venture (JV) agreement with Toro Energy to earn up to 80% interest in all mineral rights (other than uranium) within Toro's Browns Range Northern Territory tenements.

The JV follows completion of due diligence by the two parties, which signed an initial Heads of Agreement (HOA) in December 2011. It includes seven tenements comprising 1,403km2, adjacent to Northern Minerals Browns Range Project, Western Australia where the Company is aiming to be producing high grade Heavy Rare Earth Elements by 2015.

19. EXPENDITURE COMMITMENTS (continued)

Under the terms of the Joint Venture, the Company will spend A$4 million on exploration over a three year period to earn a 51% interest. The Company has the option to increase its interest to 70%, by spending an additional A$2 million on exploration over a further two year period. It can elect to complete a bankable or definitive feasibility study to increase its equity to 80%. Toro will retain all uranium rights on the tenements. The transaction remains subject to the parties obtaining all necessary approvals.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel

- Kevin Schultz (Non-executive Chairman)
- George Bauk (Managing Director/Chief Executive Officer)
- Adrian Griffin (Non-executive Director)
- Colin McCavana (Non-executive Director)
- Dudley Kingsnorth (Non-executive Director)
- Robin Wilson (Exploration Manager)
- Simon Storm (Company Secretary)
- Robin Jones – Project Manager
- Robert Sills – Commercial Manager

(b) Compensation Policy for Key Management Personnel

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers 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 executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications.

	Consolidated	
	2012 $	2011 $
Compensation for Key Management Personnel		
Short-term employee benefits	**1,038,392**	769,280
Post-employment benefits	**126,590**	62,080
Other long-term benefits	**34,833**	9,665
Share-based payment	**190,019**	71,277
Total compensation	**1,389,834**	912,302

Each of the non-executive Directors receives a fixed fee for their services as a Director. There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

(c) Compensation Options and Performance Rights for the Year Ended 30 June 2012

Details on option and performance rights holdings of key management personnel is included in the Remuneration Report section of the Directors' Report.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Option and Performance Right holdings of Key Management Personnel for 2012

	Held at Beginning of Year	Granted as Compensation	Exercised	Other Changes	Total	Vested and Exercisable	Not Vested
Directors:							
Kevin Schultz	**952,500**	**-**	**(835,000)**	**-**	**117,500**	**117,500**	**-**
George Bauk	**4,681,819**	**-**	**(681,819)**	**-**	**4,000,000**	**2,000,000**	**2,000,000**
Adrian Griffin	**850,500**	**-**	**-**	**-**	**850,500**	**850,500**	**-**
Colin McCavana	**643,750**	**-**	**-**	**-**	**643,750**	**643,750**	**-**
Dudley Kingsnorth	**150,000**	**-**	**-**	**-**	**150,000**	**150,000**	**-**
Specified Executives:							
Robin Wilson	**1,000,000**	**1,000,000**	**-**	**-**	**2,000,000**	**1,500,000**	**500,000**
Simon Storm	**400,000**	**-**	**-**	**-**	**400,000**	**200,000**	**200,000**
Robin Jones	**-**	**1,300,000**	**-**	**-**	**1,300,000**	**800,000**	**500,000**
Robert Sills	**-**	**1,300,000**	**-**	**-**	**1,300,000**	**1,100,000**	**200,000**
	8,678,569	**3,600,000**	**(1,516,819)**	**-**	**10,761,750**	**7,361,750**	**3,400,000**

Option and Performance Right holdings of Key Management Personnel for 2011

	Held at Beginning of Year	Granted as Compensation	Exercised	Other Changes	Total	Vested and Exercisable	Not Vested
Directors:							
Kevin Schultz	952,500	-	-	-	952,500	952,500	-
George Bauk	4,681,819	-	-	-	4,681,819	2,681,819	2,000,000
Adrian Griffin	1,668,682	-	-	(818,182)	850,500	850,500	-
Colin McCavana	1,081,250	-	-	(437,500)	643,750	643,750	-
Dudley Kingsnorth[1]	-	-	-	150,000	150,000	-	150,000
Specified Executives:		-					
Robin Wilson	1,126,704	-	(126,704)	-	1,000,000	500,000	500,000
Simon Storm	400,000	-	-	-	400,000	200,000	200,000
	9,910,955	-	(126,704)	(1,105,682)	8,678,569	5,828,569	2,850,000

Note 1 – appointed 8 April 2011

(e) Shareholdings of Key Management Personnel for 2012

	Held at Beginning of Year	Granted as Compensation	Exercise of Options	Other Changes	Held at 30 June 2011	Vested	Not Vested
Directors:							
Kevin Schultz	**832,500**	**-**	**835,000**	**(850,000)**	**817,500**	**817,500**	**-**
George Bauk	**2,208,419**	**-**	**681,819**	**-**	**2,890,238**	**2,890,238**	**-**
Adrian Griffin	**2,556,829**	**-**	**-**	**(200,000)**	**2,356,829**	**2,356,829**	**-**
Colin McCavana	**2,756,250**	**-**	**-**	**(200,000)**	**2,556,250**	**2,556,250**	**-**
Dudley Kingsnorth	**150,000**	**-**	**-**	**-**	**150,000**	**150,000**	**-**
Specified Executives	**-**						
Robin Wilson	**1,033,403**	**280,000**	**-**	**-**	**1,313,403**	**940,053**	**373,350**
Simon Storm	**373,400**	**138,000**	**-**	**-**	**511,400**	**326,700**	**184,700**
Robin Jones	**-**	**300,000**	**-**	**24,293**	**324,293**	**24,293**	**300,000**
Robert Sills	**-**	**363,000**	**-**	**-**	**363,000**	**-**	**363,000**
	9,910,801	**1,081,000**	**1,516,819**	**(1,225,707)**	**11,282,913**	**10,061,863**	**1,221,050**

20. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Shareholdings of Key Management Personnel for 2011

	Held at Beginning of Year	Granted as Compensation	Exercise of Options	Other Changes	Held at 30 June 2011	Vested	Not Vested
Directors:							
Kevin Schultz	822,500	-	-	10,000	832,500	832,500	-
George Bauk	1,781,819	-	-	426,600	2,208,419	2,208,419	-
Adrian Griffin	1,868,682	-	-	688,147	2,556,829	2,556,829	-
Colin McCavana	1,531,250	-	-	1,225,000	2,756,250	2,756,250	-
Dudley Kingsnorth[1]	-	-	-	150,000	150,000	150,000	-
Specified Executives					-	-	
Robin Wilson	901,704	186,700		(55,001)	1,033,403	646,703	386,700
Simon Storm	200,000	93,400	-	80,000	373,400	180,000	193,400
	7,105,955	280,100	-	2,524,746	9,910,801	9,330,701	580,100

Note 1 – appointed 8 April 2011

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.

21. SHARE-BASED PAYMENTS

(i) Options and Performance Rights

4,185,000 options and performance rights were granted to employees and consultants during the year (2011:800,000 to employees, directors and consultants). No options (2011:500,000) were granted to a third party. Details on the option issues to key management personnel are included in the Remuneration Report section of the Directors' Report.

The number and weighted average exercise price of options previously granted are as follows:

	2012 Number	Weighted average exercise price	2011 Number	Weighted average exercise price
Outstanding at the beginning of the year	**8,250,000**	**$0.43**	7,950,000	$0.43
Options granted during the year	**1,185,000**	**$0.54**	1,300,000	$0.40
Performance rights granted during the year[1]	**3,000,000**	**-**	-	-
Forfeited during the year	**(100,000)**	**$0.80**	-	-
Exercised during the year	**(650,000)**	**$0.108**	(1,000,000)	$0.40
Expired during the year	**-**	**-**	-	-
Outstanding at the end of the year	**11,685,000**	**$0.279**	8,250,000	$0.43
Exercisable at the end of the year	**5,500,000**		5,450,000	

The outstanding balance as at 30 June 2012 is represented by:

- 1,000,000 with an exercise price of 30 cents, expiring 1 March 2013;
- 1,000,000 with an exercise price of 50 cents, expiring 1 March 2013;
- 2,000,000 vesting on the date on which the Board resolves to approve a feasibility plan to proceed to develop for commercial production a mineral project owned by the Company, or any subsidiary of it, with an exercise price 50 cents, expiring 1 March 2013;
- 1,800,000 - 900,000 with an exercise price of 10.8 cents and 900,000 with an exercise price of 30 cents expiring on 16 June 2013;

21. SHARE-BASED PAYMENTS (continued)

- 1,000,000 with an exercise price of 10.8 cents, expiring on 1 March 2013;
- 300,000 with an exercise price of $0.50, expiring 31 December 2013;
- 200,000 with an exercise price of $0.50, expiring 10 January 2014;
- 200,000 with an exercise price of $0.50, expiring 7 February 2014;
- 610,000 with an exercise price of $0.56, expiring 26 September 2014;
- 125,000 with an exercise price of $0.56, expiring 9 January 2015;
- 150,000 with an exercise price of $0.63, expiring 29 March 2015;
- 300,000 with an exercise price of $0.436, expiring 5 June 2015; and
- 3,000,000 performance rights with an exercise price of Nil, expiring 30 June 2015 – refer note 13 (c) for more details.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 1.6 years (2011: 1.8 years).

(ii) Share Plan Shares

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

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

The Directors considered the Plan an appropriate method to:

a) Reward Directors and employees for their past performance;

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

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

d) Assist to retain the services of valuable employees.

The Plan is used as part of the remuneration planning for senior Employees. ASX corporate governance guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals. The Plan is also to be used as part of the remuneration package for non-executive Directors. Although this is not in accordance with the recommendations contained in the corporate governance guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Plan from time to time, given the size of the Company.

The Company obtained shareholder approval for the introduction of the Plan in November 2007 and again in November 2010, 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.

21. SHARE-BASED PAYMENTS (continued)

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

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

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

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

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

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

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

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

   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.

21. SHARE-BASED PAYMENTS (continued)

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

	2012 Number		2011 Number	
Opening balance		**3,450,500**		3,050,000
Issued				
Robert Jones (or his nominee)	**300,000**		-	
Robin Wilson (or his nominee)	**280,000**		186,700	
Simon Storm (or his nominee)	**138,000**		93,400	
Robert Sills (or his nominee)	**363,000**		-	
Other Eligible Employees (or their nominees)	**682,000**	**1,763,000**	670,400	950,500
Shares previously held by employees who have resigned		**(16,700)**		(325,000)
Shares for which loan has been repaid		**(50,000)**		(225,000)
Shares for which loan has not been repaid and have reverted to the Company and dealt with under the Share Plan Rules		**(650,000)**		
Closing balance		**4,496,800**		3,450,500

Included in the closing balance are 2,566,900 share plan shares which have vested and are available to holders to be dealt with in accordance with the rules of the share plan. These shares may not be transferred or otherwise dealt with, until the later of the following to occur:

- Any loan in respect of the Plan Share is repaid; and
- Their expiry dates, which range from 16 June 2013 and 5 June 2015.

1,929,900 share plan shares have not vested. These shares vest between 26 September 2012 and 25 January 2014.

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

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

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

The amount recognised as part of employee benefits expense for options, performance rights and share plan shares issued during the year was $191,003 (2011: $252,075) and $203,761 (2011: $109,149) respectively.

The Black Scholes Option Pricing Model assumes that the Securities the subject of the valuation can be sold on a secondary market. The terms and conditions of the Options and Share Plan shares state that no application will be made for the Shares to be listed for official quotation on ASX, until certain milestones are met. Accordingly a discount for lack of marketability is required to determine an indicative fair value of the Plan Shares and for the Options.

For the purposes of arriving at an appropriate discount rate, the Company has considered:

- that discounts have traditionally been applied in the range of 10% to 30% to reflect the non-negotiability of unlisted equities; and
- the fact that the Securities will be unlisted.

21. SHARE-BASED PAYMENTS (continued)

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

The following tables lists the inputs to the model used for the years ended 30 June.

The following relates to the share plan shares issued during the year ended 30 June 2012:-

Issue Date	Vesting Date	Number Issued	Grant Date	Stock Price at Grant Date	Issue Price	Risk Free Rate	Volatility	Value Per Share
				(cents)	(cents)	%	%	(cents)[1]
26-Sep-11	**26-Sep-12**	**300,000**	**26-Sep-11**	**38.50**	**64.50**	**3.64**	**100.00**	**14.35**
09-Jan-12	**09-Jan-13**	**125,000**	**09-Jan-12**	**39.00**	**37.50**	**2.57**	**75.00**	**14.00**
25-Jan-12								
Tranche								
1	**25-Jan-13**	**469,000**	**25-Jan-12**	**46.50**	**46.50**	**2.57**	**75.00**	**16.38**
2	**25-Jan-14**	**469,000**	**25-Jan-12**	**46.50**	**46.50**	**2.57**	**75.00**	**16.38**
29-Mar-12	**29-Mar-13**	**100,000**	**29-Mar-12**	**45.00**	**44.00**	**2.57**	**75.00**	**16.03**
05-Jun-12	**05-Jun-13**	**300,000**	**05-Jun-12**	**30.50**	**30.20**	**2.57**	**75.00**	**10.78**
		1,763,000						

The following relates to the share plan shares issued during the year ended 30 June 2011:-

Issue Date	Vesting Date	Number Issued	Grant Date	Stock Price at Grant Date	Issue Price	Risk Free Rate	Volatility	Value Per Share
				(cents)	(cents)	%	%	(cents)[1]
31-Dec-10	31-Dec-11	200,000	31-Dec-10	40.50	35.00	5.19	115.00	20.60
10-Jan-11	10-Jan-12	200,000	10-Jan-11	43.50	44.00	5.19	115.00	21.40
16-Mar-11								
Tranche								
1	16-Mar-12	356,750	16-Mar-11	47.00	57.00	5.19	115.00	22.20
2	16-Mar-13	140,050	16-Mar-11	47.00	57.00	5.19	115.00	22.20
29-Mar-11								
1	29-Mar-12	26,850	29-Mar-11	47.00	57.00	5.19	115.00	22.20
2	29-Mar-13	26,850	29-Mar-11	47.00	57.00	5.19	115.00	22.20
		950,500						

Note 1 - after applying 30% discount to the Black Scholes determined value to reflect the unlisted status of the options/performance rights.

21. SHARE-BASED PAYMENTS (continued)

The following relates to the unlisted options and performance rights issued during the year ended 30 June 2012:-

Issue Date	Vesting Date	Number Issued	Grant Date	Stock Price at Grant Date	Issue Price	Risk Free Rate	Volatility	Value Per Option/ Right
				(cents)	(cents)	%	%	(cents)[1]
26-Sep-11	**26-Sep-12**	**610,000**	**26-Sep-11**	**38.50**	**56.00**	**3.64**	**100.00**	**15.12**
09-Jan-12	**09-Jan-13**	**125,000**	**09-Jan-12**	**39.00**	**56.00**	**2.57**	**75.00**	**11.20**
29-Mar-12	**29-Sep-12**	**150,000**	**29-Mar-12**	**45.00**	**63.00**	**2.57**	**75.00**	**13.16**
05-Jun-12	**05-Jun-13**	**300,000**	**05-Jun-12**	**30.50**	**43.60**	**2.57**	**75.00**	**8.82**
14-Jun-12	**31-Dec-14 or 30-Jun-15[2]**	**3,000,000**	**14-Jun-12**	**28.50**	**-**	**n/a**	**n/a**	**28.50**
		4,185,000						

Note 1 - after applying 30% discount to the Black Scholes determined value to reflect the unlisted status of the options/performance rights.

Note 2 - conditions apply to performance rights - refer note 13 (c) for more details.

The following relates to the unlisted options and performance rights issued during the year ended 30 June 2011:-

Issue Date	Vesting Date	Number Issued	Grant Date	Stock Price at Grant Date	Issue Price	Risk Free Rate	Volatility	Value Per Option/ Right
				(cents)	(cents)	%	%	(cents)[1]
31-Dec-10	31-Dec-11	300,000	31-Dec-10	40.50	50.00	5.19	115.00	19.04
31-Dec-10	31-Dec-10	500,000	31-Dec-10	40.50	25.00	5.31	80.00	26.80
10-Jan-11	14-Jan-12	200,000	10-Jan-11	43.50	50.00	5.19	115.00	20.79
16-Mar-11	07-Feb-12	200,000	16-Mar-11	47.00	50.00	5.19	115.00	22.60
16-Mar-11	01-Mar-12	100,000	16-Mar-11	47.00	80.00	5.19	115.00	20.23
		1,300,000						

Note 1 - after applying 30% discount to the Black Scholes determined value to reflect the unlisted status of the options/performance rights.

22. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Interest Rate Risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Weighted average interest rate	Floating interest rate	Fixed Interest	Non-interest bearing	Total
		$	$	$	$
30 June 2012					
Financial assets					
Cash and cash equivalents	**5.57%**	**9,215,943**	**-**	**-**	**9,215,943**
Other receivables	**5.24%**	**-**	**359,283**	**164,311**	**523,594**
Total financial assets		**9,215,943**	**359,283**	**164,311**	**9,739,537**
Financial liabilities					
Trade and other payables		**-**	**-**	**1,575,292**	**1,575,292**
Total financial liabilities		**-**	**-**	**1,575,292**	**1,575,292**

	Weighted average interest rate	Floating interest rate	Fixed Interest	Non-interest bearing	Total
		$	$	$	$
30 June 2011					
Financial assets					
Cash and cash equivalents	5.70%	7,705,314	-	-	7,705,314
Other receivables	5.18%	-	151,433	116,381	267,814
Total financial assets		7,705,314	151,433	116,381	7,973,128
Financial liabilities					
Trade and other payables		-	-	693,896	693,896
Total financial liabilities		-	-	693,896	693,896

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

The impact of a material movement of +/- 1% in the underlying cash rate will not have a material impact on revenue and therefore shareholder equity.

(b) Net Fair Values of Financial Assets and Liabilities

The carrying amount of all financial assets and liabilities approximates their net fair value.

(c) Credit Risk Exposures

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

As a means of mitigating the risk of financial loss from defaults, the Company's policy is one of dealing only with credit worthy counterparts and obtaining sufficient collateral or other security where appropriate.

The Company's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due.

22. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Company:

- currently does not have major funding in place. However, the Company continuously monitors forecasts and actual cash flows and the maturity profiles of financial assets and liabilities to manage its liquidity risk;
- anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the company will raise future capital will depend on market conditions existing at that time;
- 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.

23: BUSINESS COMBINATION

Acquisition of Northern Xenotime Pty Ltd

On 26 April 2012, the Company acquired 100% of the voting shares of Northern Xenotime Pty Ltd.

The issue of one fully paid share in the share capital of this company was satisfied with the payment of $1.

This company was newly incorporated on 26 April 2012 and had no assets and liabilities on formation.

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.

24. DIVIDENDS

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

25. EVENTS OCCURING AFTER BALANCE SHEET DATE

On 6 July 2012 shareholders approved the grant of the following performance rights to directors:-

- 6,000,000 if the first commercial shipment of heavy rare earth mineral concentrate from any of the Company's rare earth projects to a buyer or buyers occurs on normal commercial terms prior to 31 December 2014; or

- 3,000,000 if the first commercial shipment of heavy rare earth mineral concentrate from any of the Company's rare earth projects to a buyer or buyers occurs on normal commercial terms subsequent to 31 December 2014 but prior to 30 June 2015.

No other matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the state of affairs of the Company in future financial years.

26. PARENT ENTITY FINANCIAL INFORMATION

	Parent 2012	Parent 2011
	$	$
Current assets	**9,405,249**	7,846,691
Total assets	**10,550,024**	8,250,406
Current liabilities	**1,729,030**	786,131
Total liabilties	**1,810,793**	828,020
Shareholders equity		
Share capital	**38,192,674**	26,534,218
Reserves	**1,471,526**	1,076,761
Accumulated losses	**(30,924,969)**	(20,188,593)
	8,739,231	7,422,386
Net loss	**(10,736,376)**	(6,331,499)
Total comprehensive income	**-**	-
Contingent liabilities	Refer to Note 17	

The Parent entity had no guarantees and commitments other than detailed in notes 17 and 19.

DIRECTORS' DECLARATION

In the opinion of the directors of Northern Minerals Limited (the 'Company'):

(a) the financial statements, notes and the additional disclosures of the company and of the consolidated entity are in accordance with the Corporations Act 2001 including:

(i).giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2012 and of their performance for the year then ended; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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.

(c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

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 2012.

On behalf of the Board

George Bauk
Director

Perth
27 August 2012

Stantons International Audit and Consulting Pty Ltd
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27 August 2012

Board of Directors
Northern Minerals Limited
Level 1, 675 Murray Street
WEST PERTH WA 6005

Dear Directors

RE: NORTHERN MINERALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Northern Minerals Limited.

As Audit Director for the audit of the financial statements of Northern Minerals Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Authorised Audit Company)

Samir Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
trading as
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Northern Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2012, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation 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 is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Stantons International

Auditor's opinion

In our opinion:

(a) the financial report of Northern Minerals Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages **52 to 58** of the directors' report for the year ended 30 June 2012. 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

Auditor's opinion
In our opinion the remuneration report of Northern Minerals Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International

Samir Tirodkar
Director

West Perth, Western Australia
27 August 2012

ADDITIONAL INFORMATION

SHAREHOLDER INFORMATION AS AT 4 OCTOBER 2012

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

1. Ordinary Shares (NTU)

a) Distribution of shares

The number of shareholders by size of holding are:

Category (size of holding)	Number of Holders
1 - 1,000	228
1,001 - 5,000	626
5,001 - 10,000	479
10,001 - 100,000	1,065
100,001 - and over	225
	2,623

The number of shareholdings held in less than marketable parcels is 354.

b) Twenty largest shareholders

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

	SHAREHOLDERS	Number of shares held	% Holding
1	MR CONGLIN YUE	34,180,267	15.5%
2	HSBC CUSTODY NOMINEES	15,310,517	7.0%
3	LYNAS COPORATION LIMITED	15,014,564	6.8%
4	HSBC CUSTODY NOMINEES	9,320,393	4.2%
5	JP MORGAN NOMINEES AUSTRALIA	6,670,009	3.0%
6	FRANWAY PTY LTD	5,500,000	2.5%
7	UBS WEALTH MANAGEMENT	4,427,999	2.0%
8	NEFCO NOMINEES PTY LTD	3,252,431	1.5%
9	MR MATTHEW DAVID BURFORD	3,045,000	1.4%
10	J P MORGAN NOMINEES AUSTRALIA	2,699,904	1.2%
11	MR ANDREW LYNTON HURWITZ & MRS JULIET MARY HURWITZ	2,462,989	1.1%
12	MARFORD GROUP PTY LTD	2,350,000	1.1%
13	MR ADRIAN CHRISTOPHER GRIFFIN	2,126,950	1.0%
14	MR ROBERT JOHN FLYNN	2,100,000	1.0%
15	TOTODE PTY LTD	2,008,420	0.9%
16	MR COLIN JAMES MCCAVANA & MRS DEBRA DIANNE MCCAVANA	1,975,000	0.9%
17	DMG & PARTNERS SECURITIES PTE LTD	1,681,911	0.8%
18	CITICORP NOMINEES PTY LIMITED	1,560,641	0.7%
19	NATIONAL NOMINEES LIMITED	1,301,563	0.6%
20	FORTY TRADERS LIMITED	1,200,000	0.5%
		118,188,558	53.7%

ADDITIONAL INFORMATION

2. Substantial shareholders

The names of substantial shareholders are as follows:

Shareholder	Number of shares
MR CONGLIN YUE	34,180,267
LYNAS COPORATION LIMITED	15,014,564

3. Voting Rights

All shares carry one vote per unit without restriction.

4. Stock Exchange Listing – Listing has been granted for the following ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

Quoted and Unquoted Shares	Number of shares
Shares quoted on ASX (NTU)	215,461,460
Unquoted shares (NTUAI)	4,746,800
	220,208,260

tenement schedule

PROJECT	SUB-PROJECT	TENEMENT ID	STATE	TENEMENT TYPE	STATUS	HOLDER APPLICANT	INTEREST
Gardiner-Tanami WA	Gardiner Range	E 80/3404	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E 80/3405	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E 80/3414	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E 80/3530	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E80/3914	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E80/3915	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E80/3681	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E80/3682	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E80/4214	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E80/4213	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E80/4242	WA	Exploration Licence	granted	Northern Minerals	100%
	Gardiner Range	E80/4652	WA	Exploration Licence	application	Northern Minerals	100%
Gardiner-Tanami NT	Suplejack	EL23934	NT	Exploration Licence	granted	Northern Minerals	100%
	Suplejack	EL24166	NT	Exploration Licence	granted	Northern Minerals	100%
	Suplejack	EL24178	NT	Exploration Licence	granted	Northern Minerals	100%
	Suplejack	EL27368	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL25009	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL24849	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Tanami	EL24935	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Tanami	EL25171	NT	Exploration Licence	granted	Northern Minerals	100%
	Ware Range	EL24947	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Ware Range	EL25003	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Ware Range	EL25004	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Tanami	EL25172	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Tanami	EL23932	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL29594	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL29595	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL29592	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL29593	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL24177	NT	Exploration Licence	granted	Northern Minerals	100%
	Ware Range	EL24179	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Tanami	EL23933	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Ware Range	EL26498	NT	Exploration Licence	granted	Northern Minerals	100%
	Ware Range	EL26541	NT	Exploration Licence	granted	Northern Minerals	100%
	Pargee	EL27367	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL28868	NT	Exploration Licence	application	Northern Minerals	100%
	Tanami	EL29619	NT	Exploration Licence	application	Northern Minerals	100%
	Tanami	EL29620	NT	Exploration Licence	application	Northern Minerals	100%
	Tanami	EL29621	NT	Exploration Licence	application	Northern Minerals	100%
	Tanami	EL29622	NT	Exploration Licence	application	Northern Minerals	100%
Manhattan	Gardner Range	E80/3275	WA	Exploration Licence	granted	Manhattan/Northern	60%
	Gardner Range	E80/3817	WA	Exploration Licence	granted	Manhattan/Northern	60%
	Gardner Range	E80/4081	WA	Exploration Licence	granted	Manhattan/Northern	60%
Browns Range	Browns Range	E80/3548	WA	Exploration Licence	granted	Northern Minerals	100%
	Browns Range	E 80/3547	WA	Exploration Licence	granted	Northern Minerals	100%
	Browns Range	E80/4393	WA	Exploration Licence	granted	Northern Minerals	100%

tenement schedule

PROJECT	SUB-PROJECT	TENEMENT ID	STATE	TENEMENT TYPE	STATUS	HOLDER APPLICANT	INTEREST
Browns Range (Continued)	Browns Range	E80/4479	WA	Exploration Licence	granted	Northern Minerals	100%
	Browns Range	E80/4725	WA	Exploration Licence	application	Northern Minerals	100%
	Browns Range	E80/4726	WA	Exploration Licence	application	Northern Minerals	100%
	Tanami	EL24193	NT	Exploration Licence	granted	Northern Minerals	100%
	Tanami	EL24174	NT	Exploration Licence	granted	Northern Minerals	100%
	Browns Range	EL24941	NT	Exploration Licence	moratorium	Northern Minerals	100%
John Galt	John Galt	E80/4298	WA	Exploration Licence	granted	Arnhem Resources Ltd	Option Agreement (100%)
	Nullagine River	E80/4671	WA	Exploration Licence	application	Northern Minerals	100%
Toro JV	Browns Range	EL26270	NT	Exploration Licence	granted	Toro Energy Limited	Earning 50%
	Browns Range	EL26271	NT	Exploration Licence	granted	Toro Energy Limited	Earning 50%
	Browns Range	EL26286	NT	Exploration Licence	granted	Toro Energy Limited	Earning 50%
	Tanami	EL26635	NT	Exploration Licence	granted	Toro Energy Limited	Earning 50%
	Tanami	EL27000	NT	Exploration Licence	granted	Toro Energy Limited	Earning 50%
	Tanami	EL27001	NT	Exploration Licence	granted	Toro Energy Limited	Earning 50%
	Tanami	EL27590	NT	Exploration Licence	granted	Toro Energy Limited	Earning 50%
Kurundi	Kurundi	EL23937	NT	Exploration Licence	granted	Northern Minerals	100%
	Kurundi	EL24995	NT	Exploration Licence	granted	Northern Minerals	100%
	Munadgee	MCC968	NT	Mineral Claim	granted	Cairns Territory Pty Ltd	Option Agreement (95%)
Wallal	Wallal	E45/2815	WA	Exploration Licence	granted	Northern Minerals	100%
Epenarra	Epenarra 1	EL26775	NT	Exploration Licence	granted	Northern Minerals	100%
	Epenarra 2	EL26776	NT	Exploration Licence	granted	Northern Minerals	100%
	Epenarra 3	EL26818	NT	Exploration Licence	granted	Northern Minerals	100%
	Epenarra 4	EL27085	NT	Exploration Licence	granted	Northern Minerals	100%
	Barkly 1	EL27382	NT	Exploration Licence	granted	Northern Minerals	100%
	Epenarra 6	EL27554	NT	Exploration Licence	granted	Northern Minerals	100%
	Epenarra 7	EL27555	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Barkly 2	EL27635	NT	Exploration Licence	granted	Northern Minerals	100%
	Barkly 3	EL27636	NT	Exploration Licence	granted	Northern Minerals	100%
	Epenarra 8	EL29321	NT	Exploration Licence	granted	Northern Minerals	100%
Amadeus Basin	Ross River 1	EL26920	NT	Exploration Licence	granted	Northern Minerals	100%
	Ross River 3	EL27016	NT	Exploration Licence	granted	Northern Minerals	100%
	Ross River 4	EL27017	NT	Exploration Licence	granted	Northern Minerals	100%
	Ross River 5	EL27018	NT	Exploration Licence	granted	Northern Minerals	100%
	Ross River 6	EL27019	NT	Exploration Licence	granted	Northern Minerals	100%
	Ross River 7	EL27020	NT	Exploration Licence	granted	Northern Minerals	100%
	Ross River 8	EL28530	NT	Exploration Licence	granted	Northern Minerals	100%
	Ross Rover 9	EL28531	NT	Exploration Licence	granted	Northern Minerals	100%
Rabbit Flats	Rabbit Flats 1	EL25157	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Rabbit Flats 2	EL25158	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Rabbit Flats 3	EL25159	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Rabbit Flats 4	EL25160	NT	Exploration Licence	moratorium	Northern Minerals	100%
	Rabbit Flats 5	EL23935	NT	Exploration Licence	moratorium	Northern Minerals	100%
Yarrawindah	Yarawindah North	E70/2923	WA	Exploration Licence	granted	Northern Minerals	100%
	Yarawindah South	E70/2914	WA	Exploration Licence	granted	Northern Minerals	100%
	Yarawindah	E70/3080	WA	Exploration Licence	granted	Northern Minerals	80%
Bulla	Mortlock	E70/2719	WA	Exploration Licence	granted	Northern Minerals	100% Non iron ore rights


dysprosium
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