annual report 2011

abn 61 119 966 353

northern minerals

corporate directory

Directors

Kevin Schultz
(Non-executive Chairman)

George Bauk
(Managing Director / CEO)

Dudley Kingsnorth
(Non-executive Director)

Colin McCavana
(Non-executive Director)

Adrian Griffin
(Non-executive Director)

Company Secretary

Simon Storm

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West Perth WA 6005

Bankers

Bank of Western Australia
(Bankwest)

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contents

northern minerals

key achievements 2010/11

"During the year the Company has **advanced** its **rare earth elements** (REE) projects in Northern Australia with **exciting exploration results**..."

See chairman's report on **page 2** for more

"Announced **significant HREE drilling results**; with intersections at..."

See highlights 2010/11 on **page 4** for more

"**Future supply** of **heavy rare earths** is **critical** with very few significant sources outside of China..."

See Rare Earths Industry overview on **page 6** for more

"**(41m @ 1.01% TREO)**, the mineralised zone is interpreted to be up to 20m true width..."

See Review of Operations - Wolverine Prospect on **page 14** for more

"**Significant REE mineralisation** (>0.2% TREO) has been **intersected** on all drill traverses across a **600m wide zone**..."

See Review of Operations - Gambit Prospect on **page 16** for more

"Metallurgical test work has produced a **xenotime mineral** concentrate of greater than **40% grade**..."

See Review of Operations - Metallurgical test work on **page 20** for more

"The results **returned intercepts** of up to **17.9% TREO**..."

See Review of Operations - John Galt Project on **page 22** for more

"**World class gold province**, with several plus **million ounce deposits** (Callie, Granites, Tanami)..."

See Review of Operations - Gold Project on **page 28** for more

"Northern Minerals has established **strong relationships** with the **local communities**..."

See Safety, Environment, People, Community on **page 32** for more

chairman's letter

02 chairman's letter

The past year has been a period of significant transformation and growth for your Company as exemplified by the formal change in name early in 2011 to Northern Minerals Limited.

During the year the Company has advanced its rare earth elements (REE) projects in northern Australia with exciting exploration results, expanded its management team and strengthened its capital market position. As a result, there has been a significant growth in the market valuation of your Company during the past twelve months.

The change of name to Northern Minerals is a reflection of our broader exploration focus and development strategy, particularly towards REE. The Company also expanded its rights to minerals other than uranium with the acquisition of pre-emptive rights from strategic partner Areva and the acquisition of all minerals in the Northern Territory (NT) part of the Gardiner-Tanami Project and elsewhere from co-founder Washington Resources (now Ferrum Crescent). These changes marked a new era for the Company, and our progress since making the changes has vindicated the strategy of the Board.

Exploration success

The focus of recent exploration by the Company has been primarily on the occurrences of xenotime mineralisation at the Browns Range and John Galt REE projects, with a 12,000m RC drilling program commencing at Browns Range in June 2011. First results from this program, released in July, confirmed a unique spread of high grade, heavy rare earth elements (HREE) such as yttrium and dysprosium. The dominance of high value HREE which constitute up to 94% of total rare earth oxides (TREO) in Browns Range and John Galt mineralisation, differentiate our projects from the majority of other new projects in the global REE production pipeline.

Rare earths can be difficult to recover from their ores and the recovery processes can take years to develop. However, results from metallurgical testing of the Browns Range xenotime mineralisation indicate a simple and low cost production of concentrate, and relatively short pathway to production.

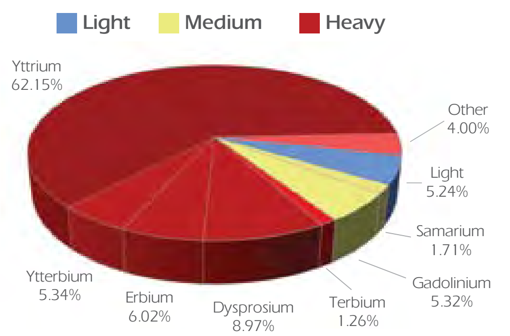
This is a significant hurdle for the Company to clear early in the project's life, and allows us to advance with an increased level of confidence.

Exciting HREE markets

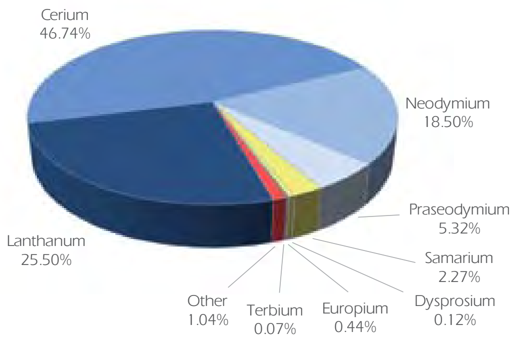
Rare earths have been a major focus of global attention during the past twelve months. The expanding use in clean energy applications, as well as electronic products, has seen strong global demand. At the same time, new sources of global supply are limited. The tight supply equation is amplified by the fact that China, which produces 95% of the world's REE and 99.8% of the world's HREE, has reduced its production and export quotas.

The result has been skyrocketing prices for HREE in particular. In the case of dysprosium (a critically important "heavy" used in clean energy applications), the price has increased from US$400/kg at the start of 2011, to US$2,290/kg by the end of September 2011. The mix of HREE at Browns Range has an estimated value of US$3,750/t for every 1% TREO, based on current rare earth oxide prices.

Browns Range by Volume



Mt Weld* rare earths



*Mt Weld REO composition data above sourced from the Lynas Corporation website

Uranium and gold upside

Despite the volatility in the world uranium markets following the tsunami that devastated parts of Japan this year, Northern Minerals believes uranium has a significant role in meeting long term global energy demands. The Company has 10,500km^2 of tenements and tenement applications in its Gardiner-Tanami and Gardner Range Joint Venture (JV) projects where it has been exploring for high grade unconformity-related uranium since 2007. Results from drilling in 2010 indicate particularly favourable geology at the Soma prospect for high grade uranium, and a large target has been identified which has only been lightly drill tested to date. Further drilling of the Soma target is planned to commence in the second half of 2011.

The 2010 drilling program returned some significant gold intersections which will also be followed up with more drilling in the second half of 2011. The Gardiner-Tanami Project is located in the Granites Tanami region which is one of the most productive gold mining regions in Australia.

Corporate and capital growth

Throughout the year the Company has progressively bolstered its management team. The appointment of global REE expert Mr Dudley Kingsnorth as a Non-executive Director has also added specialist experience in REE marketing and development.

Northern Minerals remains in a strong cash position heading into the 2012 financial year. The Company successfully raised $9.5 million in October 2010 via a Rights Issue, and this and a subsequent strong market performance resulted in very significant conversion of listed options. The funds raised have primarily been directed to the Company's ongoing exploration program, particularly the aggressive current program which will run into the second half of calendar year 2011.

2012 strategy

Driven by exploration success to date, Northern Minerals will continue its HREE focus in 2012. The Board is committed to delineating a HREE resource at its current prospects, and then advancing as rapidly as possible toward production, subject to feasibility studies.

The Browns Range and John Galt projects are at an exciting early stage and large areas still remain untested. New targets recently identified at Browns Range highlight the prospective nature of the Browns Range Dome which extends over hundreds of square kilometres. Numerous new targets are anticipated for drill testing in the coming year.

As well as REE, the Board believes there is long term value for shareholders in the Company's uranium and gold projects. Avenues to extract the value of these assets, through ongoing development, joint venture or potential asset sales, are being investigated.

On behalf of the Board I would like to thank our team at Northern Minerals for what, by any measure, has been an outstanding year in 2011. I would also like to thank shareholders for their ongoing support, and look forward to sharing in further success in 2012.

Kevin Schultz
Chairman
Northern Minerals

04 highlights / the year ahead

2010/11 2011/12

Highlights 2010/11

In 2010/11, Northern Minerals advanced and strengthened its heavy rare earth portfolio, with significant exploration and metallurgical success at the Browns Range Project. The Company also expanded its exploration interests with the acquisition of additional mineral and pre-emptive rights at the Gardiner-Tanami and Browns Range projects.

Rare Earths

- Completed extensive ground based geological program at the Browns Range Project
- Outstanding results from metallurgical testing at Browns Range confirms ability to produce low cost concentrate product
- Commenced 12,000m drilling program at Browns Range with exceptional early results
- Announced significant HREE drilling results, with intersections at:
  - Area 5 including 12m @ 1.73% TREO (announced July)
  - Gambit including 11m @ 2.07% TREO (announced September)
  - Wolverine including 41m @ 1.01% TREO (announced September)
- John Galt tenements granted in December 2010
- Identified two new HREE targets at Browns Range south of Area 5
- Completed review of historical drilling data from John Galt project, which confirmed a high grade suite of HREE
- Completed detailed airborne radiometric and magnetic survey at Browns Range and John Galt
- Significant strengthening of REE market, in particular for HREE such as dysprosium and yttrium

Uranium

- Completed drilling program at the Don and Soma areas, which identified uranium targets for further follow-up testing
- Completed regional mapping of the Gardiner-Tanami Project

Gold

- Identified encouraging gold intersections from drill program, and commenced review of gold data associated with Gardiner-Tanami Project
- Commenced soil sample programs at Gardiner-Tanami Project

Corporate

- Completed capital raising in October 2010 to ensure appropriate funding to develop the portfolio
- Acquired non uranium rights on applications of NT Gardiner-Tanami Project
- Acquired non uranium pre-emptive rights on Gardiner-Tanami including rare earths
- Expanded board with appointment of global REE expert Mr Dudley Kingsnorth
- Raised further equity in second half through exercise of options of A$4.3m

The year ahead 2011/12

In 2011/12, the focus for Northern Minerals is to continue the great progress at its REE projects with drilling programs at Browns Range and John Galt, ongoing metallurgical test work, and commencement of a desktop study. The Company will also continue to advance its non rare earth projects and evaluate options for all stakeholders.

Rare Earths

- Q3/Q4 2011 - complete 12,000m RC Drilling at four prospects at Browns Range
- Q4 2011 - 1,500m Diamond Drilling at Browns Range
- Extend soil sampling at Browns Range
- Continue metallurgical test work at Browns Range, using both RC Drilling Chips and Diamond Drilling Core
- Work with potential off-take parties with concentrate produced from metallurgical test work from RC Drilling Samples in Q4
- Q2 2012 - further RC and Diamond Drilling at existing Browns Range prospects
- Q2 2012 - commence drill testing new targets from 2011 soil sampling programs
- Follow up and develop new regional targets within the Browns Range tenement holdings
- Q2 2012 - commence drilling at John Galt
- Q4 2011 - commence metallurgical test work on rock chips from John Galt
- Q4 2011- geological mapping / soil sampling / rock chip sampling at John Galt
- Q1 2012 - desktop study on Browns Range Project including project schedule / environmental study and cost estimations

Uranium

- Q3 2011 - RC drilling at Gardiner-Tanami Project

Gold

- Q3 2011 - soil sampling program at Gardiner-Tanami Project
- Q4 2011 - RC drilling program
- 2012 further soils and rock sampling and regional review of gold prospectivity

Corporate

- Commence capital raising to support ongoing exploration, and to commence scoping study activities
- Advance discussions with potential off take partners
- Review non-core assets and seek partners or divestment opportunities to realise value

06 rare earths

Industry overview

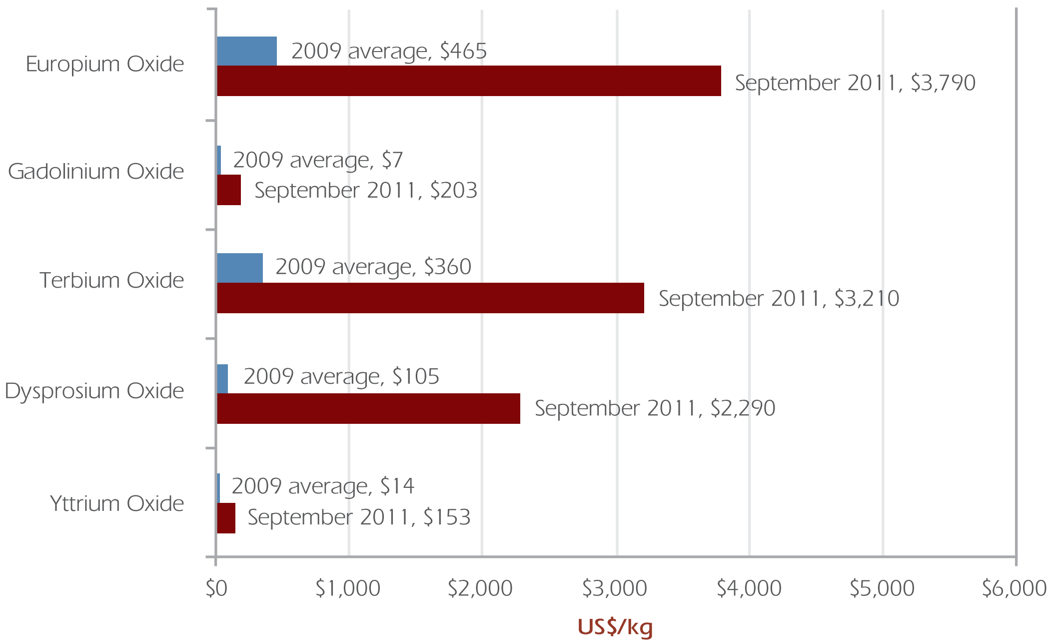
Northern Minerals is well positioned to take advantage of the much sought after heavy rare earths market.

Rare Earths refer to the "lanthanide" series of elements, plus yttrium, that shares 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 earths explorers, having identified a deposit is to develop an economically viable process.

Heavy Rare Earths prices

Comparison of selected average HREO Prices



Since 2009 prices for rare earths have risen dramatically. Global demand has continued to grow, exacerbated by rare earths export restrictions policy from China.

Demand and price growth has been particularly strong for heavy rare earths with no new sources moving to production and negligible substitutes for high performance applications.

The Supply Dynamics of Rare Earths

China is currently responsible for more than 90% of global supply of rare earths. In the interests of preserving rare earths supplies for their own domestic consumption, China began to reduce exports through a tariff and quota system from 2006. In a growing global market this has had a dramatic impact on prices of rare earths particularly since July 2010 when Chinese export restrictions were tightened further.

This has increased the urgency in the identification and development of non China sources of rare earths to reduce the dependence on supply from China.

The ratio in which rare earths are produced does not correspond with the demand for each respective rare earth element. In the case of heavy rare earths, demand far exceeds supply in percentage terms.

Future supply of heavy rare earths is critical with very few significant sources outside of China. The outlook for heavy rare earths is strong due to their low occurrence and critical role in most applications and the absence of any substitutes. This represents an excellent opportunity for potential heavy rare earths suppliers to bring to market specifically new sources of HREE in short supply, such as Northern Minerals.

The Demand Dynamics of Rare Earths

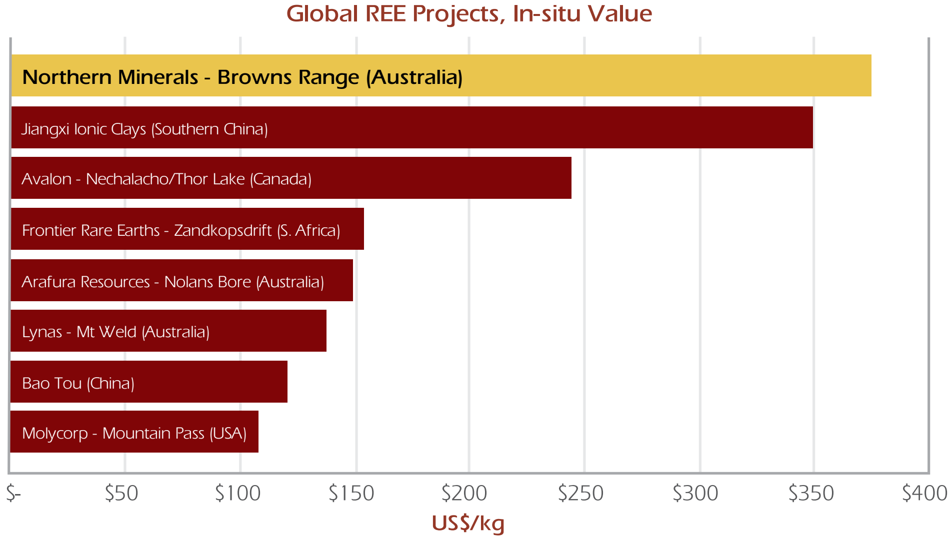
Due to rare earths being used in a diverse variety of applications, the industry drivers and markets are as equally diverse with a strong distinction between the light and the heavy rare earths. Subsequently pricing and market growth vary greatly across the suite of rare earths products offered.

The heavy rare earths that are naturally in short supply and used primarily in high-tech applications command a price premium. Importantly, these HREE have a critical role in their 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 wind turbines.

Market analysts forecast negligible growth and in some cases demand destruction in the light rare earth elements such as cerium and lanthanum. This is evident in recent pricing where heavy rare earth prices have remained strong despite a 50% decrease in the price of cerium and lanthanum.

The chart below presents the in-situ value of the Northern Minerals Browns Range Project with that of other rare earths projects. The strong distribution of lower priced light rare earths is evident in their comparative lower in-situ value.

Global REE Projects, In-situ Value



This chart has been produced with in-situ values only and does not imply full recovery. Its purpose is primarily for comparison purposes between rare earth projects.

rare earths industry overview

08 rare earths

Industry overview

Northern Minerals Strategic Advantage

The Browns Range and John Galt projects are rich in the much sought after HREE in locations close to infrastructure and markets. Both projects exhibit a unique distribution of the heavy rare earths, attributable to the xenotime mineralisation as seen in the charts opposite. Due to the strong pricing for the heavy rare earths, the Browns Range by Value chart indicate that dysprosium and yttrium represent the most significant rare earth elements in terms of value.

The value of Northern Minerals Rare Earths projects remain unaffected by any devaluation of light rare earths.

Northern Minerals Rare Earths Project

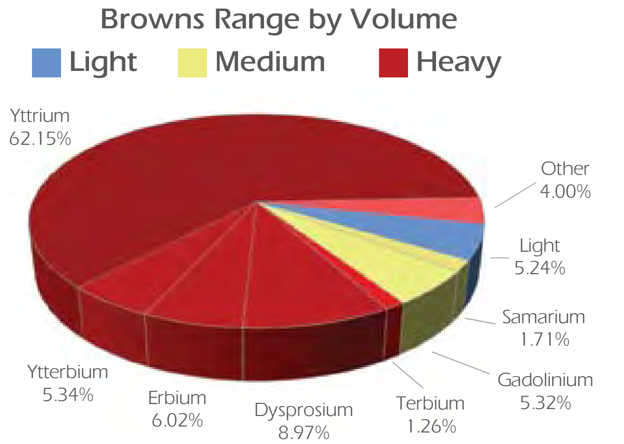
Rare Earth Projects with a Difference

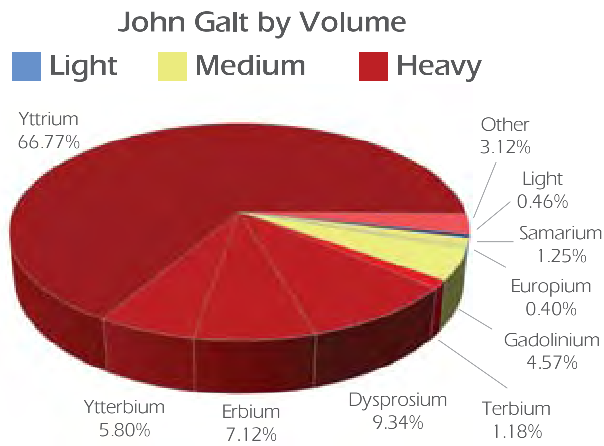
The Northern Minerals Rare Earths projects covered by the Browns Range and John Galt projects is distinctly different from any other prospective rare earth project.

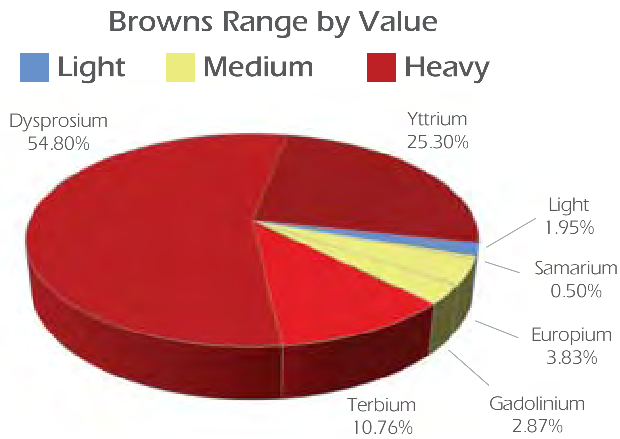
Key Points of Differentiation

HREE distribution

The pie charts indicate the rare earths distribution for both the Browns Range and John Galt projects. These are unique with respect to the high occurrence of heavy rare earths, namely dysprosium and yttrium; which are present in negligible quantities in a typical monazite and bastnasite deposits such as that of Mountain Pass and Mt Weld where heavy rare earths only constitute a small percentage.







Mineralisation purity

The high occurrence of heavy rare earths in both the Browns Range and John Galt projects is attributable to their unique mineralisation primarily xenotime. Xenotime, is a phosphate yttrium based mineral. Accordingly it is easier to separate and to process as it appears that there is only the one mineral in economic quantities to separate.

Superior recovery

Preliminary pilot testing from samples taken from site has proven that superior recovery is achievable with a simple flowsheet. This has significant implications for minimal cost for a commercial rare earth extraction and concentration process.

Analysis indicates that a concentrate grade of 40% is achievable thanks to the unique quality and purity of the xenotime mineralisation.

Excellent infrastructure

Underpinning the Northern Minerals Rare Earth projects is the proximity to existing infrastructure. This includes access to sealed roads, port facilities at Wyndham and fresh water utilised by other projects in the region.

The project is well positioned to take advantage of the infrastructure in place and in doing so, bringing exceptional opportunities to the local communities in the Kimberley Region of Western Australia (WA).

The Critical Role of Heavy Rare Earths

Below are two of the key applications for heavy rare earth elements Northern Minerals may produce:

Rare Earths Magnets

Dysprosium

* Forecast 2015 global supply: 1,675 tpa REO
*Forecast 2015 global demand: 2,000 tpa REO
(*IMCOA September 2011)
Current Price: US$2,290/kg
(Metal Pages China FOB September 29 2011)

Energy Efficient Lighting

Yttrium

* Forecast 2015 global supply: 11,200 tpa REO
(largely inside China)
*Forecast 2015 global demand:12,750 tpa REO
(*IMCOA September 2011)
Current Price: US$152.50/kg
(Metal Pages China FOB September 29 2011)

Rare Earths: A Global Strategic Significance

Actions by governments around the world to secure supplies (including Japan, USA, European Union) have reinforced the strategic significance of rare earths. Subsequently major global corporations have been given the mandate by their respective governments to identify and secure non China sources of rare earths, most notably for the heavy rare earths.

Northern Minerals has proactively engaged with several major heavy rare earth consumers of global significance. The ongoing dialogue is aimed at identifying requirements and progress the Browns Range and John Galt projects through to production.

10 review of operations

Overview

During 2010/11 the Company has significantly advanced its high value HREE portfolio in Western Australia (WA) through exploration success.

Browns Range, north of the Gardiner-Tanami Project, was identified through exploration while John Galt was acquired as part of a review of other HREE opportunities. The Wolverine, Gambit and Area 5 North prospects at Browns Range are significant greenfields HREE discoveries which the exploration team have identified through a systematic and thorough geological exploration program.

Xenotime mineralisation at Browns Range occurs in hydrothermal quartz veins and quartz breccias within arkosic sandstones, and is dominated by high value HREE, particularly dysprosium and yttrium. Soil sampling over the four priority prospects outlined extensive REE geochemical anomalies and the follow-up RC drilling at Browns Range has intersected significant HREE mineralisation at all four prospects.

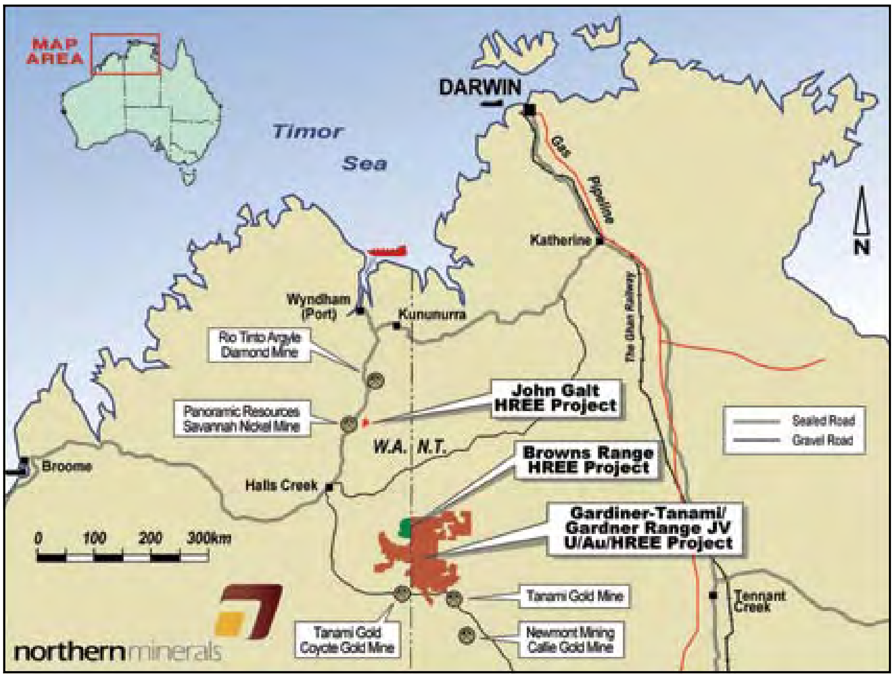
At the Wolverine prospect, drilling has indicated significant true widths (up to 20m) of REE mineralisation over a strike length of approximately 180m. The mineralised zone, which shows continuity between sections, strikes approximately east-west, dips steeply towards the north and is open at depth. The best drilling results to date from Wolverine include 41m @ 1.01% TREO from 24m. At the Gambit prospect significant REE mineralisation (>0.2% TREO) has been intersected on all drill traverses across a 600m wide zone. Mineralisation is hosted by quartz-veined, silicified and/or hematitic arkosic sandstone, and appears to be controlled by an east-west trending fault structure(s), and north-west trending cross-cutting structures. At Area 5 North, high grade HREE mineralisation has been intersected in drilling with a best result of 5m @ 3.49% TREO.

Metallurgical beneficiation studies have been conducted on surface samples from the Browns Range Project. Three samples (20-30kg) were collected from outcropping mineralisation at the Wolverine, Gambit and Area 5 North prospects.

Preliminary results from test work on samples indicate high recoveries (up to 89.5%) and that the rare earths are predominantly present in one mineral, namely xenotime. Test results also indicate the ability to produce concentrate grades of greater than 40%. This reinforces the early indications that the ore is amenable to a relatively simple flowsheet, incorporating crushing, grinding, magnetic separation and flotation.

At the John Galt Project, on-ground exploration has been delayed due to delays in the Aboriginal heritage survey process. However, a high resolution airborne magnetic and radiometric survey has been completed, which together with a detailed compilation of historical REE exploration results, has provided targets for immediate on-ground follow-up. On-ground exploration is likely to commence in late 2011 with drilling scheduled for quarter 2 2012 at the earliest.

In November 2010, Northern Minerals completed a uranium drilling program at the Gardner Range JV. This followed a detailed field exploration program which prioritised key drill targets for high grade, unconformity-related uranium deposits. Drilling at the Soma prospect delivered encouraging results, with all holes intersecting the Gardiner Sandstone/Killi Killi Beds unconformity. Drilling at The Don prospect failed to replicate the historic uranium results, but the program returned some significant gold intersections which are being followed up in 2011. Soil geochemical results from samples taken near The Don and Venus prospects at the Gardner Range JV have returned highly encouraging results, which indicate two areas of gold anomalism with samples up to 228ppb Au.



In October 2010, Northern Minerals announced it had expanded its landholding in northern Australia, with the acquisition of 6,690km^2 of exploration ground, following the completion of a transaction with Ferrum Crescent (ASX: FCR).

The acquisition gave the Company the rights to explore for all minerals (not just uranium as was previously the case) on the extensive tenement package (except for E70/2719 & E70/2720 where iron ore is excluded) and significantly expands the Company's Rare Earths potential. A significant part of the landholding is immediately adjacent to the Browns Range Project, and the Gardiner-Tanami gold/uranium Project.

Northern Minerals had previously acquired the uranium rights to these tenements. However until this year, the rights to other minerals were excluded. The tenement package also includes a historical tungsten mine at the Kurundi Project, and a nickel and platinum-palladium (PGE) resource at the Yarawindah Project.

The Company is seeking to divest its interests in phosphate, the strategically-positioned Epenarra phosphate project, covering over 2,900 km^2 in the Georgina Basin, only 50km from the Wonarah deposit, including the same favourable geology and the Amadeus Basin Project in an area near Alice Springs.

The Gardiner-Tanami Project is prospective for many minerals, with particular emphasis on the new rare earth discoveries at Browns Range. Whilst this will be our focus going forward, the Company will continue to assess the potential of other minerals including gold, uranium and base metals.

The exploration team has expanded over the past year and it is through the efforts of the expanded team including both employees and contractors that Northern Minerals has been able to deliver the significant results as outlined in the review of operations report.

12 review of operations

Browns Range Project

The Browns Range Project has become the focus for the Company's Rare Earth Element (REE) exploration program.

The project consists of four granted exploration licenses which cover an area of 454km^2, within WA. The tenements are located adjacent to the WA/NT border approximately 50km south-east of Halls Creek.

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 HREE. Xenotime was first identified in the Browns Range area in the 1980s by PNC Exploration whilst exploring for uranium. Exploration conducted by Northern Minerals in 2009 and 2010 identified and outlined four priority drill targets (prospects) at Wolverine, Gambit, Area 5 and Area 5 North. RC Drilling has been completed on all prospects and has intersected significant HREE mineralisation at all four targets. HREE mineralisation is structurally controlled, occurring within quartz veins, quartz breccias and silicified zones associated with fault structures and hosted by arkosic sandstones.

The four prospects are located on the western side of the Browns Range Dome, a Palaeoproterozoic dome formed by a granitic core intruding the Palaeoproterozoic "Browns Range Metamorphics" (arkoses, feldspathic sandstones and schists) and an Archaean orthogneiss and schist unit to the south. 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 the Wolverine, Gambit, Area 5 and Area 5 North prospects in the second half of 2010. This follows rock chip sampling and mapping of airborne uranium radiometric anomalies, which identified the four priority targets.

In early 2011 a high resolution airborne magnetic and radiometric survey was completed over the Browns Range Project area. This high quality data set has indicated further uranium radiometric anomalies which will require on-ground investigation in 2011/12.

Future Work

Diamond drilling is planned to commence at the Wolverine, Gambit, Area 5 and Area 5 North prospects in quarter 4 2011. The diamond core drilling will provide additional information on the structural controls on mineralisation, test the mineralisation at depth and provide high quality samples for further metallurgical test work. In addition the area covered by soil sampling will be extended around the four main drilling targets.

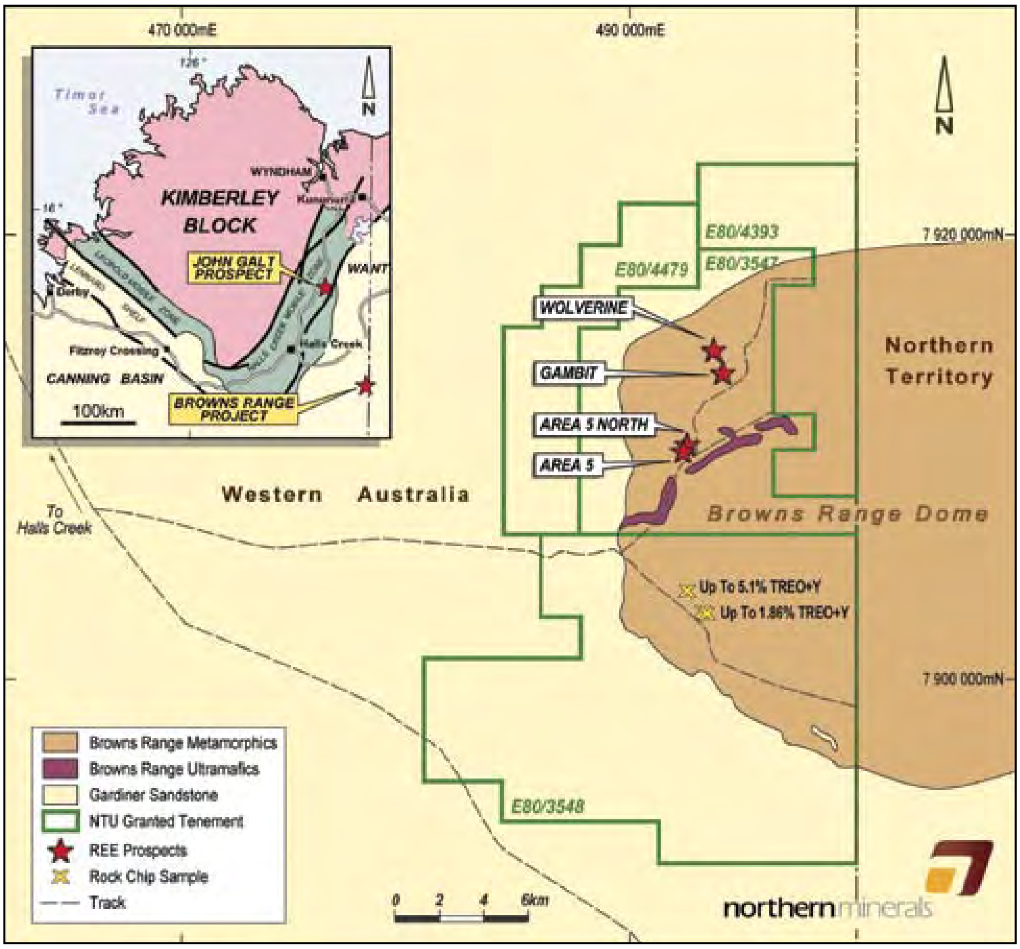
Soil sampling and detailed geological mapping will also be completed over the two recently identified REE prospects in the southern portion of the Browns Range area.

Initial drill testing of these targets and others generated by the soil sampling programs is likely to occur in mid 2012.

Further infill and step-out drilling is also proposed for the Wolverine, Gambit, Area 5 and Area 5 North prospects in 2012. Additional metallurgical testwork will also be on-going at these four prospects.

Systematic wide-spaced shallow drilling of favourable geological structures in areas of transported soil cover will be implemented in 2012 in order to obtain bedrock geochemical data and explore areas where surface soil sampling is ineffective.

Assuming the tenement applications in the NT are granted in 2012, first-pass exploration will commence with airborne geophysical surveys (magnetic, radiometrics and hyperspectral mapping) and follow-up reconnaissance geological mapping and rock chip sampling.



14 review of operations

Wolverine Prospect

The close spaced geochemical sampling at the Wolverine prospect has identified several separate zones which are defined by a 100ppm Total Rare Earth Element (TREE) soil contour. The main zone is coincident with an interpreted west north-west trending fault breccia structure. The high grade rock chips taken from the mineralised-silicified breccia outcrop, which assayed up to 7.94% TREE are located at the western end of this zone.

A total of 33 holes for 3,126 metres (NMBRRC073 - 092, NMBRRC111 - 123) have been drilled at the Wolverine prospect. Holes have targeted the soil geochemical anomaly which extends for approximately 500m. Drilling has been completed on north-south traverses approximately 20m apart over an area approximately 400m in strike length.

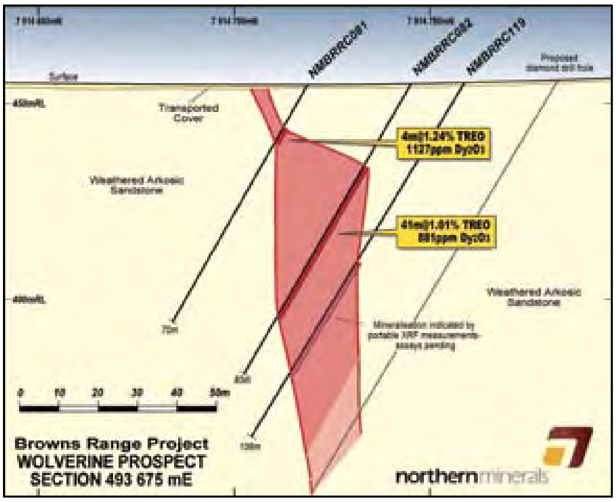
Assay results (holes NMBRRC073 - 092 only) and portable XRF measurements of samples from drillholes at the western end of the geochemical anomaly have indicated significant widths of REE mineralisation over a strike length of approximately 180m. The mineralised zone, which shows continuity between sections, strikes approximately east-west, dips steeply towards the north and is open at depth. On drill section 493675E, which contains the drillhole NMBRRC082 (41m @ 1.01% TREO), the mineralised zone is interpreted to be up to 25m true width. As at the other prospects, mineralisation is hosted by quartz veined, silicified and hematitic arkosic sandstones. Drilling on the eastern end of the geochemical soil anomaly failed to intersect any significant mineralisation.

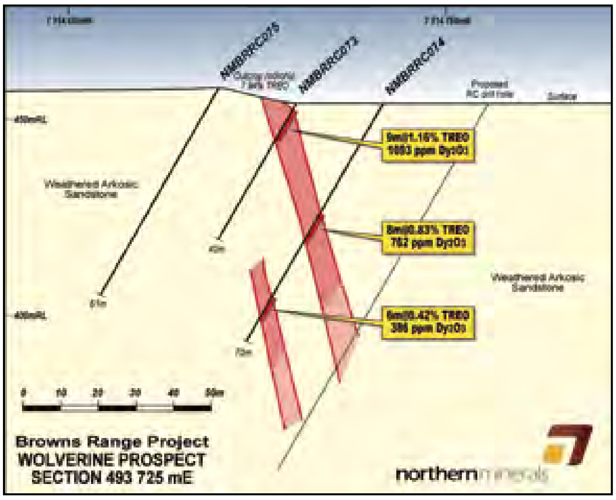
Best assay results from Wolverine to date include:

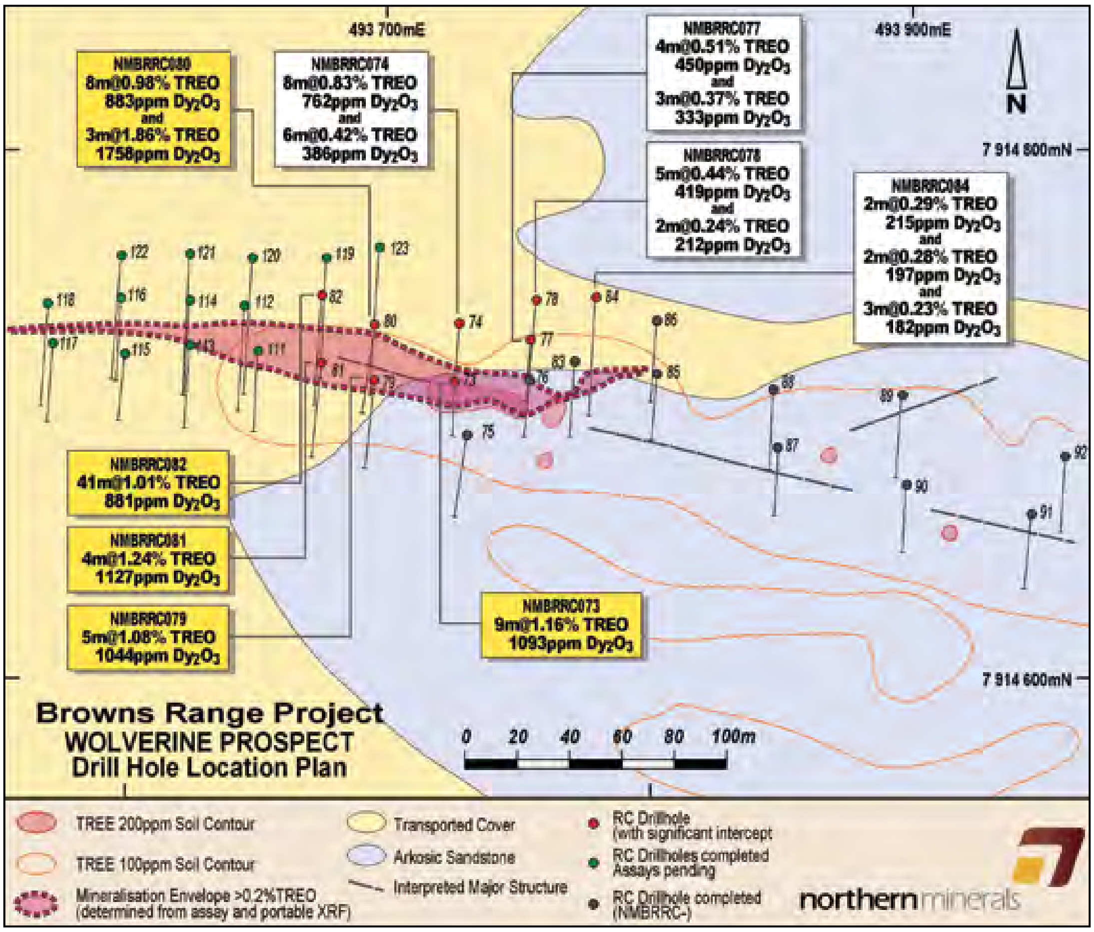
- **NMBRRC082 - 41m @ 1.01% TREO ($881ppm\ Dy_2O_3$) from 24m**
- **NMBRRC073 - 9m @ 1.16% TREO ($1093ppm\ Dy_2O_3$) from 2m**
- **NMBRRC079 - 5m @ 1.08% TREO ($1044ppm\ Dy_2O_3$) from 3m**
- **NMBRRC080 - 8m @ 0.98% TREO ($883ppm\ Dy_2O_3$) from 29m**

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

The Wolverine mineralised zone has been intersected west of the soil geochemical anomaly in an area of transported soil cover, which appears to mask the mineralisation. This has implications for further exploration in the region in that surface soil geochemical sampling may not be an effective exploration method in areas of transported soil cover. Targeting in these areas will be driven by the geological and structural interpretation of aeromagnetic data and systematic drilling of potentially mineralised structures.







493 700mE
493 900mE
N
7 914 800mN
7 914 600mN
NMBRRC080
8m@0.98% TREO
883ppm Dy2O3
and
3m@1.86% TREO
1758ppm Dy2O3
NMBRRC074
8m@0.83% TREO
762ppm Dy2O3
and
6m@0.42% TREO
386ppm Dy2O3
NMBRRC077
4m@0.51% TREO
450ppm Dy2O3
and
3m@0.37% TREO
333ppm Dy2O3
NMBRRC078
5m@0.44% TREO
419ppm Dy2O3
and
2m@0.24% TREO
212ppm Dy2O3
NMBRRC084
2m@0.29% TREO
215ppm Dy2O3
and
2m@0.28% TREO
197ppm Dy2O3
and
3m@0.23% TREO
182ppm Dy2O3
NMBRRC082
41m@1.01% TREO
881ppm Dy2O3
NMBRRC081
4m@1.24% TREO
1127ppm Dy2O3
NMBRRC079
5m@1.08% TREO
1044ppm Dy2O3
NMBRRC073
9m@1.16% TREO
1093ppm Dy2O3
Browns Range Project
WOLVERINE PROSPECT
Drill Hole Location Plan
0 20 40 60 80 100m
TREE 200ppm Soil Contour
TREE 100ppm Soil Contour
Mineralisation Envelope >0.2%TREO (determined from assay and portable XRF)
Transported Cover
Arkosic Sandstone
Interpreted Major Structure
RC Drillhole (with significant intercept)
RC Drillholes completed Assays pending
RC Drillhole completed (NMBRRC-)
northern minerals

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Gambit Prospect

The soil sampling at the Gambit prospect has defined an east-west trending soil anomaly which is defined by the 100ppm TREE soil contour. The 100ppm soil contour follows the general trend of the outcrop at Gambit, but also appears to have some down slope dispersion at the western end of the prospect area. The 100ppm anomaly over the Gambit prospect area is up to 2.2km in length and 400m wide. The 200ppm soil sample results confirm the HREE anomalism identified in the rock chip samples collected at Gambit. The main 200ppm soil anomaly at Gambit is 250m in length and 100m wide and is flanked to the north and south by two smaller irregular shaped anomalies.

A total of 57 holes (NMBRRC034 - 072 & NMBRRC093 - 110) have been completed, with assays received up to hole NMBRRC072. Holes were drilled 20-25m apart on north-south trending sections every 50 metres.

Drillhole fences were directed alternately north and south to intersect an interpreted dominant east-west trending sub-vertical fault structure.

The program was targeted at the peak of an east-west trending soil geochemical anomaly. The drilling completed to date has partly tested an area approximately 600m by 200m in extent, with most of the drilling focused on an area 300m long.

Significant REE mineralisation (>0.2% TREO) has been intersected on all drill traverses across a 600m wide zone. Mineralisation is hosted by quartz-veined, silicified and/or hematitic arkosic sandstone, and appears to be controlled by an east-west trending fault structure(s), 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.

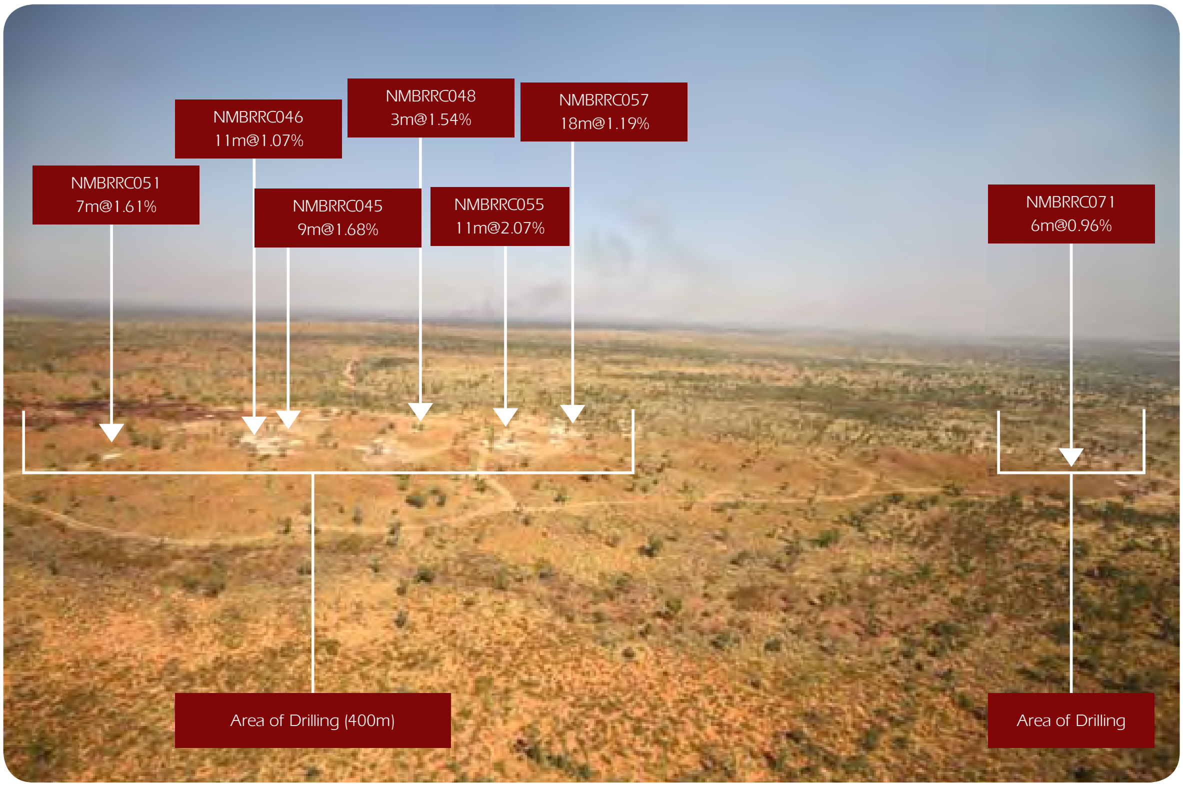


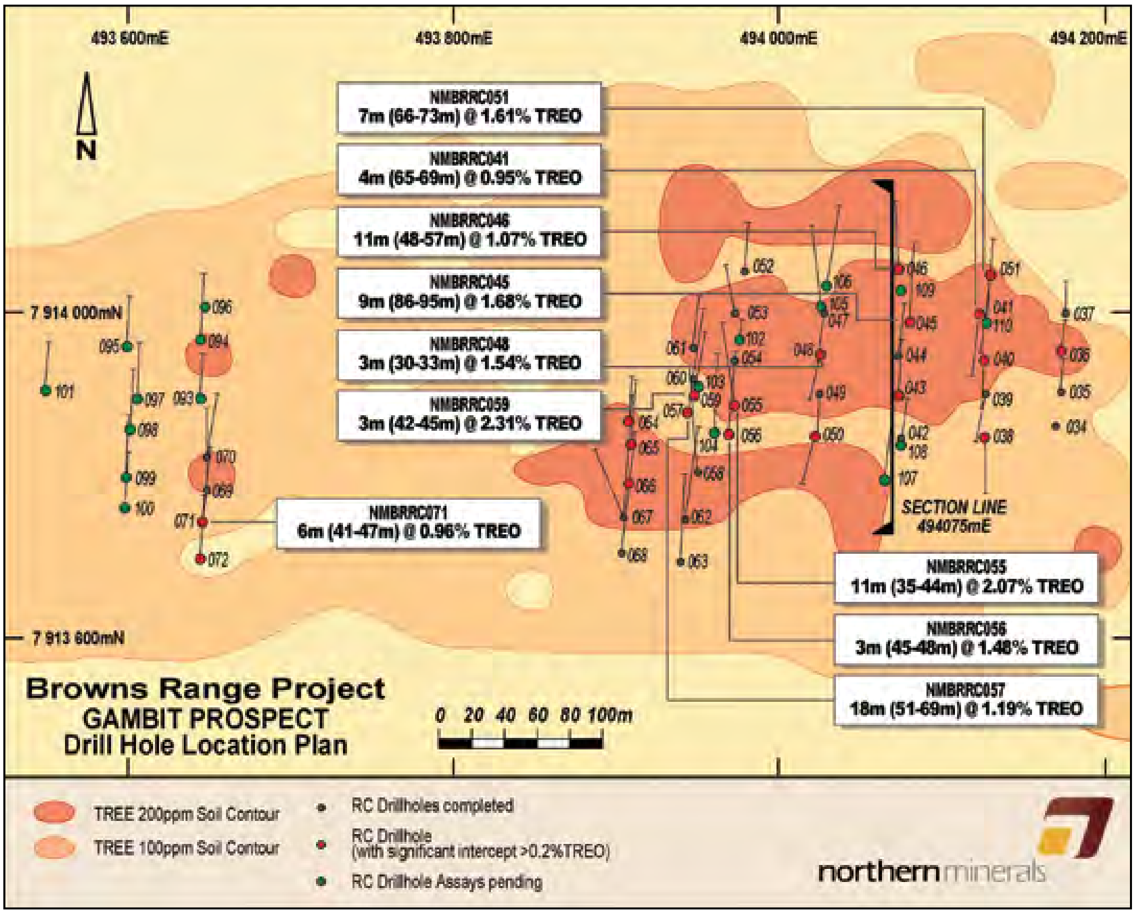
Image looks south

Analysis of the assay results has shown the REE mineralisation to be dominated by heavy rare earths with an average of 83% of TREO being heavy rare earths (above a cut-off of 0.2% TREO).

Best assay results from the Gambit prospect to date include:

- 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
- NMBRRC059 - 3m @ 2.31% TREO ($0.21\%\ Dy_2O_3$) from 42m
- NMBRRC056 - 3m @ 1.48% TREO ($0.13\%\ Dy_2O_3$) from 45m
- NMBRRC048 - 3m @ 1.54% TREO ($0.14\%\ Dy_2O_3$) from 30m

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



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Area 5 and Area 5 North Prospects

Soil sampling at the Area 5 and Area 5 North prospects has defined a large 100ppm TREE geochemical soil anomaly. The 100ppm soil anomaly over the Area 5 and Area 5 North prospects is up to 1.2km in length and 600m wide. The 200ppm soil anomalies at Area 5 and Area 5 North confirm the HREE anomalism identified in the rock chip samples. The highest grade rock chip (BRRK067) was sampled from a mineralised arkose outcrop assaying up to 8.55% TREE.

Drilling at the Area 5 North prospect commenced on 21 June 2011, with a total of 37 holes (NMBRRC001 - 033, NMBRRC124 - 127) completed for a total of 2,531m. The Area 5 North collars are 25 metres apart on sections nominally 35 metres apart. The holes are directed alternately north-east and south-west perpendicular to structures and the interpreted trends of the soil geochemical anomaly.

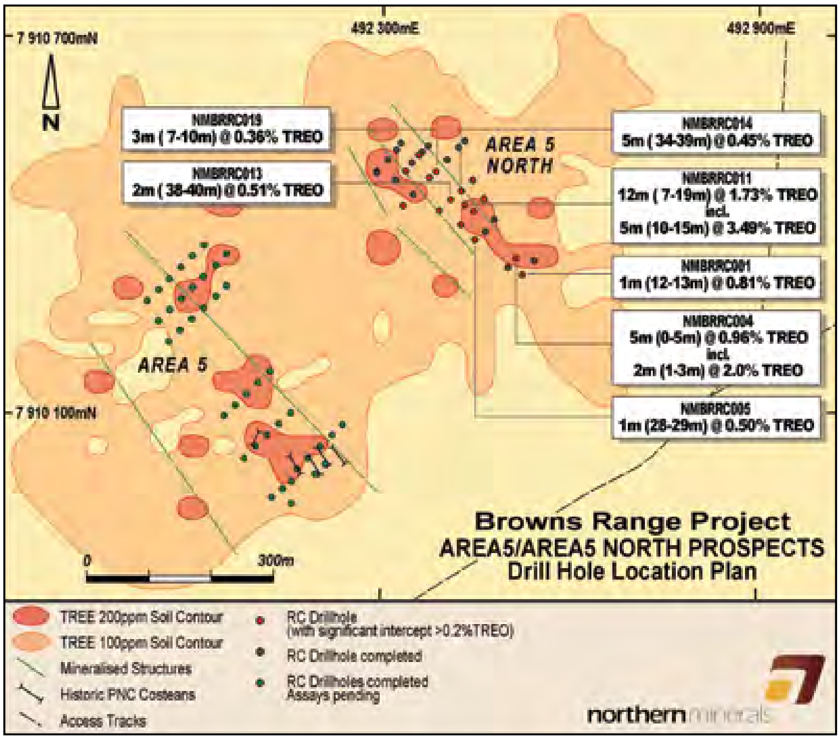
The drilling at the Area 5 North prospect has mostly intersected what is interpreted to be weathered arkose. Intense silica and hematite alteration occurs throughout the drilling area. The rare earth mineralisation is commonly associated with quartz veining and hematitic alteration.

The best assay results from Area 5 to date 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**

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

At the Area 5 prospect, which is located just 800m south-west of Area 5 North, 28 drillholes (NMBRRC128 - 155) have been completed for a total of 1,866m. Significant mineralisation (as indicated by portable XRF yttrium measurements) was intersected in several holes over widths of 5-10m. Assay results for all drilling at Area 5 are currently pending.



review of operations

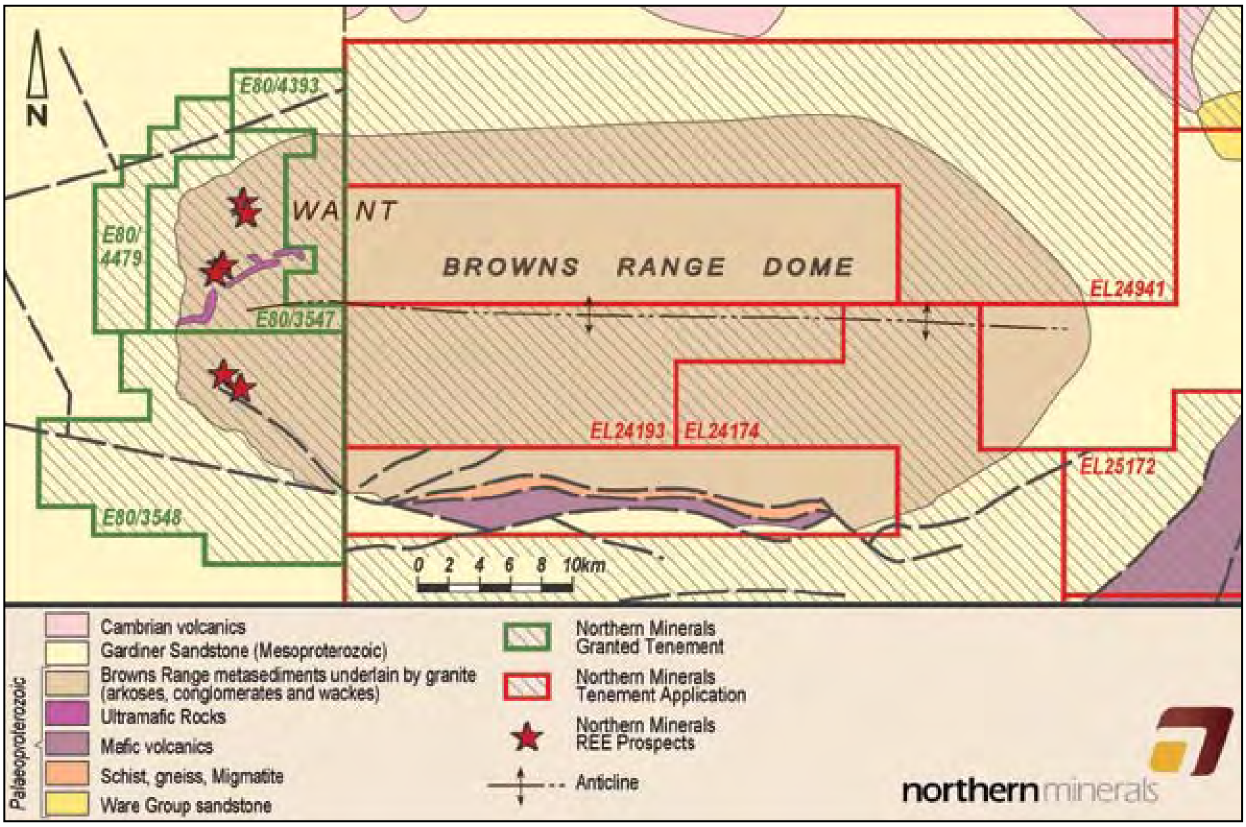
Regional Exploration

Regional Exploration

Reconnaissance rock chip sampling in the southern part of the Browns Range Project area identified two new potential drill target areas located approximately 6km south of Area 5. The discovery of additional rare earth mineralisation in the southern half of the project area highlights the under-explored status of the region, and the potential for further rare earth discoveries within the project area. Samples of quartz veined arkose returned assays up to 5.1% TREO.

The high resolution airborne radiometric survey completed in early 2011 has highlighted several new targets in both the northern and southern portions of the Browns Range Project area, and will require on-ground follow-up in 2011/12.

Tenement applications in the NT in the eastern portion of the Browns Range Dome are expected to be granted in 2012, once access agreements with the Aboriginal traditional owners of the affected land have been negotiated. The Browns Range Dome is considered to be significant in terms of the genesis of the HREE mineralisation discovered by Northern Minerals, and as such, the entire Browns Range Dome area is considered prospective for the discovery of further HREE mineralisation.



review of operations

Metallurgical test work

During 2010/11, metallurgical beneficiation studies were undertaken on surface samples from the Browns Range Project. The studies are being carried out by Nagrom, a metallurgical testing company based in WA that has been in operation for 40 years and has particular expertise in the treatment of rare earth mineral ores.

Three samples (20-30kg) were collected from outcropping mineralisation at the Wolverine, Gambit and Area 5 North Prospects.

The test work completed in 2010/11 focused on a number of samples, which were from the Area 5 North and Gambit prospects. Initial data, part of which is reported below, indicates that the ore is very amenable to flotation beneficiation techniques.

The result obtained from a single flotation test on whole feed is reported in Table 1.

Flotation on WHOLE FEED (p80=160µm)			
PRODUCT	Yield	Y_2O_3	
	%	%	dist.
Rougher Con	32.8%	5.10	89.5%
Rougher Tail	67.2%	0.29	10.5%
Calculated Head	100.0%	1.87	100.0%

Table 1 - Whole Feed Flotation Recovery Summary

The result obtained from a single flotation test on a magnetic pre concentrate is reported in Table 2.

Flotation on WHIMS Mag Pre-concentrate			
PRODUCT	Yield	Y_2O_3	
	%	%	dist.
Rougher Con	60.9%	11.18	93.8%
Rougher Tail	39.1%	1.15	6.2%
Calculated Head	100.0%	7.25	100.0%

Table 2 - WHIMS Mag Pre-con Flotation Summary

The observations represent preliminary findings of an on-going metallurgical study that should deliver a high grade yttrium mineral concentrate for leaching studies.

Following on from the initial study, the focus of the test work was on concentrate grade, recovery and the flowsheet. During this time a number of milestones have been achieved including;

- metallurgical test work has produced a xenotime mineral concentrate of greater than 40% grade
- recoveries of up to 89.5%
- development of a simple flowsheet as presented on the next page which includes crush, grind, magnetic separation and flotation.
- reduction in thorium though to concentrate

What is xenotime?

Xenotime (YPO_4) is a rare earth phosphate mineral rich in yttrium (60 - 65%) and dysprosium (8 - 12%) and is low in radioactivity. It is a proven source of HREE for the past 50 years and has a known history of successful separation.

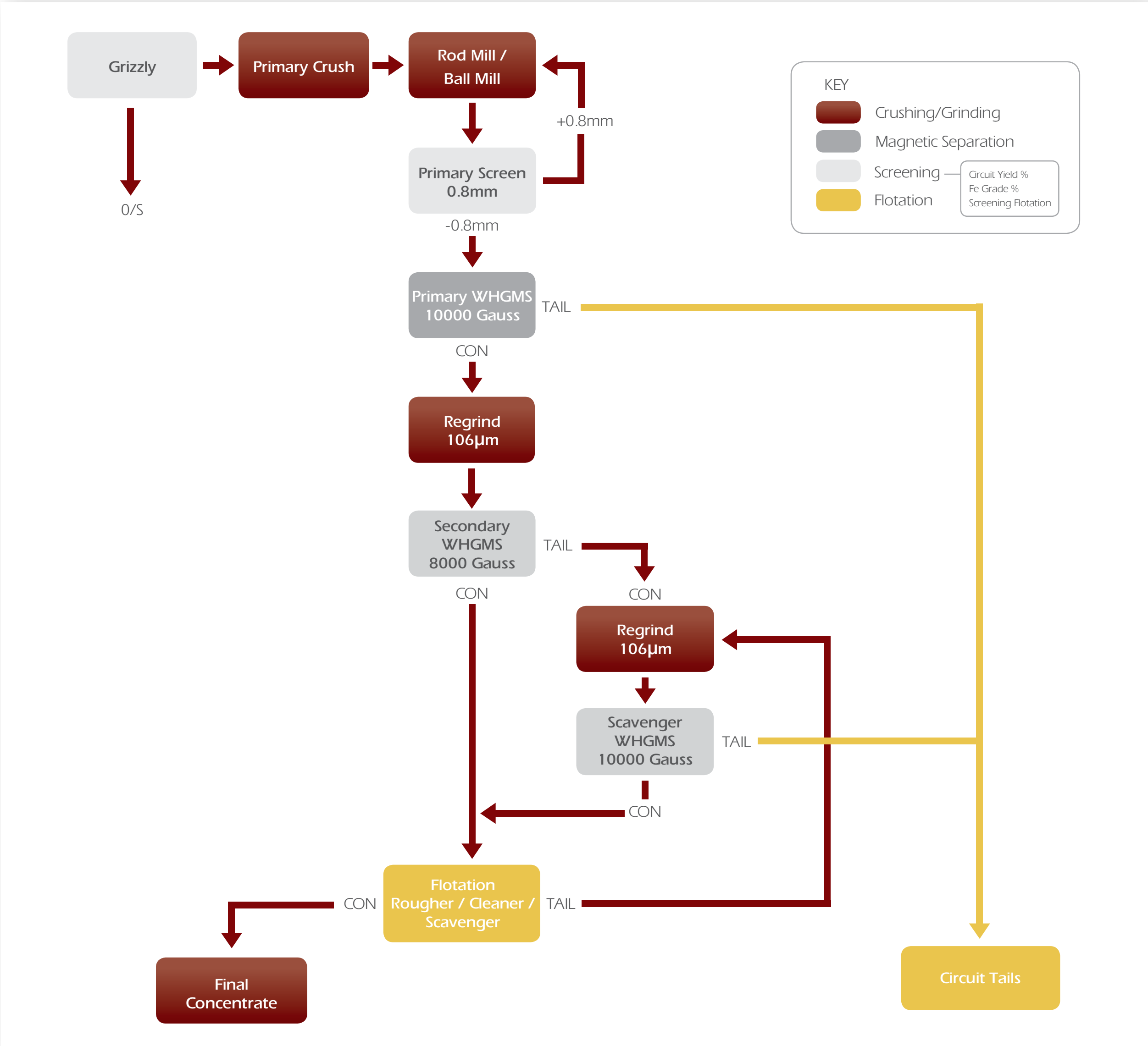
Xenotime is paramagnetic therefore the success with the current flowsheet has been possible through the utilisation of magnetic separation.

Future Metallurgical test work

The next stage of work in 2011/12 will be the collection of approximately three tonne of RC drilling samples from three prospects targeting three different grades. The objective of the test work is to;

- build on the data set of grade recovery and concentrate grade curve
- gather results on in-situ samples
- confirm the flowsheet used to date as shown on the next page and refine where possible
- complete a detailed analysis of the mineral content of both the concentrate and the tailings
- produce sufficient concentrate to enable engagement on the downstream options with potential off take partners
- provide data for use in a desktop study to commence in quarter 4 2011

Nagrom Conceptual Flowsheet



The results of the above program will be used to develop a comprehensive metallurgical test program to be conducted on diamond drill core; a more representative sample. The ultimate goal is to produce samples for selected offtake partners to evaluate.

Following on from the John Galt reconnaissance program planned for quarter 4 2011, the plan is to perform initial metallurgical test work and mineralogy on John Galt rock chips.

Test work as outlined for Browns Range above will be replicated for John Galt including metallurgy on drilling samples in quarter 2/ quarter 3 2012.

review of operations

John Galt Project

(Northern Minerals option to acquire 100%)

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. The dominant ore mineral within the John Galt mineralisation is xenotime as at Browns Range, and the distribution of HREE is also very similar to that at Browns Range.

The John Galt tenement E80/4298 was granted in December 2010 following the signing of a Native Title and Heritage Agreement with the Aboriginal traditional owners and the Kimberley Land Council (KLC).

Option Agreement

An option agreement was signed with the tenement holders, Arnhem Resources Pty Ltd ("Arnhem") in June 2010. Under the terms of the agreement with Arnhem, Northern Minerals has the right for a four year period to acquire 100% interest in the project.

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

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

John Galt Project

The John Galt HREE 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. The Company has collated historical drilling results which confirmed high concentrations of HREE in xenotime mineralisation. The results were from a partial exploration program at the Main Zone in 1973 with nine diamond drillholes for a total of 503m. The results returned intercepts of up to 17.9% TREO, with HREE constituting 94% of TREO of which approximately 67% is yttrium and 9% is dysprosium.

The best historic drilling results include:

- **2.05m @ 5.98% TREO* from 6.50m in DH1,**
- **3.90m @ 6.30% TREO* from 9.10m in DH2,**
- **3.48m @ 3.48% TREO* from 102.60m in DH8 and**
- **9.80m @ 1.58% TREO* from 6.35m in DH9**

**TREO - Total Rare Earth Oxide as calculated by the previous explorer using what was termed the "Yttrium Ratio Method". In the original work on samples of John Galt Main Zone mineralisation it was found that after assaying for a suite of REE a consistent ratio existed between the total rare earth content and the yttrium content. By assaying the yttrium (Y) content of each sample using XRF techniques it is possible to estimate the total rare earth content, based upon that consistent ratio between Y and TREO. It should be noted that it was estimated that the accuracies range from +/- 15% for high concentrations and +/- 20% for low concentrations.*

The historical exploration has provided important insights into the potential for HREE mineralisation within the John Galt Project area. No further drilling or field work has been carried out on the project since the drilling was completed in 1973 and much of the area remains essentially untested. The drilling results are from only one of three mineralised zones, and the next step is to undertake further exploration to define the extent of mineralisation at all three known zones.

Exploration Update

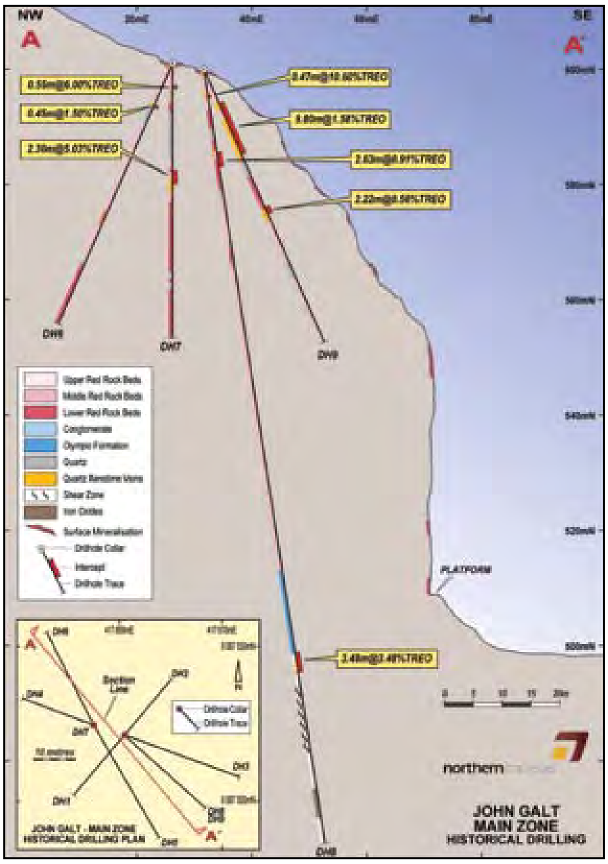
During 2010/11 the Company completed a high resolution airborne magnetics and radiometric survey, as well as reconnaissance geological investigations at John Galt. Extreme wet weather conditions during early 2011 severely impacted the region, and in particular the local community at Warmun, where many of the Aboriginal traditional owners of the land around the John Galt Project are located, and with whom Northern Minerals will meet as part of its Aboriginal heritage surveys. As a result, these meetings were delayed until mid September.

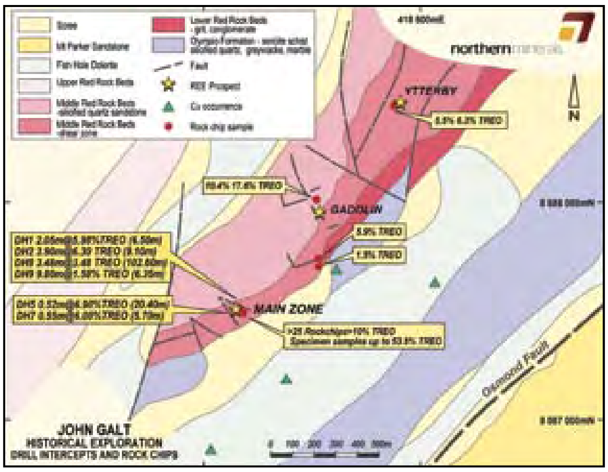
Future Work

Following the completion of Aboriginal heritage surveys, on-ground exploration is set to commence in quarter 4 2011 (subject to weather and the outcome of the heritage survey), with an intensive program of detailed geological mapping, rock chip sampling and soil sampling. This work is aimed at defining drill targets for testing in the first half of 2012. The analysis of the historical data has accelerated this process and further drilling is warranted at the Main Zone.

The presence of xenotime within veins outcropping at the base of the cliff beneath the Main Zone, and the intercept in drillhole DH8 of 3.48m @ 3.48% TREO from 102.60m, indicates the extension of mineralisation to below the cliff/scree contact. Down-dip extensions of the mineralised zone may therefore be tested by relatively shallow drilling from the valley south-east of the Main Zone.

The detailed airborne magnetic and radiometric survey completed in June 2011 covered the entire tenement area and the uranium channel radiometrics have provided indications of new REE targets in addition to confirming the existing known mineralised zones. The interpretation of the detailed magnetic data is underway which will assist in understanding the structural controls on mineralisation.





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Uranium Projects

Gardiner-Tanami Project

(Northern Minerals 100%)

Gardner Range JV

(Northern Minerals 60% Manhattan Corporation 40%)

The Gardiner-Tanami Project covers an area of approximately 9,372km^2 and has been the primary focus for the Company's uranium exploration efforts since 2006.

The Gardner Range JV is contiguous with the Gardiner-Tanami Project and covers an area of approximately 550km^2. In October 2009, Northern Minerals entered into a farm-in agreement with Manhattan Corporation Limited, giving Northern Minerals the exclusive right to earn a majority stake in Manhattan's Gardner Range Project. The project consists of four granted exploration licences which cover The Don prospect, where historic drilling intersected unconformity related uranium mineralisation of 0.44m at 1.5% U_3O_8 and 1.7g/t gold in graphitic shale at a depth of 40m.

Tenement Status

The Gardiner-Tanami Project consists of 15 granted exploration licenses and 20 tenement applications. Tenements on the WA side of the border cover an area of 1,517km^2, while those on the NT side cover 7,855 km^2.

All of the 12 tenements in WA are located wholly or partially within lands on which native title has been determined in favour of the Tjurabalan Native Title Land and Aboriginal Corporation (TNTLAC). During 2010/11 two new tenement applications were submitted, one in the NT and one in WA, and two tenements were surrendered in WA.

In the NT, 19 tenement applications are located on Aboriginal freehold land. Exploration access agreements are currently being negotiated in respect of nine of the tenement applications in order that these tenements can be granted and included in the exploration program for 2012. Further progress has been made during the course of 2010/11 on these negotiations and a successful outcome is expected in 2012.

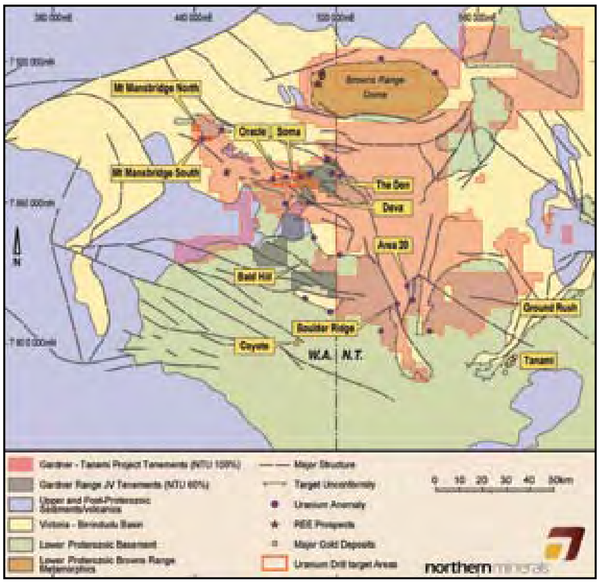
The tenement applications under consideration for access cover an area of 4,844km. Nine of the tenement applications in the NT have been placed in moratorium following refusal of the Aboriginal freehold landowners to consent to the grant of the applications.

Amendment to the Strategic Alliance Agreement - Areva

In December 2010, Northern Minerals announced a number of significant developments to reflect the evolution of the company into a multi-commodity exploration vehicle and to better position it to capitalise on its expanded mineral portfolio. The changes follow the development of its REE portfolio, and the expansion of mineral interests around its flagship Gardiner-Tanami Project.

Northern Minerals has now acquired the pre-emptive rights for all minerals, other than uranium, from its strategic partner Areva, and agreed a number of changes to operational elements of its Strategic Alliance agreement which will enhance the company's ability to aggressively drive value for its shareholders. In consideration for these changes, the Company agreed to make a one-off payment of $500,000.

It has also formed a new alliance arrangement with Areva, through which Northern Minerals will operate all exploration programs in Calendar 2011 and 2012.



Previously, the uranium exploration program at Gardiner-Tanami had been operated by Areva's subsidiary Afmex. From 2011, Northern Minerals will operate the exploration program over all projects, including Gardiner-Tanami and Browns Range. Areva remains a strategic partner in the Gardiner-Tanami Project.

Gardner Range JV Agreement

During the March quarter 2011, the Company successfully earned a 60% interest in the Gardner Range JV with Manhattan Corporation (ASX: MHC), following the completion of recent exploration programs. The Company achieved the earn-in milestone after spending in excess of $1.05 million on exploration on the joint venture area. In accordance with the Joint Venture agreement, Manhattan has elected not to contribute to expenditures and will now be free-carried to completion of a pre-feasibility study and retain a 20% interest.

Target and Geology

Northern Minerals is targeting unconformity-related uranium deposits, which are high grade uranium deposits. Exploration is aimed at discovering sub-surface sites where conductive graphitic sediments and faulting occur at or near the geological unconformity between Middle Mesoproterozoic Gardiner Sandstone and the Lower Palaeoproterozoic Killi Killi Beds (or equivalents). Deposits of the unconformity-related type in the highly productive uranium provinces of Australia's Alligator Rivers region and Canada's Athabasca Basin, are typically associated with graphitic sediments and have distinctive hydrothermal alteration haloes.

Exploration Update

In November 2010, Northern Minerals completed a uranium drilling program at the Gardiner-Tanami Project. The campaign followed a detailed field exploration program completed during the September quarter 2010, which prioritised key drill targets for high grade, unconformity-related uranium deposits.

Drilling was focused on The Don and Soma prospects on tenement E80/3275 with a total of 16 holes for 3,208m being completed.

The Soma drill program delivered encouraging results, with all holes intersecting the Gardiner Sandstone/Killi Killi Beds unconformity. The results from Soma, coupled with the results from 2009 drilling, have confirmed a large target for high grade unconformity-related uranium mineralisation. Northern Minerals has identified a target of 8km strike length, which has had just two drill traverses across its entire extent.

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Uranium Projects

Drilling at The Don has failed to replicate the historic uranium results from this prospect, but the program has returned some significant gold intersections which warrant further follow up in 2011.

Geological mapping at The Don prospect identified outcropping secondary uranium mineralisation (autunite) adjacent to the historical discovery hole BIR-001 and the Don Fault. The drilling program was designed to test the Don Fault system, a VTEM conductor and mineralisation intersected in historical drilling. A total of 12 holes were completed (GR001-GR012) for 2,416m. No significant results were returned with hole GT010 containing the best assay of 1m (80-81m) @ 190ppm U.

The uranium results have downgraded the potential for the discovery of unconformity-related uranium mineralisation at the Don prospect. No further uranium drilling is planned at the Don prospect in the near term.

At the Soma prospect, one fence of four vertical holes was drilled across the interpreted position of a strike extensive and intense VTEM conductor. The drill line was also coincident with a subtle airborne radiometric anomaly (uranium, potassium and thorium all weakly anomalous).

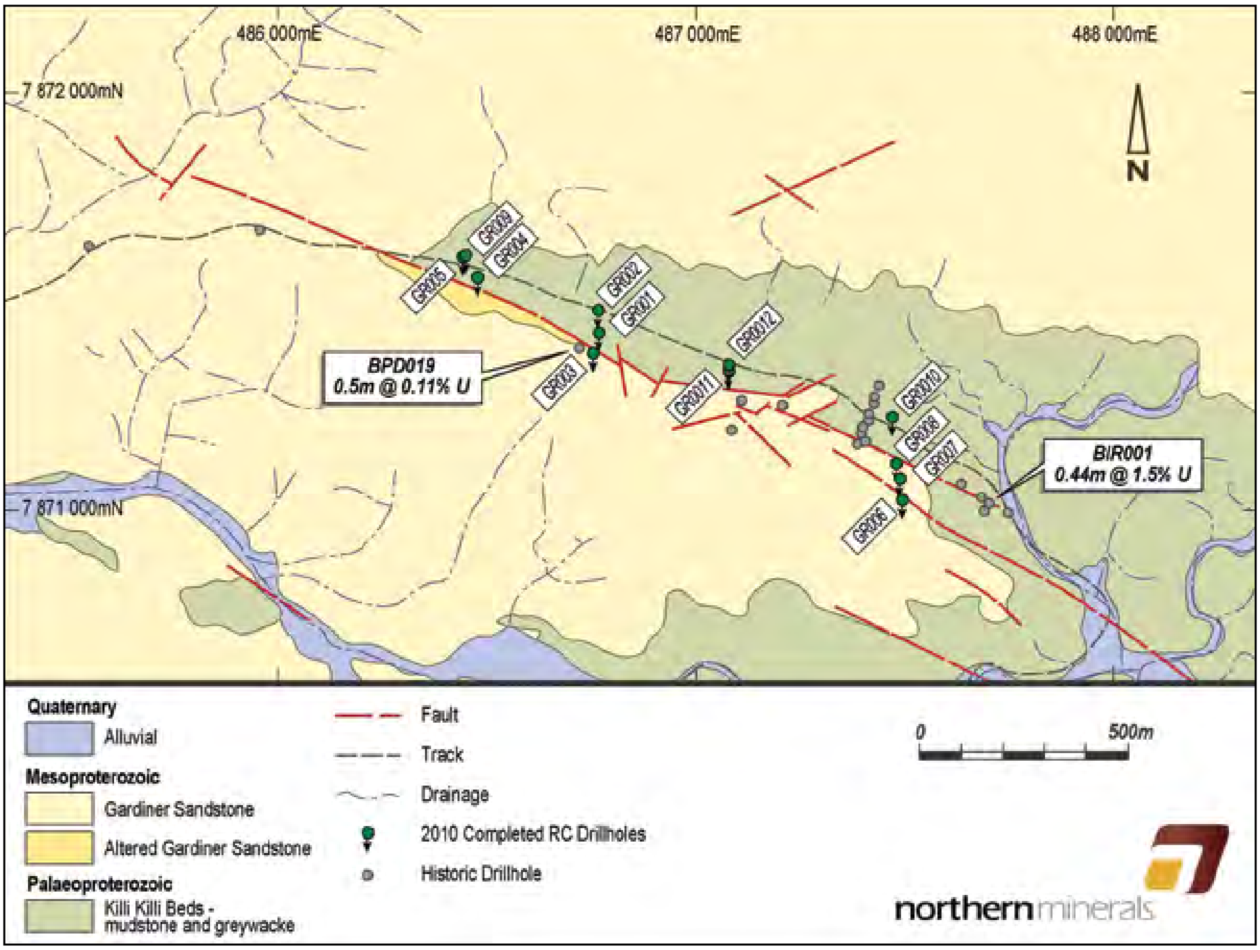
A total of 4 holes (GR013-016) for 792m were completed. Holes were between 186m and 204m deep and all intersected the Gardiner Sandstone/Killi Killi Beds unconformity. Only minor downhole gamma anomalies were encountered in the drillholes at the Soma.

Future Exploration Work

Further RC drilling is proposed for several targets and is expected to be completed by October 2011.

Drilling targeting unconformity-related uranium is planned for the Soma prospect, as well as the untested prospects at Oracle, Mt.Mansbridge North, Mt.Mansbridge South and Deva.

With the expectation of tenements being granted in the NT in 2012, more emphasis will be placed on the largely untested tenement package in the NT. The exploration program on these tenements is likely to be initially dominated by airborne geophysical surveys including VTEM, Magnetics, Radiometrics and Hyperspectral mapping. The geophysical surveys will then be followed up by on-ground reconnaissance geological mapping and sampling.



Kurundi Project - NT

(Northern Minerals 100%)

The Kurundi Project is located approximately 100km south-east of Tennant Creek. Northern Minerals acquired 100% of the uranium rights to the project from Washington Resources Limited ("Washington") (now Ferrum Crescent) in 2006.

The focus of the Company's uranium exploration efforts have been at the historical Munadgee uranium mine.

The historical Munadgee uranium mine is located close to the western boundary of the Kurundi Project and within mineral claim MCC968. In June 2011, the Company signed a new option agreement with the tenement holder of MCC968, whereby Northern Minerals has the right to acquire 95% of the project. Munadgee was a 1950s discovery that produced uranium in the 1960s. According to unofficial records, some 3,000 tonnes of ore at an average grade of 10lbs/ton uranium (approximately 0.5% U_3O_8) were produced.

Future Exploration Work

Due to concerns over the protection of heritage sites by the Aboriginal traditional owners of the land around mineral claim MCC968, no ground-disturbing exploration has been completed on MCC968 since 2008. The Company continues to intend diamond drilling this high-grade uranium target once negotiations with the Aboriginal traditional owners have been successfully concluded. In the coming year, geological mapping and rock chip sampling will be completed over an area to the south of Munadgee, on the tenement EL23937, where additional uranium targets have been identified.

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Gold Project

Gardiner-Tanami Project

(Northern Minerals 100%)

Gardner Range JV

(Northern Minerals 60% Manhattan Corporation 40%)

Historical exploration conducted by BHP in the 1980s discovered the "Venus" gold anomaly, which is 2-3 km to the south-east of The Don Prospect.

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.

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.

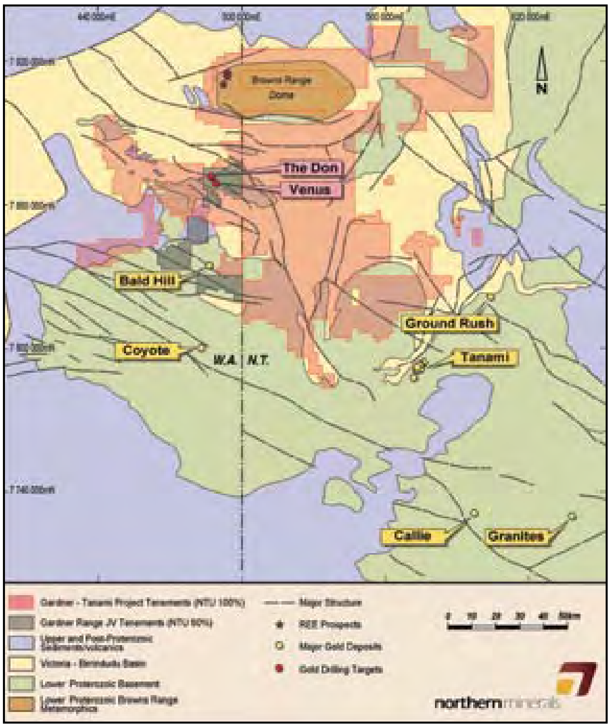
The region's largest gold deposit (Callie > 5million ounces) was a 7ppb Au anomaly at surface, which extends from 100m depth downwards, yet the region has had little in the way of deeper drilling (+100m). The lithologies that host these major deposits (and Coyote, >500,000 ounces) are similar in age to the Killi Killi Beds found at The Don-Venus area and elsewhere within the Gardiner-Tanami/Gardner Range JV Project.

Much of the Gardiner-Tanami/Gardner Range JV 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 could be economic.

In addition, several regional-scale west north-west 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.

A significant gold exploration program has been proposed for 2011, which will be focused on The Don-Venus prospect areas (E80/3275) but will also include a more regional assessment of the gold potential within the project area including a detailed historical data compilation.



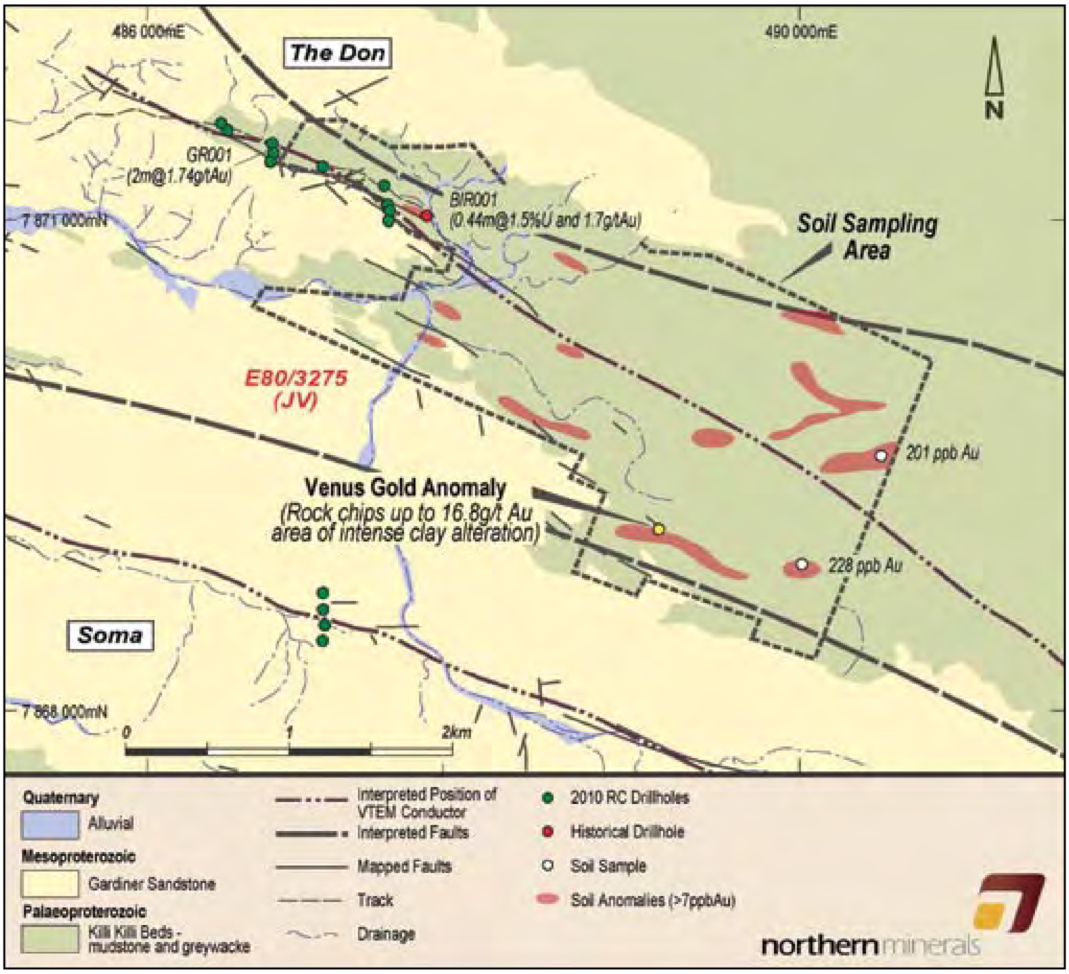
Exploration Update

During the uranium drilling program in November 2011 at the Don prospect, visible gold was identified in drillhole GR001 over a two metre interval from within the Killi Killi Beds. As a result, all intervals within the Killi Killi Beds were assayed for gold. The most encouraging results have come from GR001 with 2m (36-38m) @1.74ppm Au, which occurs within an anomalous zone of 4m (36-40m) @ 0.95ppm Au.

This mineralisation is in proximity to the interpreted position of The Don fault system, which can be traced from the historical drillhole BIR001(reported as 0.44m @ 1.7ppm Au) to the west north-west for 1.5km. The 2010 RC Drill traverses are over 300m apart, thus follow-up drilling will be required in 2011 to test the area around GR001 and specifically targeting The Don Fault.

In 2011, soil geochemical results from samples taken near The Don and Venus prospects at the Gardner Range JV have returned highly encouraging results. An area of approximately 4km by 1.3km, to the south-east of the Don prospect, was soil sampled on a 200m x 50m grid.

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.



30 review of operations
Other Projects

Phosphate Projects

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 ten licenses (EL27027, EL26818, EL26775, EL26776, EL27085, ELA27555, EL27554, EL27636, ELA27635 and EL27382) which cover an aggregate area of 5,756km^2. The Epenarra phosphate project is within close proximity and shares the same geological setting as the Wonarah deposit, which is Australia's largest undeveloped phosphate resource.

During 2010/11 exploration work was limited to reconnaissance geological mapping of the project area.

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 six granted licenses (EL26920, EL27016, EL27017, EL27018, EL27019 and EL27020) and two tenement applications (ELA28530 & ELA28531) which cover an aggregate area of 1,445km^2 and are situated approximately 60km east of Alice Springs in the Northern Territory.

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.

Work on the project during 2010/11 was confined to reconnaissance geological mapping, and rock chip sampling.

Base Metals & Nickel

Wallal Project - WA

(Northern Minerals 100%)

Northern Minerals has one granted exploration licence at the Wallal Project, which covers approximately 57km^2 located 140km east of Port Hedland. The project area is at the south-western margin of the Canning Sedimentary Basin. During 2010/11 two tenements in the Wallal Project (E45/2782 and 2783) were relinquished as part of a tenement rationalisation strategy.

Exploration Update

In late 2010 a ground-based Moving Loop Electromagnetic (MLEM) survey was completed on E45/2815 over part of a basement conductor identified by an Airborne EM (AEM) survey in 2007. The MLEM survey has validated responses from the AEM survey data, indicating either a flat-lying conductor or a thick, moderately conductive body of limited depth extent. Modelling and inversions have indicated that the source depth is within 100m to 200m of the surface.

Although the conductor is obscured by Mesozoic-aged Canning Basin sediments, this area has some base metal and manganese potential, with analysis of regional data highlighting the number of manganese deposits in the region.

A short RC drilling program (4-6 holes for 800m) is proposed to test the AEM/MLEM conductor in late 2011.

Yarawindah Project - Nickel

(Northern Minerals 100%)

The Yarawindah Project was acquired from Ferrum Crescent ("Ferrum") in October 2010 as part of the agreement to acquire Ferrum's Australian landholdings. The project is located 135km north north-east 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.

Browns Range Project - Nickel

(Northern Minerals - 100%)

During the 2010 REE exploration program at Browns Range, the nickel sulphide potential of the area was highlighted. An assessment of historical exploration data indicated that the drilling carried out by PNC Exploration in the 1980s over magnetic highs, intersected several ultramafic intrusions in the project area. In a region with non-magnetic or weakly magnetic sedimentary units, it is likely that all the magnetic highs within the Browns Range area are related to mafic-ultramafic intrusions.

Despite field checking of most of the magnetic anomalies within Browns Range tenements no outcrops of ultramafics were found as sand cover is widespread away from the hills and many anomalies are covered by arkoses. PNC drilling showed that ultramafics are present a few metres below the surface and correlate well with magnetic highs. Preliminary interpretation of the VTEM data has identified several interesting anomalies which are associated with magnetic highs. As the geology is poorly known, it is possible that some of the conductors are related to graphite occurrences rather than sulphides, but most of these anomalies require further investigation.

Shallow RAB/Aircore drilling of the coincident VTEM anomalies and magnetic highs will be carried out in 2011/12 to assess the potential for nickel sulphide mineralisation.

Kurundi Project - Tungsten

(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 metres away from the historical workings and novel 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.

32 safety, environment, people, community

Safety

Northern Minerals is committed to the well-being of its employees, contractors and the communities in which it operates. The goal is to have an injury-free work place for all employees and contractors. During 2010/11, the Company is pleased to report it achieved this with no lost time injuries recorded.

To maintain its high safety performance, the Company has implemented a thorough training and induction program for both employees and contractors. All employees are trained in radiation management to ensure best practice in the safe management of exploration activities involving radioactive material at both the Gardiner-Tanami Project and the Browns Range Project. Northern Minerals also ensures that employees on site have adequate first aid training.

Environment

Northern Minerals ensures all operational activities are compliant with all statutory regulations and licence conditions. Its exploration activities are managed within an Environmental Management Plan (EMP) which is developed for each project. During late 2010/11, the Company engaged an independent environmental consultant to review existing practices and undertake site audits to ensure it is adhering to the policies and procedures set out in the EMP.

People

People are the Company's number one asset, and during the year it has significantly expanded its operational team in line with the increase in exploration activities and the success to date. To support its growth, the Company is focussed on providing a working environment with a positive culture, which provides opportunities to employees to learn, develop and enjoy their work life.

Northern Minerals also recognises the importance of having a work environment that encourages high performance, both at a team and individual level. The Company has developed a structured performance review process which is closely aligned with the business plan. This review process measures performance against established key performance indicators, which captures both Company and individual performance, and is supported by a program which recognises and rewards high performance.

In 2010/11, the Company's employees and contractors have made outstanding contributions at all levels, and this has been reflected in the overall achievements of the Company as outlined in this annual report.

Community

Northern Minerals has established strong relationships with the local communities within close proximity to its exploration sites. The Company is focussed on employing local community members as part of is exploration operations wherever possible. In 2010/11, it employed three field assistants from the local community at the Browns Range and Gardiner-Tanami projects. This process allows the local community to be directly involved in the project, and provides a better local understanding of Northern Minerals exploration program and strategy.

The Company is committed to ensuring local communities are kept well informed and participate in the development of its projects. Northern Minerals has an ongoing community engagement program in place which will continue to be expanded as its exploration activities increase.

33 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 (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.

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 (formerly Western Metals) 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 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.

Colin James McCavana - Non-executive Director (appointed on 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.

Adrian Christopher Griffin - Non-executive Director (appointed on 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.

Competent Persons Statement

Information that relates to exploration results has been compiled by the Company and is based on information provided by Robin Wilson, a employee of Northern Minerals who is a member of the Australasian Institute of Mining and Metallurgy. All information of this type is expressed in terms of the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Robin Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 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.

northern minerals limited

(formerly Northern Uranium Limited)

ABN 61 119 966 353

annual financial statements 2011

northern minerals

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2011.

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. During the past three years Mr Schultz has also served as a director of the following listed company:

- Polaris Metals NL. (Managing Director May 2003 – November 2008)

George Bauk – ***Managing Director (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 audit 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)
- Hodges Resources Limited (Director August 2005 – December 2008)
- Reedy Lagoon Corporation Limited (Director since May 2007 – November 2009)
- Washington Resources Limited (Director September 2004 – December 2008)
- 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 audit committee. During the past three years Mr McCavana has also served as a director of the following listed companies:

- Haddington Resources Limited (Director September 1999 – December 2008)
- Reward Minerals Limited (Director February 2010 – Present)

DIRECTORS' REPORT

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.

Mr. Kingsnorth has also been involved at a Board and management level with a number of ASX-listed resource exploration and development companies and during the past three years has also served as a director of the following listed company: Amex Resources (Director April 2007 – Present)

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 7 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	15	16	n/a	n/a	n/a	n/a
George Bauk	16	16	n/a	n/a	n/a	n/a
Adrian Griffin	15	16	2	2	1	1
Colin McCavana	16	16	2	2	1	1
Dudley Kingsnorth	1	1	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	Listed 31/3/12 $0.15 Options	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	582,500	117,500	235,000	600,000	-	-	250,000
George Bauk	1,208,419	-	681,819	-	4,000,000	-	1,000,000
Adrian Griffin	2,356,829	350,500	-	500,000	-	-	200,000
Colin McCavana	2,556,250	143,750	-	500,000	-	-	200,000
Dudley Kingsnorth	50,000	-	-	-		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.

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DIRECTORS' REPORT

REVIEW OF OPERATIONS

During the year, the Company continued to advance its various exploration projects:-

Rare Earths

- Excellent results were obtained from metallurgical test work on Browns Range – 89.5% recovery in single flotation test;
- Soil sampling confirmed significant drill ready targets at Browns Range and a 10,000m HREE (heavy rare earth elements) drilling program commenced in June 2011. Subsequent to year end assay results were received from the first 11 holes at Area 5 North, confirming significant HREE mineralization;
- Significant expansion to NT landholding, with further rare earths potential;
- Expansion of REE team with appointment of REE expert Dudley Kingsnorth as a Director of the Company in April 2011;
- The John Galt REE Project tenement was granted and a historical drilling data study confirms high concentrations of Heavy Rare Earth Elements (HREE);
- Metallurgy supports potential to produce concentrate grades of greater than 40% Total Rare Earth Oxide (TREO), with simple flow sheet; and
- Significant exploration program underway for second half 2011, with drilling planned for Q1/Q2 2012.

Uranium

- Completed 3,000m drill program at Gardner Range JV project, with encouraging results from the Soma prospect;
- The Company became the operator of the Gardiner-Tanami Project in 2011/12, thereby increasing control of exploration activities;
- Successfully earned a 60% interest in the Gardner Range Joint Venture after meeting the $1 million exploration commitment;
- Priority targets for high grade unconformity-related uranium identified at Gardner Range JV and Gardiner-Tanami Project; and
- Drilling program to commence in Q3 2011 at Soma, Mt.Mansbridge and Deva.

Gold

- There were encouraging gold hits from drilling at the Gardiner-Tanami Project, which lies within renowned Tanami gold province and work in this area is ongoing.

Corporate

- Expanded mineral rights with acquisition of pre-emptive rights for all minerals other than uranium from strategic partner Areva;
- Company changed name to Northern Minerals Limited on 2 February 2011, to reflect growing suite of mineral assets and diversification of Company;
- Completed a rights issue in October 2010, raising $7.439 million before costs;
- Various options and share plan shares were converted, raising $4.265 million

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DIRECTORS' REPORT

OPERATING RESULTS FOR THE YEAR

The net loss for the year ended 30 June 2011 was $6,331,499 (2010: $4,423,177).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In October 2010 the Company completed a rights issue at $0.16 raising $7.439 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 were outstanding:

	Number of options	Exercise price $	Expiry date
Listed options	8,593,433	0.20	30-September-2012
Listed options	12,442,601	0.15	31-March-2012
Unlisted options	2,500,000	0.108	Between 1 March and 16 June 2013
Unlisted options	1,900,000	0.3	Between 1 March and 16 June 2013
Unlisted options	3,000,000	0.5	01-March-2013
Unlisted options	800,000	Between 0.50 and 0.80	Between 31 December and 1 March 2014
Total	29,236,034		

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 $
5,813,298	0.20
16,397,972	0.15
500,000	0.55
500,000	0.25

No options lapsed during the year.

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.

DIRECTORS' REPORT

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 calibre, 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, shareholders approved and authorised the issue of options 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 25 July 2006 when shareholders approved an aggregate remuneration of $200,000 per year. Annual Non-executive Chairman and Non-executive directors' base fees are presently $54,500 and $45,780 respectively, inclusive of superannuation. At the 2011 annual general meeting a resolution will be put to shareholders to increase the non-executive directors fees to an aggregate remuneration of $350,000, which is commensurate with the current growth of the Company.

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.

Mr. Schultz was employed part time as Executive Chairman on a pro-rata Salary Package of $172,800 including superannuation. This role reverted to being non executive Chairman in April 2010.

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 $272,500 pa (increased to $350,000 pa effective from 1 July 2011)
- 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 continues until 30 November 2012.

The main terms of the Consultancy Agreement with IMCOA are as follows:

- 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.
- The Company is entitled to terminate the agreement anytime on payment of $15,000.
- IMCOA can terminate the Agreement at any time by providing no less than 6 months notice.

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

DIRECTORS' REPORT

5. 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	-	-	**61,529**	0.00%
George Bauk[1]	292,096	1,703	26,100	-	-	**319,899**	0.00%
Adrian Griffin	42,000	1,703	3,780	-	-	**47,483**	0.00%
Colin McCavana	35,000	1,703	10,780	-	-	**47,483**	0.00%
Dudley Kingsnorth[2]	37,682	388	-	-	-	**38,070**	0.00%
Specified Executives:							
Robin Wilson	186,203	6,620	16,920	9,665	10,272	**229,680**	4.47%
Simon Storm[3]	105,450	1,703	-	-	5,139	**112,292**	4.58%
TOTAL	**748,431**	**20,849**	**62,080**	**9,665**	**15,411**	**856,436**	**1.80%**

Note 1 - Includes a bonus of $40,000 plus superannuation 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

Details of Remuneration for the Year Ended 30 June 2010

	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	79,128	5,808	50,000	-	7,560	**142,496**	5.31%
George Bauk	90,320	423	7,500	-	38,500	**136,743**	28.16%
Adrian Griffin	38,500	1,285	3,465	-	6,300	**49,550**	12.71%
Colin McCavana[1]	62,188	1,285	3,465	-	6,300	**73,238**	8.60%
Robert Hair[2]	59,323	1,187	3,179	-	-	**63,689**	0.00%
Philippe Portella	-	1,063	-	-	-	**1,063**	0.00%
Specified Executives:							
Robin Wilson	172,016	18,854	15,048	4,400	22,820	**233,138**	9.79%
Simon Storm[3]	28,351	299	-	-	10,080	**38,730**	26.03%
Ingrid Laudzevics[4]	36,900	722	-	-	-	**37,622**	
TOTAL	**566,726**	**30,926**	**82,657**	**4,400**	**91,560**	**776,269**	**11.79%**

Note 1 - Includes fees paid to Bell Bay Investments Pty Ltd for consulting services

Note 2 - Includes fees paid to Camcove Pty Ltd for company secretarial services and other consulting

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

Note 4 - Fees paid to Western Ventures Consulting Pty Ltd for company secretarial services

There were no cash bonuses or termination benefits paid during the year or payable as at 30 June 2010.

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

6.1 Options

30 June 2011

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

The options issued to Mr Kingsnorth were issued prior to him becoming a director on 8 April 2011.

30 June 2010

	Value of Options Granted During the Year	Value of Options Exercised During the	Value of Options Lapsed During the Year	Remuneration Consisting of Options for the Year
	$	$	$	%
Directors:				
Kevin Schultz	7,560	-	-	4.9%
George Bauk	14,700	-	-	10.8%
Adrian Griffin	6,300	-	-	12.7%
Colin McCavana	6,300	-	-	8.6%
Robert Hair	-	-	-	-
Philippe Portella	-	-	-	-
Specified Executives		-	-	
Robin Wilson	13,300	-	-	5.7%
Simon Storm	5,320	-	-	13.7%
Ingrid Laudzevics	-	-	-	-

6.2 Share Plan Shares

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%

The shares issued to Mr Kingsnorth were issued prior to him becoming a director on 8 April 2011.

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

30 June 2010

	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	23,800	-	-	17.4%
Adrian Griffin	-	-	-	-
Colin McCavana	-	-	-	-
Robert Hair	-	-	(15,136)	-
Philippe Portella	-	-	-	-
Specified Executives		-	-	-
Robin Wilson	9,520	-	-	4.1%
Simon Storm	4,760	-	-	12.3%
Ingrid Laudzevics	-	-	-	-

6.3 Compensation Options and Shares for the Year Ended 30 June

Options - 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	-	-	-	-	-	-	-

The options issued to Mr Kingsnorth were issued prior to him becoming a director on 8 April 2011.

Options - 30 June 2010

	Grant Date	Number Granted	Number Vested	Value at Grant Date	Exercise Price	Expiry Date	Date Vested & Exercisable
Directors:							
Kevin Schultz	-	-	600,000	1.26 cents	10.8 cents	01-Mar-13	Note 3
George Bauk	-	-	2,000,000	0.3675 cents	Note 1	01-Mar-13	Note 1
Adrian Griffin	-	-	500,000	1.26 cents	10.8 cents	01-Mar-13	Note 3
Colin McCavana	-	-	500,000	1.26 cents	10.8 cents	01-Mar-13	Note 3
Dudley Kingsnorth	-	-	-	-	-	-	-
Specified Executives							
Robin Wilson	-	-	1,000,000	1.33 cents	Note 2	16-Jun-13	Note 2
Simon Storm	-	-	400,000	1.33 cents	Note 2	16-Jun-13	Note 2

Note 1

(i) Exercise price 30 cents. 1 million vesting in 12 months (from 2 March 2010) or the first date on which the VWAP of the Company's ordinary shares on any day is equal to, or more than 40 cents, whichever first. 18. An option holder can exercise the Options should there be a change in control.

(ii) Exercise price 50 cents. 1 million vesting in 24 months (from 2 March 2010) or the first date on which the VWAP of the Company's ordinary shares on any day is equal to, or more than 65 cents, whichever first. An option holder can exercise the Options should there be a change in control.

(iii) Exercise price 50 cents. 2 million 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. An option holder can exercise the Options should there be a change in control.

Note 2

(i) Half with an exercise price of 10.8 cents with the balance with an exercise price of 30 cents. Half vesting in 12 months from date of issue on 16 June 2010, with balance vesting after 24 months from date of issue. An option holder can exercise the Options should there be a change in control.

Note 3

(i) Vesting in 12 months from date of issue on 16 June 2010. An option holder can exercise the Options should there be a change in control.

DIRECTORS' REPORT

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

The shares issued to Mr Kingsnorth were issued prior to him becoming a director on 8 April 2011.

Share Plan Shares – 30 June 2010

	Date of Issue	Number of Shares	Number Vested	Value Grant Date
Directors:				
Kevin Schultz	-	-	-	-
George Bauk	16-Jun-10	1,000,000	1,000,000	23,800
Adrian Griffin	-	-	-	-
Colin McCavana	-	-	-	-
Robert Hair	-	-	-	-
Philippe Portella	-	-	-	-
Specified Executives			-	
Robin Wilson	16-Jun-10	400,000	-	9,520
Simon Storm	16-Jun-10	200,000	-	4,760
Ingrid Laudzevics	-	-	-	-

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 2011.

NON-AUDIT SERVICES

There were no Non-Audit services carried out in the year ended 30 June 2011.

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

At the time of signing this report, 277,999 options, 128,250 options and 50,000 options with exercise prices of 15 cents, 20 cents and 11 cents respectively had been converted and allotted and $72,750 has been deposited in the company's bank account.

In addition, 30,950 shares were issued on 19 July 2011 at 81.7 cents in consideration of extending the option period for the Company to the extend the option to acquire a 95% interest in Mineral Claim 968 in the Northern Territory to 6 June 2013.

No 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
22 August 2011

CORPORATE GOVERNANCE

INTRODUCTION

Northern Minerals Limited ("**Northern Minerals**" or **"the Company")** has in place corporate governance practices which are formally embodied in corporate governance policies and codes adopted by the Board ('**the Policies'**). The aim of the Policies is to ensure that the Company is effectively directed and managed, that risks are identified, monitored and assessed, and that appropriate disclosures are made.

This statement outlines the Company's main corporate governance practices during the year ended 30 June 2011. In preparing the Policies, the Directors considered the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**"ASX Principles"**). The Directors incorporated the ASX Principles into the Policies to the extent that the Principles were appropriate, taking into account the Company's size, the structure of the Board, resources and its proposed activities. Your Directors are pleased to advise that substantial compliance with the recommendations has been achieved and exceptions to the recommendations are noted in this statement.

The Board has adopted the following Policies and additional information is set out on the Company's website at www.northernminerals.com.au:

- Corporate Governance Statement
- Code of Conduct
- Board Charter
- Risk Management Policy and Internal Compliance Control System
- Audit and Compliance Committee Charter
- Remuneration Policy
- Shareholder Communication Policy
- Continuous Disclosure Policy
- Company Share Trading Policy
- Safety Policy
- Environmental Policy
- Privacy Statement

BOARD COMPOSITION

The Board is comprised of a majority of non-executive Directors with 4 non-executive Directors and one executive Director. The Directors in office at the date of this statement are:

- Kevin Schultz (Non-executive Chairman)
- George Bauk (Managing Director)
- Adrian Griffin (Non-executive Director)
- Colin McCavana (Non-executive Director)
- Dudley Kingsnorth (Non-executive Director)

A profile of each Director including their experience and expertise is set out in the Directors' Report section of the Annual Report.

The Board (subject to members' voting rights in general meeting) is responsible for selection of new Board members and succession planning and has regard to a candidate's experience and competence in areas such as mining, exploration, geology, finance and administration. The Company maintains a mix of Directors on the Board from different business backgrounds with complementary skills and experience. The wide commercial experience of its Board members assists the Company in meeting its corporate objectives and plans.

Under the Company's constitution, the maximum number of directors on the Board is currently set at nine and at the Annual General Meeting each year one third of the directors in office retire by rotation for re-election by the shareholders.

CORPORATE GOVERNANCE STATEMENT (continued)

DIRECTOR INDEPENDENCE

In considering independence of Directors, the Board refers to the criteria for independence as recommended by the ASX Principle 2 and other facts, information and circumstances that it considers material.

The Directors of Northern Minerals are expected to bring their independent views and judgment to the Board's deliberations. The Board includes a majority of non-executive Directors.

ROLE OF THE BOARD

The Board of Northern Minerals considers that the essential responsibility of the Directors is to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value in accordance with applicable laws and appropriate standards of behaviour for good corporate citizens.

The key responsibilities of the Board are to:

- Appoint, and review the performance of, the Chairman and management;
- develop and approve, with management, strategy, planning, exploration programs and major capital expenditure;
- arrange for effective budgeting and financial supervision;
- ensure that appropriate audit arrangements are in place;
- ensure that the effective and appropriate reporting systems in place, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately; and
- report to shareholders.

The Board must convene regular meetings with such frequency as is sufficient to consider the business of Northern Minerals, its financial performance and other operational issues (at least six times a year).

PERFORMANCE ASSESSMENT

The Board of Northern Minerals must review its performance and composition on at least an annual basis, to ensure that it has the appropriate mix of expertise and experience taking into account the size and nature of the Company's activities. The Chairman meets privately with each Director to discuss individual and collective performance of Directors.

FINANCIAL REPORTING

In accordance with the requirements of section 295A of the *Corporations Act 2001,* the Managing Director/CEO and CFO have declared to the Board that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards. The Board receives monthly reports from management on the financial and operational performance of the Company.

NOMINATION COMMITTEE

The full Board carries out the functions of the Nomination Committee. The Board did not meet formally as the Nomination Committee during the financial year; however, any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board.

AUDIT COMMITTEE

The Board of Northern Minerals has established an Audit and Compliance Committee (**"Audit Committee"**), which monitors control policies and procedures designed to safeguard the Company's assets and maintain the integrity of its financial reporting.

The role of the Audit Committee is to provide a direct link between the Board and the external auditors. Further, it provides the Board with additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial statements.

CORPORATE GOVERNANCE STATEMENT (continued)

The responsibilities of the Audit Committee will include the following:

- Monitoring compliance with regulatory requirements.
- Improving the quality of the accounting function.
- Reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.
- Liaising with external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

Members of the Audit Committee at the date of this report are non-executive Directors Adrian Griffin and Colin McCavana.

REMUNERATION

The Board has established a Remuneration Committee comprising non-executive Directors, Adrian Griffin and Colin McCavana.

The role of the Remuneration Committee is to review and make recommendations as to the remuneration packages of the Company's Directors and senior executives, including employee incentive and equity-based plans with the overall objective of ensuring maximum stakeholder benefit from the attraction, retention and motivation of a high quality board and executives.

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.

Non-executive Directors receive a fixed fee for their services as directors and are not entitled to any bonuses or incentive payments, except for participation in the Company's share purchase plan from time to time with shareholder approval and authorisation. Non-executive Directors do not receive retirement benefits (other than statutory superannuation payments).

Further information on directors' and executives' remuneration is set out in the Directors' Report section of the Annual Report.

RISK MANAGEMENT

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.

Regular controls established include:

- monthly cash flow reports and management accounts will be prepared and circulated to the Directors for review and consideration.
- The Board must approve all major project expenditure.

The Board recognises the need to identify any areas of significant business risk and to develop and implement strategies to mitigate these risks.

The Company maintains comprehensive insurance policies and has purchased Directors' and Officers' Insurance cover for its Board of directors.

Both the Managing Director and CFO have made a declaration to the Board in accordance with the requirements of ASX Principle 7.3 of the ASX Recommendations.

COMMUNICATION WITH SHAREHOLDERS

The Board of Northern Minerals aims to ensure that the Company's shareholders are informed of all major developments affecting the Company. All shareholders receive Northern Minerals' annual report and may also request copies of its half-yearly and quarterly reports. Further, the Company encourages full participation of its shareholders at the annual general meeting and any extraordinary general meetings.

In addition, Northern Minerals maintains a website, on which Company announcements, quarterly, half-yearly and yearly reports are available on a regular and up-to-date basis. Shareholders can also subscribe to receive newsletters and ASX announcements via email on the website.

CORPORATE GOVERNANCE STATEMENT (continued)

CONTINUOUS DISCLOSURE

The Company understands and respects the fact that timely disclosure of price-sensitive information is central to the efficient operation of the ASX and to the prevention of selective or inadvertent disclosure, the conduct of investor and analysts' briefings, media communications, commenting on expected earnings, communications black-out periods and reviews of briefings and communications.

The Company Secretary is responsible for overseeing and coordinating disclosure of information to the ASX and liaises with the Chairman and Managing Director in relation to continuous disclosure matters. The Managing Director is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed, the material used in the presentations is released to the ASX prior to the commencement of the briefing. This information is also posted on the Company's website. The Company is committed to ensuring that all stakeholders and the market are provided with relevant and accurate information regarding its activities in a timely manner.

EXPLANATIONS FOR DEPARTURES FROM ASX PRINCIPLES

During the financial year, the Company has complied with each of the ASX Principles, other than in relation to the matters specified below.

ASX Principle 2.4 requires listed entities to establish a nomination committee. The Company does not have a separately established nomination committee. Given the current size of the Board, the Board considers that this function is efficiently achieved with full Board support in accordance with the guidelines set out in the Board's charter.

ASX Principle 8.2 states that non-executive directors should not normally participate in schemes designed for the remuneration of executives and that non-executive directors should not receive securities. The Board considers that the grant of options and other securities to non-executive Directors improves the ability of the Company to attract individuals with the skills and experience that the Company requires and is consistent with the policy of providing incentives to all Company officers to improve the Company's performance.

NORTHERN MINERALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF COMPREHENSIVE INCOME	Note	Consolidated 2011 $	Consolidated 2010 $
REVENUE FROM CONTINUING ACTIVITIES			
Interest		**382,764**	71,680
Other	4	**696**	-
TOTAL REVENUE		**383,460**	71,680
EXPENSES			
Corporate			
Administration		**327,385**	130,570
Depreciation expense		**49,610**	27,634
Equity based payments		**361,224**	59,758
Legal and professional		**856,599**	305,319
Occupancy		**108,812**	66,870
Remuneration		**654,398**	395,948
Shareholders		**132,374**	119,320
Other		**-**	9,200
Total Corporate		**2,490,402**	1,114,619
Exploration			
Consultants and contractors		**476,969**	336,651
Drilling		**377,066**	620,461
Field costs		**558,374**	747,623
Geophysical surveys		**277,242**	83,911
Joint Venture		**363,724**	760,290
Native title and heritage		**162,875**	179,449
Remuneration		**494,945**	324,304
Tenement costs		**1,363,567**	294,984
Other		**149,795**	32,565
Total Exploration		**4,224,557**	3,380,238
TOTAL EXPENSES		**6,714,959**	4,494,857
OPERATING LOSS		**(6,331,499)**	(4,423,177)
OTHER OPERATING INCOME		**-**	-
LOSS BEFORE INTEREST AND TAXES		**(6,331,499)**	(4,423,177)
Income tax	5	**-**	-
NET LOSS		**(6,331,499)**	(4,423,177)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(6,331,499)**	(4,423,177)
Basic and diluted loss per share (cents per share)	6	**(4.2)**	(5.8)

The accompanying notes form part of these financial statements

NORTHERN MINERALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

STATEMENT OF FINANCIAL POSITION	Note	Consolidated 2011 $	Consolidated 2010 $
CURRENT ASSETS			
Cash and cash equivalents	7	7,705,314	2,552,945
Trade and other receivables	8	116,381	108,364
Total Current Assets		7,821,695	2,661,309
NON CURRENT ASSETS			
Other financial assets	9	151,433	90,435
Plant & equipment	10	252,278	107,575
Total Non-Current Assets		403,711	198,010
TOTAL ASSETS		8,225,406	2,859,319
CURRENT LIABILITIES			
Trade and other payables	11	693,896	585,150
Provisions	12	92,235	37,271
Total Current Liabilities		786,131	622,421
NON-CURRENT LIABILITIES			
Provisions	12	41,889	27,646
Total Non-Current Liabilities		41,889	27,646
TOTAL LIABILITIES		828,020	650,067
NET ASSETS		7,397,386	2,209,252
EQUITY			
Issued capital	13	26,534,218	15,375,810
Reserves	14	1,076,761	715,536
Accumulated losses	15	(20,213,593)	(13,882,094)
TOTAL EQUITY		7,397,386	2,209,252

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF CASH FLOWS	Note	Consolidated	
		2011 $	2010 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		**(5,039,673)**	(4,033,511)
Interest received		**347,306**	60,952
NET CASH FLOWS USED IN OPERATING ACTIVITIES	7(a)	**(4,692,367)**	(3,972,559)
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(207,623)**	(31,506)
Purchase of tenements and rights		**(1,075,000)**	-
Proceeds from disposal of plant and equipment		**15,350**	-
Increase in security deposits		**(60,998)**	(53,095)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(1,328,271)**	(84,601)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**11,717,747**	6,530,202
Share issue costs		**(544,740)**	(531,027)
CASH FLOWS RECEIVED FROM FINANCING ACTIVITIES		**11,173,007**	5,999,175
NET DECREASE IN CASH AND CASH EQUIVALENTS		**5,152,369**	1,942,015
Effect of Foreign Exchange		**-**	-
Cash and cash equivalents at beginning of year		**2,552,945**	610,930
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**7,705,314**	2,552,945

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF CHANGES IN EQUITY	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Share Options Reserve	Total
Consolidated Entity					
Balance at 1 July 2009	9,369,335	(9,458,917)	396,784	258,995	566,197
					-
Net income/expense recognised directly in equity	-	-	-	-	-
Loss for the financial period	-	(4,423,177)	-	-	(4,423,177)
Total recognised income and expense for the year	-	(4,423,177)	-	-	(4,423,177)
Shares issued net of transaction costs	6,006,475	-	-	-	6,006,475
Shares/options issued	-	-	76,540	1,375	77,915
Shares/options exercised or lapsed	-	-	(18,158)	-	(18,158)
Balance at 30 June 2010	15,375,810	(13,882,094)	455,166	260,370	2,209,252
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 issued and exercised	**-**	**-**	**(4,092)**	**133,835**	**129,743**
Balance at 30 June 2011	**26,534,218**	**(20,213,593)**	**564,316**	**512,445**	**7,397,386**

The accompanying notes form part of these financial statements

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annual financial statements 2011

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 2011 was authorised for issue in accordance with a resolution of the directors on 22 August 2011 . 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

The following new standards and amendments to standards are mandatory for the financial year beginning 1 July 2010.

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136, and 139)
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 3, 7, 121, 128, 131, 132 and 139)
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19.

The adoption of these standards did not have any impact in the current period or any prior period and is unlikely to affect future periods.

New Accounting Standards and Interpretations that are not yet mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard is not expected to impact on the Group's accounting for financial assets as it does not have any available for sale assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Group has decided not to early adopt AASB 9.

(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Northern Minerals Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

4. REVENUE AND EXPENSES

	Consolidated	
	2011 $	**2010 $**
REVENUE		
Net gains on disposal of property, plant and equipment	**696**	-
Total Other Revenue	**696**	-
EXPENSES		
Financial assets revalued through profit or loss	**-**	9,200

5. INCOME TAX

	Consolidated	
	2011 $	**2010 $**
Reconciliation of income tax expense/(income) to the pre-tax net loss		
Loss before income tax	**(6,331,499)**	(4,423,177)
Tax calculated at 30% on loss before income tax	**(1,899,450)**	(1,326,953)
Add tax effect of:		
Share based payment	**108,367**	17,927
Non-deductible expenses	**47,440**	8,202
Unused tax losses and temporary differences not recognised	**1,743,643**	1,300,824
Income tax expense/(income)	**-**	-
Unrecognised deferred tax balances		
Deferred tax assets		
Unused tax losses	**5,983,331**	4,187,480
Deductible temporary differences	**358,593**	231,005
Total unrecognised deferred tax assets	**6,341,924**	4,418,485
Deferred tax liabilities		
Assessable temporary differences:		
Unrealised sale of investment	**-**	(1,080)
Plant and equipment	**-**	(32,273)
Taxable temorary differences	**(19,356)**	(3,218)
Total unrecognised deferred tax liabilities	**(19,356)**	(36,571)
Net unrecognised deferred tax balances	**6,322,568**	4,381,914

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. EARNINGS PER SHARE

	Consolidated 2011	Consolidated 2010
	Cents	Cents
(a) Basic loss per share	**(4.2)**	(5.8)
	$	$
(b) Loss used in calculating loss per share		
Loss attributable to the ordinary equity holders of the Company	**(6,331,499)**	(4,423,177)
	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	**150,838,099**	76,099,167

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 2011 $	Consolidated 2010 $
Cash at Bank and on hand	**2,096**	**27,290**
Cash on Deposit	**7,703,218**	**2,525,655**
	7,705,314	**2,552,945**

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 2011 $	Consolidated 2010 $
(a) Reconciliation to Cash Flow Statement		
Net loss	**(6,331,499)**	(4,423,177)
Adjustments:		
Depreciation expense	**49,610**	27,634
Gain on disposal of assets	**(696)**	-
Unrealised gain on sale of securities	**-**	9,200
Purchase of tenements and rights	**1,075,000**	-
Share-based payment	**361,224**	59,758
Change in assets and liabilities:	**-**	
(Increase)/decrease in other receivables	**(24,483)**	(58,135)
Increase/(decrease)/ in trade and other payables	**109,270**	391,697
Increase in provisions	**69,207**	20,464
Net cash flows used in operating activities	**(4,692,367)**	(3,972,559)
(b) Reconciliation of cash		
Cash balance comprises:		
Cash and cash equivalents	**7,705,314**	2,552,945

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TRADE AND OTHER RECEIVABLES

	Consolidated 2011 $	Consolidated 2010 $
GST Receivable	**47,340**	69,726
Financial assets at fair value through profit and loss	**-**	14,600
Prepayment	**18,333**	13,310
Other receivables	**4,522**	-
Accrued interest	**46,186**	10,728
	116,381	108,364

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

Employees who are no longer employed by the Company and who have decided to not take up the shares held in the Employee Share Plan, result in a change to the classification of Employee Share Plan shares to those held for sale.

The receivable has been marked to market as at 30 June 2010 resulting in an unrealised loss. Refer to Note 4.

9. OTHER FINANCIAL ASSETS

	Consolidated 2011 $	Consolidated 2010 $
Non Current		
Security deposits - rent & performance bond	**151,433**	**90,435**
	151,433	**90,435**

10. PLANT AND EQUIPMENT

	Consolidated 2011 $	Consolidated 2010 $
Plant and equipment		
Gross carrying amount at beginning of year	**184,558**	150,552
Disposals	**(22,000)**	-
Additions	**208,967**	34,006
Gross carrying amount at end of year	**371,525**	184,558
Accumulated depreciation at beginning of year	**76,983**	49,349
Accumulated depreciation on disposals	**(7,346)**	-
Depreciation expense	**49,610**	27,634
Accumulated depreciation at end of year	**119,247**	76,983
Carrying amount at end of the year	**252,278**	107,575

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 2011 $	Consolidated 2010 $
Trade payables and accruals	**665,366**	547,385
Employee benefits	**28,530**	37,765
	693,896	585,150

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	
	2011 $	2010 $
Current		
Employee entitlements	**92,235**	37,271
Non-Current		
Employee entitlements	**41,889**	27,646

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. ISSUED CAPITAL	Consolidated and Company 30-Jun-11		Consolidated and Company 30-Jun-10	
	Number	$	Number	$
(a) Ordinary Shares				
Share Capital				
Ordinary shares	**174,435,438**	**26,534,218**	103,783,016	15,375,810
Movement in Ordinary Share Capital				
At 1 July	**103,783,016**	**15,375,810**	50,710,297	9,369,335
Placement - July 2009	-	-	7,500,000	1,125,000
Rights issue - September 2009	-	-	14,552,574	2,182,886
Exercise of Options - October 2009	-	-	17,593	3,518
Exercise of Options - December 2009	-	-	16,135	4,034
Exercise of Options - January 2010	-	-	17,425	4,356
Rights issue - April 2010	-	-	29,118,572	3,203,043
Issue of Share Purchase Plan shares - June 2010	-	-	1,850,000	-
Exercise of Options - June 2010	-	-	420	63
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**	-	14,600
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**	-	-
	174,435,438	**27,078,958**	103,783,016	15,906,835
Less: costs of issue	-	(544,740)	-	(531,025)
At 30 June	**174,435,438**	**26,534,218**	103,783,016	15,375,810

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(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-11	30-Jun-10
	Number	Number
Balance at beginning of year	**3,050,000**	1,300,000
Shares dealt with on resignation of share plan participant	**(325,000)**	(100,000)
Repayment of loan	**(225,000)**	-
Shares issued during the year	**950,500**	1,850,000
Balance at end of year	**3,450,500**	3,050,000

Included in the above balance at 30 June 2010 are 200,000 Share Plan shares previously issued to a Director who has now resigned. These shares were dealt with in accordance with the Rules of the Share Purchase Plan.

	Consolidated and Company	
	30-Jun-11	30-Jun-10
	Number	Number
(c) Options over ordinary shares		
Exercise price of $0.25 expiring 31/12/2009 (Quoted):		
Balance at beginning of year	-	**23,107,732**
Converted from unquoted	-	-
Exercised during the year	-	**(33,560)**
Expired during the year	-	**(23,074,172)**
Balance at end of year	-	-
Exercise price of $0.20 expiring 30/9/2012 (Quoted):		
Balance at beginning of year	**14,534,981**	-
Issued during the year	-	14,552,574
Exercised during the year	**(5,813,298)**	(17,593)
Balance at end of year	**8,721,683**	14,534,981
Exercise price of $0.15 expiring 31/3/2012 (Quoted):		
Balance at beginning of year	-	-
Issued during the year	**29,118,572**	
Exercised during the year	**(16,397,972)**	-
Balance at end of year	**12,720,600**	-
Exercise price of $0.55 expiring 30/3/2011 (Unquoted):		
Balance at beginning of year	**500,000**	500,000
Exercised during the year	**(500,000)**	-
Balance at end of year	-	500,000
16/6/2013(Unquoted):		
Balance at beginning of year	**2,550,000**	-
Issued during the year	-	2,550,000
Balance at end of year	**2,550,000**	2,550,000

	Consolidated and Company 30-Jun-11 Number	30-Jun-10 Number
(c) Options over ordinary shares (continued)		
Exercise price of $0.30 expiring between 1/3/ 2013 and 16/6/2013(Unquoted):		
Balance at beginning of year	**1,900,000**	-
Issued during the year	**-**	1,900,000
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**	-
Issued during the year		3,000,000
Balance at end of year	**3,000,000**	3,000,000
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	**-**	-
Exercise prices between $0.50 and $0.80 expiring between 31/12/ 2013 and 1/3/2014 (Unquoted):		
Balance at beginning of year	**-**	-
Issued during the year	**800,000**	-
Balance at end of year	**800,000**	-

14. RESERVES

	Consolidated 2011 $	2010 $
Reserves	**1,076,761**	715,536
Reserves comprise the following:		
Share-option reserve		
Balance at start of financial year	**260,370**	258,995
Vesting charge on unissued options	**118,240**	1,375
Vesting charge on options issued during year	**133,835**	-
Balance at end of the financial year	**512,445**	260,370
Share based payments reserve		
Balance at start of financial year	**455,166**	396,784
Employee share plan allocation	**113,242**	76,540
Vesting charge reversed on terminated staff's share plan shares	**(4,092)**	(18,158)
Balance at end of the financial year	**564,316**	455,166
Total reserves	**1,076,761**	715,536

The share option reserve is used to recognise the fair value of options 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.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 $ $133,835 (2010: $Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. ACCUMULATED LOSSES

	Consolidated	
	2011 $	2010 $
Accumulated losses	**(20,213,593)**	(9,458,917)
Accumulated losses comprise the following:		
Balance at start of financial year	**(13,882,094)**	(9,458,917)
Loss for the financial period after related income tax benefit	**(6,331,499)**	(4,423,177)
Balance at end of the financial year	**(20,213,593)**	(13,882,094)

16. AUDITOR'S REMUNERATION

	Consolidated	
	2011 $	2010 $
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	**24,571**	24,026
(b) Non-audit services		
Stantons International	**-**	-
Total remuneration of auditors	**24,571**	24,026

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 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 $151,433 (2010: $90,435).

(ii) Contingent asset

During the financial year ended 30 June 2010 and 2011 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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	
	2011 $	2010 $
Commitments for minimum lease payments are:		
Within one year	**117,087**	98,134
Later than one year but less than five years	**97,572**	193,884
Later than five years	**-**	-
	214,659	292,018

The Company leases offices in West Perth, Western Australia, under a non-cancellable operating lease expiring 1 May 2013

(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	**350,000**	272,500
Later than one year but less than five years	**-**	-
	350,000	272,500

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	2011 $	2010 $
Within one year	**2,788,479**	1,438,746

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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) – appointed 8 April 2011
- Robin Wilson (Exploration Manager)
- Simon Storm (Company Secretary)

(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	
	2011 $	2010 $
Compensation for Key Management Personnel		
Short-term employee	**769,280**	597,652
Post-employment benefits	**62,080**	82,657
Other long-term benefits	**9,665**	4,400
Share-based payment	**15,411**	91,560
Total compensation	**856,436**	776,269

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 for the Year Ended 30 June 2011

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

(d) Option holdings Key Management Personnel for 2011

	Held at Beginning of	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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Option Holdings of Key Management Personnel for 2010

	Held at Beginning of Year	Granted as Compensation	Exercised	Other Changes	Total	Vested and Exercisable	Not Vested
Directors:							
Kevin Schultz	210,000	600,000	-	142,500	952,500	352,500	600,000
George Bauk[1]	-	4,000,000	-	681,819	4,681,819	681,819	4,000,000
Adrian Griffin	-	500,000	-	1,168,682	1,668,682	1,168,682	500,000
Colin McCavana	375,000	500,000	-	206,250	1,081,250	581,250	500,000
Robert Hair[2]	250,000	-	-	(250,000)	-	-	-
Philippe Portella[3]	-	-	-	-	-	-	-
Specified Executives:		-					
Robin Wilson	90,000	1,000,000	-	36,704	1,126,704	126,704	1,000,000
Simon Storm[4]	-	400,000	-	-	400,000	-	400,000
Ingrid Laudzevics[5]	-	-	-	-	-	-	
	925,000	7,000,000	-	1,985,955	9,910,955	2,910,955	7,000,000

Note 1 – appointed 2 March 2010
Note 2 – resigned 2 June 2010
Note 3 – resigned 28 April 2010
Note 4 – appointed 6 April 2010
Note 5 – resigned 21 January 2010

(e) 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[4]	200,000	93,400	-	80,000	373,400	180,000	193,400
	7,105,955	280,100	-	2,088,146	9,910,801	9,330,701	580,100

Note 1 – appointed 8 April 2011

20. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Shareholdings of Key Management Personnel for 2010

	Held at Beginning of Year	Granted as Compensation	Exercise of Options	Other Changes	Held at 30 June 2010	Vested	Not Vested
Directors:							
Kevin Schultz	470,000	-	-	352,500	822,500	822,500	-
George Bauk[1]	-	1,000,000	-	781,819	1,781,819	1,781,819	-
Adrian Griffin	700,000	-	-	1,168,682	1,868,682	1,868,682	-
Colin McCavana	950,000	-	-	581,250	1,531,250	1,531,250	-
Robert Hair[2]	700,000	-	-	(700,000)	-	-	-
Philippe Portella[3]	-	-	-	-	-	-	-
Specified Executives							
Robin Wilson	435,000	400,000	-	66,704	901,704	501,704	400,000
Simon Storm[4]	-	200,000	-	-	200,000	-	200,000
Ingrid Laudzevics[5]	-	-	-	-	-	-	-
	3,255,000	1,600,000	-	2,250,955	7,105,955	6,505,955	600,000

Note 1 – appointed 2 March 2010
Note 2 – resigned 2 June 2010
Note 3 – resigned 28 April 2010
Note 4 – appointed 6 April 2010
Note 5 – resigned 21 January 2010

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

800,000 options were granted to employees and consultants during the year (2010:7,450,000 to employees, directors and consultants). 500,000 options (2010:Nil) were granted to a third party as part of a tenement acquisition transaction. 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:

	2011 Number	Weighted average exercise price	2010 Number	Weighted average exercise price
Outstanding at the beginning of the year	7,950,000	$0.43	600,000	$0.50
Granted during the year	1,300,000	$0.40	7,450,000	$0.42
Forfeited during the year	-	-	-	-
Exercised during the year	(1,000,000)	$0.40	-	-
Expired during the year	-	-	(100,000)	$0.25
Outstanding at the end of the year	8,250,000	$0.43	7,950,000	$0.43
Exercisable at the end of the year	5,450,000		500,000	

The outstanding balance as at 30 June 2011 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;

21. SHARE-BASED PAYMENTS (continued)

- 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;
- 1,850,000 - 950,000 with an exercise price of 10.8 cents and 900,000 with an exercise price of 30 cents expiring on 16 June 2013;
- 1,600,000 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; and
- 100,000 with an exercise price of $0.80, expiring 1 March 2014.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 1.8 years (2010: 2.6 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. SHARE-BASED PAYMENTS (continued)

	2011 Number		2010 Number	
Opening balance	-	3,050,000	-	1,200,000
Issued				
George Bauk (or his nominee)	-		1,000,000	
Robin Wilson (or his nominee)	186,700		400,000	
Simon Storm (or his nominee)	93,400		200,000	
Other Eligible Employees (or their nominees)	670,400	950,500	250,000	1,850,000
Shares previously held by employees who have resigned		(325,000)		
Shares for which loan has been repaid		(225,000)		
Closing balance		3,450,500		3,050,000

Each of the Plan Shares acquired pursuant to the offer may not be transferred or otherwise dealt with, until the later of the following to occur:

a) Any loan in respect of the Plan Share is repaid; and

b) In respect of 425,000 share plan shares issued 16 June 2010, on 16 June 2012;

c) In respect of 200,000 share plan shares issued 31 December 2010, on 31 December 2011;

d) In respect of 200,000 share plan shares issued 10 January 2011, on 10 January 2012;

e) In respect of 496,800 share plan shares issued 16 March 2011, 356,750 on 16 March 2012 and 140,050 on 16 March 2013; and

f) In respect of 53,700 share plan shares issued 29 March 2011, 26,850 on 29 March 2012 and 26,850 on 16 March 2013.

(iii) Valuation of Options 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 fair value of options 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 and share plan shares issued during the year was $252,075 (2010: $1,375) and $109,149 (2010: $58,383) respectively.

The fair value of the equity-settled share options granted under both the option and the loan plans are estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options or share plan shares were granted.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 table 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 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)
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 Black Scholes determined value

The following relates to the share plan shares issued during the year ended 30 June 2010:-

Issue Date	Vesting Date	Number Issued	Grant Date	Stock Price at Grant Date	Exercise Price	Risk Free Rate	Volatility	Value Per Share
				(cents)	(cents)	%	%	(cents)
Tranche								
	16-Jun-10	1,000,000	16-Jun-10	7.10	7.50	4.84	70.00	2.38
1	16-Jun-11	425,000	16-Jun-10	7.10	7.50	4.84	70.00	2.38
2	16-Jun-12	425,000	16-Jun-10	7.10	7.50	4.84	70.00	2.38
		1,850,000						

Note 1 - after applying 30% discount to Black Scholes determined value

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 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

	Weighted average interest rate	Floating interest rate	Fixed Interest	Non-interest bearing	Total
	%	$	$	$	$
30 June 2010					
Financial assets					
Cash and cash equivalents	3.97%	2,552,945	-	-	2,552,945
Other receivables	5.09%	-	90,435	95,054	185,489
Total financial assets		2,552,945	90,435	95,054	2,738,434
Financial liabilities					
Trade and other payables		-	-	585,150	585,150
Total financial liabilities		-	-	585,150	585,150

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 Rare Earth Metals Pty Ltd

On 2 February 2011, the Company acquired 100% of the voting shares of Northern Uranium Pty Ltd, Northern Commodities Pty Ltd and Northern P2O5 Pty Ltd.

The issue of one fully paid share in the share capital of these companies was satisfied with the payment of $1. These companies were newly incorporated on 2 February 2011 and had no assets and liabilities on formation.

24. DIVIDENDS

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

25. EVENTS OCCURING AFTER BALANCE SHEET DATE

At the time of signing this report, 277,999 options, 128,250 options and 50,000 options with exercise prices of 15 cents, 20 cents and 11 cents respectively had been converted and allotted and $72,750 has been deposited in the company's bank account.

In addition, 30,950 shares were issued on 19 July 2011 at 81.7 cents in consideration of extending the option period for the Company to the extend the option to acquire a 95% interest in Mineral Claim 968 in the Northern Territory to 6 June 2013.

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 2011 $	Parent 2010 $
Current assets	**7,846,691**	2,686,308
Total assets	**8,250,406**	2,884,319
Current liabilities	**786,131**	622,421
Total liabilties	**828,020**	650,067
Shareholders equity		
Share capital	**26,534,218**	15,375,810
Reserves	**1,076,761**	715,536
Accumulated losses	**(20,188,593)**	(13,857,094)
	7,422,386	2,234,252
Net loss	**(6,331,499)**	(4,423,177)
Total comprehensive income	-	-
Contingent liabilities	Refer to Note 17	

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 2011 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 2011.

On behalf of the Board

George Bauk
Director

Perth
22 August 2011

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Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as

Stantons International
Chartered Accountants and Consultants

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 2011, 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, 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.

Stantons International

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*.

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 2011 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 40 to 46 of the directors' report for the year ended 30 June 2011. 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 2011 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 Audit and Consulting Pty Ltd

J P Van Dieren
Director

West Perth, Western Australia
22 August 2011

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(ABN 84 144 581 519) trading as

Stantons International
Chartered Accountants and Consultants

22 August 2011

Board of Directors
Northern Minerals Limited
Unit 10 level 2, 12-14 Thelma 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 2011, 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 audit; and

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

Yours sincerely

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

John P Van Dieren
Director

ADDITIONAL INFORMATION

SHAREHOLDER INFORMATION AS AT 6 OCTOBER 2011

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	248
1,001 - 5,000	655
5,001 - 10,000	505
10,001 - 100,000	967
100,001 - and over	181
	2,556

The number of shareholdings held in less than marketable parcels is 266.

b) Twenty largest shareholders

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

	Shareholders	Number of shares held	% Holding
1	YUE CONGLIN	33,453,084	19.1%
2	LYNAS COPORATION LTD	13,313,113	7.6%
3	JP MORGAN NOM AUST LTD	8,953,298	5.1%
4	HSBC CUSTODY NOM AUST LTD	8,820,000	5.0%
5	HSBC CUSTODY NOM AUST LTD	4,595,544	2.6%
6	UBS WEALTH MGNT AUST NOM	4,405,821	2.5%
7	FRANWAY PL	2,750,000	1.6%
8	FLYNN ROBERT JOHN	2,100,000	1.2%
9	GRIFFIN ADRIAN C	1,976,450	1.1%
10	CITICORP NOM PL	1,881,758	1.1%
11	MCCAVANA COLIN J + D D	1,881,250	1.1%
12	DMG & PTNRS SEC PTE LTD	1,759,000	1.0%
13	TOTODE PL	1,667,510	1.0%
14	NATIONAL NOM LTD	1,340,063	0.8%
15	NEFCO NOM PL	1,237,000	0.7%
16	SHERATON TRIAL PL	1,183,840	0.7%
17	GYBE NOM PL	1,050,000	0.6%
18	CR INV PL	1,000,000	0.6%
19	FORTY TRADERS LTD	1,000,000	0.6%
20	SPEEDY TARGET LTD	957,462	0.5%
		95,325,193	54.3%

ADDITIONAL INFORMATION

2. Options (NTUOA)

a) Distribution of options

The number of option holders by size of holding are:

Category (size of holding)	Number of Holders
1 - 1,000	40
1,001 - 5,000	77
5,001 - 10,000	29
10,001 - 100,000	67
100,001 - and over	18
	231

b) Twenty largest option holders

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

	Optionholders	options held	% Holding
1	HOOI HING LEE	542,500	6.4%
2	BURFORD MATTHEW DAVID	535,000	6.3%
3	JENNINGS TIMOTHY R + J	400,000	4.7%
4	NEEF MONIQUE	368,489	4.3%
5	GRIFFIN ADRIAN C	350,500	4.1%
6	DE MARTE MICHAEL JOSEPH	350,000	4.1%
7	FRANWAY PL	350,000	4.1%
8	HARKOSI SEC PL	328,000	3.9%
9	UBS WEALTH MGNT AUST NOM	299,999	3.5%
10	WENDHOLME PL	261,850	3.1%
11	ACETI ANTONIO	224,200	2.6%
12	PETEL NOM PL	220,000	2.6%
13	VEREYKEN PETER WILLIAM	200,000	2.3%
14	COOPER MARILYN ELIZABETH	175,000	2.1%
15	CASKEY ELIZABETH L	150,000	1.8%
16	BRYETT ERROL JOHN + E B	150,000	1.8%
17	SMYTH AGNES BASILAD	113,000	1.3%
18	WENLEA PL	110,000	1.3%
19	KELLETT FLORENCE LYNETTE	100,000	1.2%
20	CASKEY MATHEW RICHARD	100,000	1.2%
		5,328,538	62.6%

3. Options (NTUOB)

a) Distribution of options

Category (size of holding)	Number of Holders
1 - 1,000	18
1,001 - 5,000	60
5,001 - 10,000	30
10,001 - 100,000	59
100,001 - and over	25
	192

ADDITIONAL INFORMATION

b) Twenty largest option holders

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

	Optionholders	options held	% Holding
1	BURFORD MATTHEW DAVID	2,650,000	21.6%
2	FRANWAY PL	1,900,000	15.5%
3	CASKEY MATHEW RICHARD	350,000	2.8%
4	TOTODE PL	340,910	2.8%
5	TOTODE PL	340,909	2.8%
6	LUCICH MILOVAN STEPHEN M	332,609	2.7%
7	TEMTOR PL	300,000	2.4%
8	LOUIZIDIS EVANGELOS	300,000	2.4%
9	LEACH ROSS	260,000	2.1%
10	GURNEY DERYN	254,200	2.1%
11	LASTRANE PL	250,000	2.0%
12	PETEL NOM PL	250,000	2.0%
13	OAKRIDGE CORP PL	235,000	1.9%
14	DAVSMS INV PL	210,000	1.7%
15	LYON PETER RICHARD	200,000	1.6%
16	FORTY TRADERS LTD	200,000	1.6%
17	HARWOOD KEVAN D + S M	171,000	1.4%
18	HOOI HING LEE	167,655	1.4%
19	KELLETT FLORENCE LYNETTE	160,000	1.3%
20	BENATAR RONNIE + LOUANNE	138,058	1.1%
		9,010,341	73.4%

4. Substantial shareholders

The names of substantial shareholders are as follows:

Shareholder	Number of shares	% Holding
CONGLIN YUE	33,453,084	19.07%
LYNAS COPORATION LTD	13,313,113	7.59%
CQS ASSET MANAGEMENT LIMITED	12,000,000	6.84%

5. Voting Rights

All shares carry one vote per unit without restriction.

6. 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 the ASX (NTU)	171,778,477
Unquoted shares (NTUAI)	3,683,800
TOTAL	175,462,277

ADDITIONAL INFORMATION

7. Unlisted options

Unlisted Option Holdings at 6 October 2011		
Description	Number of Options	Number of Holders
Options exercisable at $0.108 expiring 1 Mar 13 and 16 Jun 13 (NTUAK)	2,500,000	6
Options exercisable at $0.30 expiring 1 Mar 13 and 16 Jun 13 (NTUAK)	1,900,000	4
Options exercisable at $0.50 expiring 1 March 2013 (NTUAK)	3,000,000	1
Performance rights exercisable at $0.50 expiring 31 Dec 2013 (NTUAM)	300,000	2
Performance rights exercisable at $0.50 expiring 10 Jan 2014 (NTUAQ)	200,000	1
Performance rights exercisable at $0.50 expiring 7 Feb 2014 (NTUAQ)	200,000	1
Performance rights exercisable at $0.56 expiring 26 Sept 2014	610,000	5
	8,710,000	

ADDITIONAL INFORMATION

TENEMENT SCHEDULE

SUB-PROJECT	TENEMENT ID	STATE	STATUS	INTEREST
Gardiner-Tanami				
Gardiner Range	E 80/3404	WA	granted	100%
Gardiner Range	E 80/3405	WA	granted	100%
Gardiner Range	E 80/3414	WA	granted	100%
Gardiner Range	E 80/3530	WA	granted	100%
Gardiner Range	E 80/3539	WA	granted	100%
Gardiner Range	E80/3914	WA	granted	100%
Gardiner Range	E80/3915	WA	granted	100%
Gardiner Range	E80/3681	WA	granted	100%
Gardiner Range	E80/3682	WA	granted	100%
Gardiner Range	E80/4214	WA	granted	100%
Gardiner Range	E80/4213	WA	granted	100%
Gardiner Range	E80/4242	WA	granted	100%
Suplejack	EL23934	NT	granted	100%
Suplejack	EL24166	NT	granted	100%
Suplejack	EL24178	NT	granted	100%
Suplejack	EL27368	NT	granted	100%
Tanami	EL25009	NT	application	100%
Tanami	EL24849	NT	moratorium	100%
Tanami	EL24935	NT	moratorium	100%
Tanami	EL25171	NT	application	100%
Tanami	EL24193	NT	application	100%
Tanami	EL23932	NT	application	100%
Tanami	EL24174	NT	application	100%
Tanami	EL24177	NT	application	100%
Ware Range	EL26498	NT	application	100%
Ware Range	EL26541	NT	application	100%
Pargee	EL27367	NT	application	100%
Browns Range	EL24941	NT	moratorium	100%
Ware Range	EL24947	NT	moratorium	100%
Ware Range	EL25003	NT	moratorium	100%
Ware Range	EL25004	NT	moratorium	100%
Tanami	EL25172	NT	moratorium	100%
Ware Range	EL24179	NT	moratorium	100%
Tanami	EL23933	NT	moratorium	100%
Manhattan Gardner Range JV				
Gardner Range	E80/1735	WA	granted	60%
Gardner Range	E80/3275	WA	granted	60%
Gardner Range	E80/3817	WA	granted	60%
Gardner Range	E80/4081	WA	granted	60%
Denison Range	E80/3274	WA	expired	Earning 60%
Browns Range				
Browns Range	E80/3548	WA	granted	100%
Browns Range	E 80/3547	WA	granted	100%
Browns Range	E80/4393	WA	granted	100%
Browns Range	E80/4479	WA	application	100%
John Galt				
John Galt	E80/4298	WA	granted	Option Agreement (100%)
Kurundi				
Kurundi	EL23937	NT	granted	100%
Kurundi	EL24995	NT	granted	100%
Munadgee	MCC968	NT	granted	Option Agreement (95%)
Wallal				
Wallal	E45/2815	WA	granted	100%
Wallal	E45/2782	WA	granted	100%

ADDITIONAL INFORMATION

TENEMENT SCHEDULE

SUB-PROJECT	TENEMENT ID	STATE	STATUS	INTEREST
Epenarra				
Epenarra 1	EL26775	NT	granted	100%
Epenarra 2	EL26776	NT	granted	100%
Epenarra 3	EL26818	NT	granted	100%
Epenarra 4	EL27085	NT	granted	100%
Tennant Creek	EL27072	NT	granted	100%
Barkly 1	EL27382	NT	granted	100%
Epenarra 6	EL27554	NT	granted	100%
Epenarra 7	EL27555	NT	application	100%
Barkly 2	EL27635	NT	granted	100%
Barkly 3	EL27636	NT	granted	100%
Amadeus Basin				
Ross River 1	EL26920	NT	granted	100%
Ross River 3	EL27016	NT	granted	100%
Ross River 4	EL27017	NT	granted	100%
Ross River 5	EL27018	NT	granted	100%
Ross River 6	EL27019	NT	granted	100%
Ross River 7	EL27020	NT	granted	100%
Ross River 8	EL28530	NT	granted	100%
Ross Rover 9	EL28531	NT	granted	100%
Rabbit Flats				
Rabbit Flats 1	EL25157	NT	application	100%
Rabbit Flats 2	EL25158	NT	application	100%
Rabbit Flats 3	EL25159	NT	application	100%
Rabbit Flats 4	EL25160	NT	application	100%
Rabbit Flats 5	EL23935	NT	application	100%
Yarrawindah				
Yarawindah North	E70/2923	WA	granted	100%
Yarawindah South	E70/2914	WA	granted	100%
Yarawindah	E70/3080	WA	granted	80%
Yarawindah West	E70/2924	WA	granted	100%
Yarawindah West	E70/2925	WA	granted	100%
Windsor				
Windsor	E58/361	WA	granted	100%
Bulla				
Newleyine	E70/2720	WA	granted	100% Non iron ore rights
Mortlock	E70/2719	WA	granted	100% Non iron ore rights

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